

*creating
opportunities
for the poor*

**ANNUAL
REPORT
2017**



RGVN (NORTH EAST) MICROFINANCE LIMITED

"Microcredit has shown how you can reach out to people that conventional banking cannot. It has demonstrated that it's a doable proposition."

*- Muhammad Yunus
Social Entrepreneur, Nobel Peace Prize Winner*

Rs. 688.32 Crore
Portfolio Outstanding

139
Branches

98.20%
On time repayment rate

407,511
Clients

1.09%
PAR (>30 days)

Vision

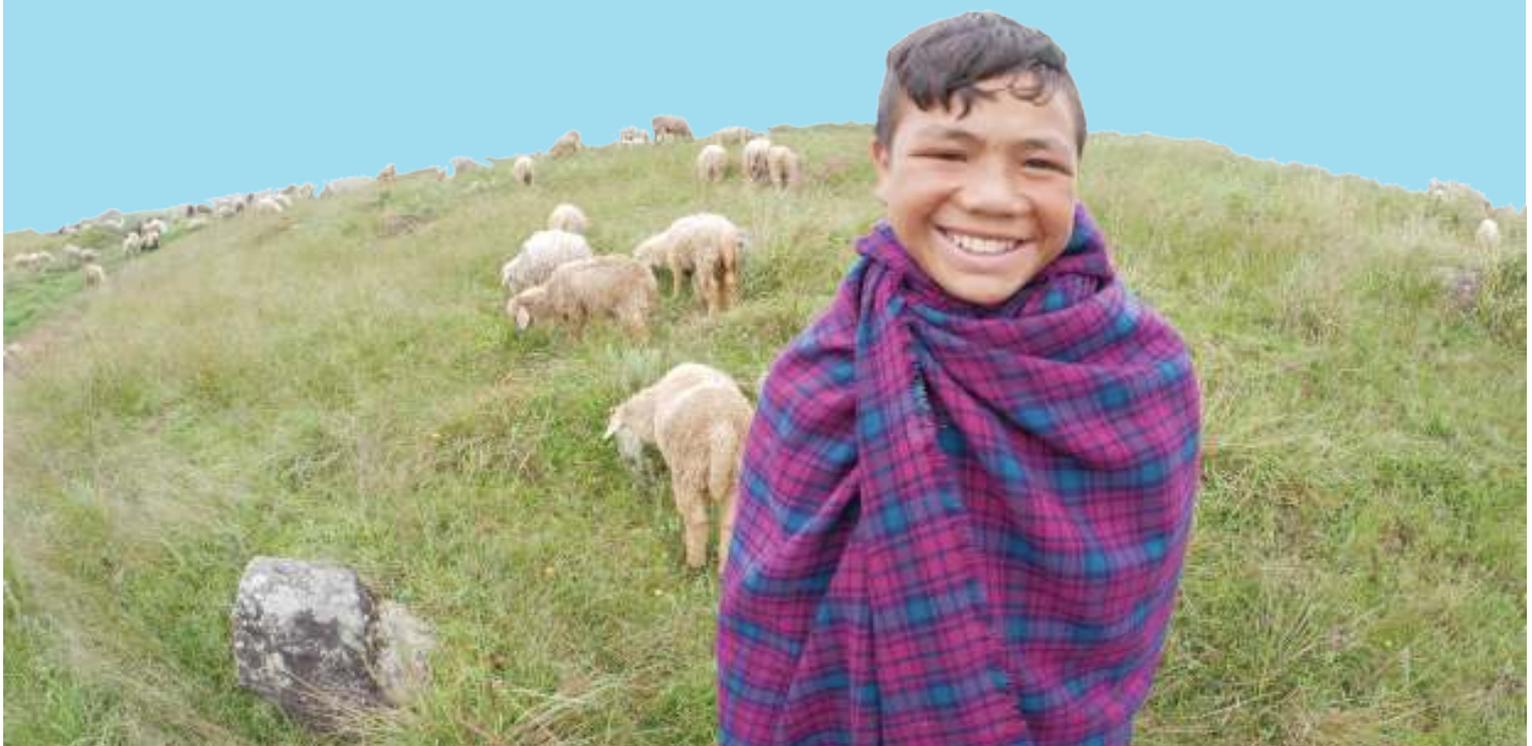
"Serving the entire North Eastern region and impacting 5 lakh clients by the year 2017 and facilitating better access to health, education and livelihood opportunities".

Mission

"Provide financial and other support services to the underprivileged households in the Northeast to improve their quality of life".

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AN ALMANAC

1995

The Micro Credit Wing titled "Credit & Saving Programme" [RGVN-CSP] was initiated as a pilot project of RGVN- Society with fund assistance from SIDBI.

2006

For the first time, the programme registered a profit of Rs. 3.35 Lakh through a network of 22 branches and the loan outstanding stood at Rs. 615.21 Lakh.

2008

RGVN (North East) Microfinance Limited [the Company transformed from RGVN-CSP] was established and registered as a Public Limited Company to carry out Microfinance activities in North East India.

2010

RGVN (North East) Microfinance Limited, upon receipt of Certificate of Registration from RBI, obtained the status of an NBFC and commenced operations as a microfinance provider and expanded its operation to other 5 states of North East India.

2012

With portfolio touching Rs. 102 crore covering 95 branches and serving more than 2 Lakh clients, RGVN(NE)MFL upgraded as Systemically Important (SI) NBFC with more than Rs 100 crore portfolio.

2013

Covered five states of NE India catering to around 2.49 Lakh clientele with Rs. 117 crore portfolio outstanding and good quality portfolio with PAR>30 days being a negligible 0.52%.

2014

Despite fund constraints hampering the expansionary phase, the year 2014 remained eventful with higher profits earned, portfolio outstanding was Rs 124 crore and quality of portfolio was maintained at PAR>30 days being 0.50% RBI certified the organization as an NBFC-MFI.

2015

Infusion of fresh equity by NMI Fund III KS, Norway, OikoCredit Ecumenical Development Co- Operative Society UA, Netherlands, Dia Vikas Capital Pvt. Ltd, and conversion of OCPS into equity by SIDBI had enabled a strong capital base for the Company.

The key highlights during the year includes:

1. An Application was sent to RBI for transforming RGVN(NE)MFL into a Small Finance Bank.
2. The company touched a portfolio of Rs 229 crore.
3. Active borrower base was over 2 Lakh.
4. Quality portfolio with PAR (>30 days) being 0.19%.



AN ALMANAC

2016

- Received the in-principal approval from Reserve Bank of India in October 2015 to set up a Small Finance Bank within 18 months in order to complete the transformation process.
- Awarded the prestigious "Microfinance Organization of the Year 2015 (Small & Medium)" from Access Assist and "The NEDFI Award 2015", recognizing our contribution towards financial inclusion and development of entrepreneur through micro credit.
- Operating in 131 branches spread across the six North Eastern States of Arunachal Pradesh, Assam, Meghalaya, Nagaland, Tripura and Sikkim touching and improving the lives of 2,91,552 clients with a portfolio outstanding of Rs. 488 crores, an increase of 112% over the previous financial year.

2017

- Registered a Public Limited Company by the name '**North East Small Finance Bank Ltd**' on 25th July, 2016.
- Extended operations into North Bengal with three branches in Birpara, Jalpaiguri and Mynaguri thus covering a total of seven states with six Northeastern States (Assam, Meghalaya, Arunachal Pradesh, Nagaland, Tripura, Sikkim) and West Bengal. At the end of the financial year 2016-17, the total number of branches stood at 139.
- Inflow of funds through term loans and NCDs has made it possible for us to assist more than 4 lakh clientele
- Equity amounting to Rs. 97 crores was infused into RGVN(NE)MFL by SIDBI Trustee Company Limited Account - Samridhi Fund (Rs 40 Cr), RNT Associates Pvt Ltd (Rs 28 Cr), Pi Ventures LLP (20 Cr) and Nordic Microfinance Initiative III KS (Rs 9 Cr.)
- Although our disbursements and collections received a huge setback with the sudden demonetization announcement by the Government of India, however we could successfully achieve an annual disbursement of Rs.679.87 crore with loan outstanding at Rs.688.32 crore. The on-time repayment rate stands at 98.20% and PAR>30 days being 1.09% for the FY 2016-17.
- Total staff strength stood at 772 as on 31st March, 2017.
- Received the Small Finance Bank License from RBI on 31st March, 2017.



THE CHAIRPERSON SPEAKS



The FY 2016-17 has been an exceptional year in many ways - both challenging as well as rewarding. A public limited company by the name of North East Small Finance Bank Ltd was registered on 25th July, 2016 and the license to operate a Small Finance Bank was awarded by Reserve Bank of India on 31st March 2017. To adequately capitalize the new Bank and to make the company a domestically owned company, an equity capital of over Rs. 97 crore was raised from development bodies like SIDBI Venture Capital and social investors like RNT Associates, PI Ventures and Nordic Microfinance Initiative (NMI). With additional equity being raised during the current year along with the company's existing net owned funds, the small finance bank will start functioning as a wholly owned subsidiary of the company with a net worth of about Rs. 300 crores.

While preparing for launch of the Bank, the company extended its operations to North Bengal with three branches and served a total of 4.07 lakh clients. With branches being set up in Manipur & Mizoram during the current year, the new Bank will operate from 9 states of North East & North Bengal. The company which has a branch network of 139 branches mostly in rural & semi-urban areas plans to add another 40 branches during the current year again mostly in non-urban locations.

In terms of business during the year under report, in spite of huge set back on account of demonetization; the company could make a disbursement of approximately Rs.680 crores taking the portfolio outstanding to Rs.688 crores, registering a growth of 41% over previous year. The net profit grew by 103% and was at Rs. 27.54 crores in a not so good business year for the microfinance industry. Again given the strong bond built with the clients, the company could still manage an on-time repayment rate at 98.20% and PAR>30 days at 1.09%, one of the best in the industry.

Clients being always at the core of RGVN(NE)MFL, the company undertook a variety of development initiatives during the year, which benefitted 79,787 clients through 2424 camps on financial literacy, health services, enterprise training, animal care, functional awareness etc.

I am so happy to convey my grateful thanks to my colleagues on the Board for their intensive involvement and valuable guidance in running of the company. As many as 16 board meetings were convened during last 18 months and many of these with short notice still managing the participation rate at over 77%.

On behalf of the Board of the company I take this opportunity to extend our sincere gratitude to all our investors and lenders for their unhesitant and timely support as well as matured guidance in the operations of the company.

Words cannot be enough to congratulate Ms. Rupali Kalita, the 'soul' of the company, for her total commitment & intensive involvement in managing the affairs of the company in a very difficult year made more challenging by demonetization as well as the transformation process. Special thanks to each & every member of RGVN(NE)MFL team for their dedication especially during demonetization when they were faced with chaos and crisis. The best repayment rate in the industry stands a testimony to their commitment and client bondage.

Finally, I would like to conclude with the promise to create a client friendly door- step banking infrastructure for the financially excluded low income people of the North Eastern part of India.

Brij Mohan
Chairperson



COMPOSITION OF THE BOARD OF RGVN(NE)MFL

SL	NAME	DESIGNATION	NATIONALITY
1	Mr. Brij Mohan	Chairman	Indian
2	Ms. Rupali Kalita	Managing Director	Indian
3	Mr. Deep Chandra Joshi	Independent Director	Indian
4	Mr. Njord Andrewes	Nominee Director	Norwegian
5	Ms. Suvalaxmi Chakraborty	Nominee Director	Indian
6	Mr. Ugen Tashi	Nominee Director	Indian
7	Mr. Srijib Kumar Baruah	Nominee Director	Indian
8	Mr. Sanjeev Gupta	Nominee Director	Indian
9	Mr. Ranjit Goswami	Independent Director	Indian
10	Mr. Robert Dunn	Nominee Director	Australian

PROFILE OF BOARD OF DIRECTORS

Mr. Brij Mohan

Chairman

Mr. Mohan, Former Executive Director of Small Industries Development Bank of India (SIDBI), Lucknow, was closely involved in setting up of SIDBI Foundation for Micro Credit (SFMC) as an apex financing & development micro-finance entity in 1998. He took the lead in setting up the development department in Industrial Development Bank of India (IDBI) during 1980-1990 and worked as Manager and Officer on Special Duty in IDBI. Before joining IDBI he was member of Indian Statistical Service & held the position of Deputy Director in Planning Commission (1976-80) & Assistant Director (1970-76) in Department of Statistics. He did his Masters in Mathematics from Punjab University & post graduate degree in statistics from Indian Statistical Institute/Institute of Agricultural Research Statistics.

He is presently the Chairman of Ananya Finance for Inclusive Growth Ltd. - a wholesale lender to microfinance institutions and chairman of ACCESS Holding Ventures India Ltd, a knowledge platform. He is a Director on the Board of Micro Rating International Ltd. and was the founding chairman of ACCESS Development Services as well as Micro-Save India till recently. He is now the mentor & director on the Board of Sa-Dhan. Mr. Mohan is credited with building the microfinance movement in India starting from 1994. He is associated with RGVN since July 2008.



Ms. Rupali Kalita

Managing Director

Ms. Kalita is an experienced development banker with an experience of over 33 years in the Banking and Financial Services sector. She has 20 years of experience in Retail Banking in Langpi Dehangi Rural Bank during her tenure as Senior Manager in the bank. Ms. Kalita, has to her credit, a degree from Boulder Institute of Microfinance, Turin, Italy besides various other certifications from different institutions. She has been trained in Microfinance from Basix and have exposures to ASA, BRAC premier institutions in Bangladesh and in Amanah Ikhtiar, Malaysia, Bank Patanian and Bank Simpanan, Malaysia, to name a few. She has also attended a certificate course on Strategic Leadership in Financial Inclusion in HARVARD, USA in March 2016.

Ms. Kalita joined the RGVN Society to head its microfinance programme in 2004 and was instrumental in successfully turning around the operations of a loss making RGVN-CSP into a profitable NBFC within a period of 2 years by streamlining the existing processes, instilling financial discipline and boosting the staff morale. She was instrumental in reducing the Portfolio at Risk (>30days) from a whopping 23% to 1.09% in FY 2016-2017 and also in reaching out to a total of 4.07 Lakh clients during the same period as against 30,939 in 2004. The expansion of outreach of the RGVN(NE)MFL to 7 states of North East and West Bengal, with a network of 139 branches in 2017 and the consistent growth in the business with a total portfolio outstanding of Rs. 688 crore as on March 31st, 2017 as against Rs. 40 Lakh in 2005, has only been possible for her able leadership. It is by dint of her hard work and dedication that RGVN(NE)MFL, which was once a loss making organization had undergone two major transformations within a decade and is now on its way to become the first Small Finance Bank from North East. It is under her guidance and for her persistent efforts that RGVN(NE)MFL was awarded the coveted Small Finance Bank license on 31st March 2017.



She has been working for the empowerment of the under privileged women in rural and urban sector through financial intermediation by persistently encouraging them to build up their confidence and to emerge as successful entrepreneurs. She has been heading RGVN(NE)MFL since its inception.



Mr. Deep Chandra Joshi

Independent Director

Mr. Joshi is an independent development consultant and part-time CEO of a Charitable Trust. He is the co-founder of PRADAN, a renowned national NGO, where he worked as an Executive Director. He was also the Director of HR and Director of Finance for over two decades until his retirement in 2007. He has worked as a Program Officer in the Ford Foundation in Delhi; as a Senior Systems Analyst in Systems Research Institute in Pune; and as a Lecturer of Mechanical Engineering at MNNIT Allahabad. He was educated at MNNIT Allahabad, the School of Engineering at MIT and the Sloan School of Management, MIT. Mr. Joshi is the Chairman of the Institute of Rural Management Anand, the National Foundation for India and the Rajiv Gandhi National Institute for Youth Development and serves on the boards of IIM Kashipur and several other development NGOs. Mr. Joshi was conferred the Ramon Magsaysay Award in 2009 and the Padma Shree in 2010 for his contribution towards sustainable development through livelihood generation.



Mr. Joshi has an extensive experience of SHGs and was associated with the SHG-Bank Linkage Program in the course of his work in PRADAN. He is one of the Promoter Directors of Bhartiya Samruddhi Investments and Consulting Services Limited (BASICS). He has served as a director of Microfinance NBFCs and as Chairman of a Local Area Bank. Mr. Joshi has over 30 years' experience of rural development, especially in rural livelihood promotion. He has conducted extensive field work in the course of reviewing development projects (NERCORMP and MLIPH) financed by the International Fund for Agriculture Development (IFAD) in Assam, Meghalaya and Manipur States on a yearly basis since 2011 and has conducted extensive fieldwork in the course of designing a Rural Livelihood Project for Meghalaya being financed by IFAD. He is associated with RGVN since January 2011.

Mr. Njord Andrewes

Nominee Director (NMI)

Njord Andrewes is an Investment Director in NMI. Prior to joining NMI, Mr. Andrewes was a Senior Equity Research Analyst at Lazard Capital Markets. Before Lazard, Mr. Andrewes was an Equity Research Analyst at Janney Montgomery Scott, LLC. He began his career at Robertson Stephens in Sales and Trading. Mr. Andrewes received an MBA in Finance from Kelley School of Business at Indiana University and a B.A. in Economics from Hope College. He has been associated with RGVN since July 2014.



Ms. Suvalaxmi Chakraborty

Nominee Director (Oiko Credit)

Suvalaxmi is a Chartered Accountant by profession. Having spent over 17 years with ICICI Bank, she has been exposed to diverse set of businesses, including Project and Corporate Finance, Treasury and Integrated Multicurrency Fund & Asset Liability Management, Corporate Banking, Rural / Agri & Micro Banking. Thereafter, she had joined Barclays Bank in 2007 as the Commercial Banking Director to launch the Commercial Banking business in India which achieved a break even in a record time of 11 months and had thereafter grown exponentially and profitably month on month. During 2010, she joined State Bank Of Mauritius (SBM) where she led their India operations as the Chief Executive Officer for more than three years.



She is presently the Founder Director of Espandere Advisors Pvt Ltd which provides Business Advisory and Transaction Advisory services in Banking & Finance, Agriculture & Rural, Infrastructure & Manufacturing sectors. She is also an Advisor to Fullerton India Credit Company Ltd, an NBFC engaged in lending to retail and Micro & Small Enterprises. She works with Fullerton in strategic initiatives in the areas of treasury, rural and new business initiatives. She also serves as an independent director on the board of Caspian Impact Investment Ltd. She has been associated with RGVN since March 2016.

Mr. Ugen Tashi

Nominee Director (IDBI)

Mr. Tashi is General Manager of IDBI Bank Ltd, presently looking after Retail Banking for North East Region – I. He has served in different capacities in various departments of the Bank viz. Venture Capital, Corporate Finance, Priority Sector, etc. He is associated with RGVN since March 2015.





Mr. Srijib Kumar Baruah

Nominee Director (NEDFi)

Sri S.K. Baruah, M.B.A., LL.B. and Associate Member of the Institute of Company Secretaries of India (ICSI), is the Executive Director of North Eastern Development Finance Corporation Ltd. (NEDFi). He has vast experience of more than 21 years in diverse and varied areas of financial systems. Sri Baruah has worked in operations all throughout his career and has vast knowledge and experience in the field of Project Finance, MSME & Micro Finance, NPA Recovery & Monitoring, Human Resource Development, Legal and Advisory & Consultancy.



Mr. Sanjeev Gupta

Nominee Director (SIDBI)

Mr. Gupta has been working with Small Industries Development Bank of India (SIDBI) since September 1991. During the last 26 years, he has served in different capacity in various Head Office departments viz. Credit Operations, Venture Capital, Audit, Vigilance & Administration. He has also worked as Branch in-charge at Gandhidham (Gujarat) and Nariman Point, Mumbai branch offices and on deputation to associate institution viz. SIDBI Venture Capital Limited (SVCL) for 4 years. He is presently heading the Guwahati Region as Regional Head for North East Region. He has been associated with RGVN(NE)MFL since 19th October, 2015.



Mr. Ranjit Goswami

Independent Director

Mr. Goswami had joined SBI as Probationary Officer in 1975 and had retired in 2014 as CGM[HR] from the SBI Corporate Centre in Mumbai. He has worked in wide range of assignments covering entire gamut of banking operations in different parts of India and also abroad. His critical areas, where he has gained expertise include Treasury, Credit Department, Rural Development, Banking Operations, HR and Inspection. He has been associated with RGVN(NE)MFL since 15th December, 2015.



Mr. Robert Dunn

Nominee Director (Dia Vikas)

Robert Dunn has been the Chief Executive Officer and Director of Opportunity International, Australia since August 2008, having joined the organisation in November 2006 as Chief Financial Officer. Robert is also a Director of Opportunity's Indian subsidiary, Dia Vikas Capital, which manages the provision of microfinance services in India. Since 2008, Dia Vikas has invested or lent to local microfinance institutions who serve over 3 million clients in India.

Part of a global network, Opportunity has programs in more than 20 of the world's poorest countries. Using innovative financial solutions and training, it empowers people living in poverty to transform their lives.

Robert serves on the Boards of the Port Authority of New South Wales and Logosdor Limited. Prior to joining Opportunity, Robert was the Finance Director with Patrick Corporation for 14 years. He is a member of the Australian Institute of Company Directors and of Chartered Accountants Australia and New Zealand. He has been associated with RGVN(NE)MFL since 21st Dec 2016.



RGVN(NE)MFL KEY MANAGEMENT PROFILES

Ms. Rupali Kalita

Managing Director

Ms. Kalita is an experienced development banker with an experience of over 33 years in the Banking and Financial Services sector. She has 20 years of experience in Retail Banking in Langpi Dehangi Rural Bank during her tenure as Senior Manager in the bank. Ms. Kalita, has to her credit a degree from Boulder Institute of Microfinance, Turin, Italy besides various other certifications from different institutions. She has been trained in Microfinance from Basix and have exposures to ASA, BRAC premier institutions in Bangladesh and in Amana Ikhtiar, Malaysia, Bank Patanian and Bank Simpanan, Malaysia, to name a few. She has also attended a certificate course on Strategic Leadership in Financial Inclusion in HARVARD, USA in March 2016.

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She has been working for the empowerment of the under privileged women in rural and urban sector through financial intermediation by persistently encouraging them to build up their confidence and to emerge as successful entrepreneurs. She has been heading RGVN(NE) MFL since its inception.

Mr. Sashikant Panda

Chief Operating Officer

Mr. Sashikant Panda has joined the RGVN(NE)MFL family and its proposed SFB as the Chief Operating Officer (COO). Mr. Panda brings more than 26 years of experience in Banking and Financial Sector. He started his career as a directly recruited Probationary Officer with Corporation Bank (one of the leading PSU Banks) in 1991 & worked there till 1996.

In 1996 he joined ICICI Bank Ltd and worked there for more than 11 years (1996 to 2003 & 2004 to 2008), where he handled various senior level positions in ICICI Bank i.e. Branch Head of a flagship branch, Regional Manager Branch Banking, Regional Head Retail Banking, Zonal Head Operations (North India). He also worked in Equitorial Trust Bank LAGOS, Nigeria as a DGM & Head Liability function till January 2010.

Before joining RGVN(NE)MFL he was serving in IndusInd Bank Ltd, New Delhi in top management grade (SVP III) and was heading entire North India Banking Operations including Corporate & Global Market Operations. He has also worked in one of the Indian insurance companies as a BH for a brief period of 10 months. He has experience in handling more than 400 branches and a team size of more than 1200 people and the entire gamut of operations, i.e. Branch Banking Operations, Back Office, CTS Clearing (northern Grid), Currency Chest, ATM operations, Retail Asset Operations, Rural & Agri Operations and Corporate Banking Operations.

Mr. Sashikant passed his graduation with Economics Honours from Utkal University, then MA Economics & completed M.Phil. in Economics before joining as a PO in Corporation Bank. He has also done MBA (Finance) from IIMT, Greater Noida & CAIIB from Indian Institute of Banking & Finance.

Mr. Manimudichozhan Elanchezhian

Chief Technology Officer

Mr. Manimudichozhan Elanchezhian has more than 26 years of architecting and managing experience in building sophisticated software applications for various business requirements using multifarious technologies and following quality management processes as defined by ISO 9001 and SW-CMMi Level 5. He has successfully delivered projects for global clients which include Verizon, AT&T, Sprint, BellCore, Yellow Freight, Cisco, Sun, HP, Travelex, Pearson, Citibank, Funds Direct & DBS Bank. He was the chief architect of an architecture specification called ZeBRA (Zero-latency e-Business integration Real-time Architecture) in early 2000 which is now very much a reality in the e-commerce industry. He mentors the budding architects using a self-initiated program called LAMP (Logical Architect Mentoring Program). He worked in the USA for about 5 years during the late-1990s and earlier in Singapore. He has also had assignments in other countries namely UK, Malaysia, Indonesia, UAE and South Korea.

He has a B.E. degree in Computer Science from the College of Engineering, Guindy, Anna University.



RGVN(NE)MFL KEY MANAGEMENT PROFILES

Mr. Tridip Sarmah

Chief People Officer

Mr. Sarmah has 31 years of comprehensive human resource experience including planning, business development, recruitments & retention, conflict resolution, change management and administration across various FMCG, telecom, manufacturing, service industry and banking industry. Mr. Sarmah's professional skill sets include strategic planning, HR Strategy development & management, recruitment operations & talent acquisitions, industrial relations/CSR, quality and statutory compliance, training & development and staff motivation & management and legal management.

Prior to joining RGVN(NE)MFL as the Chief People Officer, Mr. Sarmah was working with Bharti Airtel as HR-Head. He has also previously worked in Brooke Bond as HR Manager and with Hindustan Unilever Ltd. as Senior HR Manager and in Kaziranga University for a brief period.

Mr. S. Shankar

Chief Risk & Compliance Officer

Mr. Shankar is a career banker. He started his career with Corporation Bank as a Probationary Officer and later moved to Axis Bank. He has experience across corporate and retail banking formats. He has worked in large corporate banking branches in Mumbai and New Delhi in project finance, credit appraisal, trade finance, credit delivery and monitoring. He has also headed branch operations and business development of retail banking branches. His last stint was at the Corporate Office of Axis Bank where he led the Enterprise Governance Risk and Compliance project for the Corporate Banking vertical of Axis Bank. His expertise include Retail Branch Banking, Relationship Management, Corporate/SME Banking, Regulatory Compliance and Risk Management. He is a B.Com and MBA.

Mr. Raj Sarkar

Chief Administration Officer

A 6-Sigma Green Belt affiliated with nearly 25 years experience working in defence services and corporate office handling administrative support to upper and middle management. Prior to RGVN(NE)MFL, he was associated with Tata Tele Services Limited as Deputy General Manager-FMSS. He has extensive experience in planning, directing, supervising, and coordinating work activities of subordinates and staff relating to employment, compensation, labor relations, and employee relations. In addition, he has thorough competence in managing the administration of an organization and have been involved in transformation of business including acquisition, termination & merger.

Mr. Prema Kiran Varikuty

Vice President

Mr Varikuty is a finance professional with 10 years of experience in corporate finance, investment banking and financial services. His core expertise lies in fund raising and strategic business planning. He has been the CFO for large companies in Media, Engineering and Financial services. He has also been instrumental in process re-engineering to improve efficiency. He had been associated with Sumedha Venture Advisors heading their Interim CFO Services for companies in different industries like Education, Engineering, Media, Infra and IT. He streamlined internal procedures for a Multi-National IT Company and developed Financial models & Investment Memorandum for IBA mandates of companies in digital media, agri and financial services. He has previously worked for companies like Mango Mass Media Group of Companies, Zasya Engineering Pvt.Ltd, CRESA Financial Services Pvt.Ltd, to name a few.

Mr. Gunajit Bayan

Associate Vice President

Mr Bayan has been associated with RGVN(NE)MFL since inception. He is responsible for the overall operations of the organization and implementation of Strategic Business in line with organization's vision. He has attended trainings on Microfinance, Process Map, Risk Management and Intellectual Development. He is a member of Purchase Committees, Risk Management Committee and ALCO Committees of the organisation. He is also an honorary Chairman of Socio Economic Development Center an NGO from Barpeta which works in the area of community development for Assam Jewellery artists. His past experience includes promotion of SHGs, SHG Federation, promotion and development of voluntary organizations engaged in economic development of the rural mass, heading NGO development operations at Nagaland, Manipur, Meghalaya and Assam. He has extensive experience in working in the North East region and understands the peculiarities of running operations in the region.



RGVN(NE)MFL KEY MANAGEMENT PROFILES

Ms. Pragati Mour

Company Secretary and Compliance Officer (SEBI)

Pragati Mour is an Associate member of The Institute of Company Secretaries of India (ICSI) and holds a Bachelors Degree in Commerce (Hons) from Guwahati University with Accountancy as a major subject. She has close to 3 years of experience in controlling and managing the overall secretarial compliance, She is committed for good corporate governance which helps building public trust in the Company. She specializes in corporate governance, corporate laws, banking law, compliance audit and management, due diligence, SEBI- debt listing agreement and other Company Law matters. Driven by continuous learning with deep-rooted understanding of legal concepts and flexible towards regulatory changes, she regularly attends various sessions, seminars and orientation programmes organized by ICSI in various cities.

HEAD OF DEPARTMENTS

SL	NAME	DESIGNATION
1	Manoj Kanti Bhattacharjee	Head Administration
2	Suhail Haque	Head HR & Training
3	Sudip Choudhury	Head Product, Marketing & CSR
4	Pranjal Goswami	Risk Management Officer & Champion SPM
5	Thokchom Amit Singh	Head Application IT
6	Hiren Rameshbhai Desai	Chief Information Security Officer
7	Pranjal Medhi	Head Liability
8	P.C. Dean	Head Treasury ALM & TP
9	Tanvir Parves Ahmed	Head Infrastructure Management
10	Amarendra Deka	Zonal Manager
11	Devashish Bhattacharyya	Zonal Manager
12	Trailokya Goswami	Zonal Manager
13	Parash Borthakur	Zonal Manager
14	Dipenjoy Deb	Zonal Manager
15	Chandan Pathak	Zonal Manager
16	Anjanjyoti Das	Zonal Manager
17	Anup Kumar Singha	Zonal Manager



COMPOSITION OF THE BOARD OF NESFB

SL	NAME	DESIGNATION	NATIONALITY
1	Mr. Deep Chandra Joshi	Independent Director	Indian
2	Ms. Rupali Kalita	Director	Indian
3	Mr. Ranjit Goswami	Independent Director	Indian

PROFILE OF BOARD OF DIRECTORS

Mr. Deep Chandra Joshi

Independent Director

Mr. Joshi is an independent development consultant and part-time CEO of a Charitable Trust. He is the co-founder of PRADAN, a renowned national NGO, where he worked as an Executive Director. He was also the Director of HR and Director of Finance for over two decades until his retirement in 2007. He has worked as a Program Officer in the Ford Foundation in Delhi; as a Senior Systems Analyst in Systems Research Institute in Pune; and as a Lecturer of Mechanical Engineering at MNNIT Allahabad. He was educated at MNNIT Allahabad, the School of Engineering at MIT and the Sloan School of Management, MIT. Mr. Joshi is the Chairman of the Institute of Rural Management Anand, the National Foundation for India and the Rajiv Gandhi National Institute for Youth Development and serves on the boards of IIM Kashipur and several other development NGOs. Mr. Joshi was conferred the Ramon Magsaysay Award in 2009 and the Padma Shree in 2010 for his contribution towards sustainable development through livelihood generation.

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Ms. Rupali Kalita

Director

Ms. Kalita is an experienced development banker with an experience of over 33 years in the Banking and Financial Services sector. She has 20 years of experience in Retail Banking in Langpi Dehangi Rural Bank during her tenure as Senior Manager in the bank. Ms. Kalita, has to her credit, a degree from Boulder Institute of Microfinance, Turin, Italy besides various other certifications from different institutions. She has been trained in Microfinance from Basix and have exposures to ASA, BRAC premier institutions in Bangladesh and in Aman Ikhtiar, Malaysia, Bank Patanian and Bank Simpanan, Malaysia, to name a few. She has also attended a certificate course on Strategic Leadership in Financial Inclusion in HARVARD, USA in March 2016.

Ms. Kalita joined the RGVN Society to head its microfinance programme in 2004 and was instrumental in successfully turning around the operations of a loss making RGVN-CSP into a profitable NBFC within a period of 2 years by streamlining the existing processes, instilling financial discipline and boosting the staff morale. She was instrumental in reducing the Portfolio at Risk (>30days) from a whopping 23% to 1.09% in FY 2016-2017 and also in reaching out to a total of 4.07 Lakh clients during the same period as against 30,939 in 2004. The expansion of outreach of the RGVN(NE)MFL to 7 states of North East and West Bengal, with a network of 139 branches in 2017 and the consistent growth in the business with a total portfolio outstanding of Rs. 688 crore as on March 31st, 2017 as against Rs. 40 Lakh in 2005, has only been possible for her able leadership. It is by dint of her hard work and dedication that RGVN(NE)MFL, which was once a loss making organization had undergone two major transformations within a decade and is now on its way to become the first Small Finance Bank from North East. It is under her guidance and for her persistent efforts that RGVN(NE)MFL was awarded the coveted Small Finance Bank license on 31st March 2017.

She has been working for the empowerment of the under privileged women in rural and urban sector through financial intermediation by persistently encouraging them to build up their confidence and to emerge as successful entrepreneurs.

Mr. Ranjit Goswami

Independent Director

Mr. Goswami had joined SBI as Probationary Officer in 1975 and had retired in 2014 as CGM[HR] from the SBI Corporate Centre in Mumbai. He has worked in wide range of assignments covering entire gamut of banking operations in different parts of India and also abroad. His critical areas where he has gained expertise include Treasury, Credit Department, Rural Development, Banking Operations, HR and Inspection.



FROM THE DESK OF THE MANAGING DIRECTOR



The FY 2016-17 turned out to be a remarkable year for the organization and shall go down as the Golden Year in the history of RGVN(NE)MFL. Last year we had set out on a journey to transform ourselves from a non-descript NBFC-MFI to a Small Finance Bank, which is a differentiated banking model of RBI. Ever since it has been a rollercoaster ride for the organization as we successfully achieved milestones after milestones, which finally culminated with the receipt of the Small Finance Bank License from Reserve Bank of India on 31st March, 2017 – **a Red Letter Day** for the organization and a befitting ending to an extraordinary year.

“Success, as they say, is never by mere chance; it is the result of forces working together” and whatever we have achieved so far would not have been possible without the whole organization coming together and working as a Team.

It is therefore thanksgiving time for me and I would first take this opportunity to express my heartfelt gratitude to our Governing Board for building the base for a strong and transparent governance which made achieving the Small Finance Bank License a cakewalk for us. I also take this opportunity to thank all our Directors for always being there, guiding us through turbulent times and encouraging us to do better.

Further, whatever we had achieved so far would not have been possible without all our investors, funders and lenders. On behalf of the organization, I wish to thank all for their confidence in the organization and for helping us grow not only by investing funds but also by investing their trust with us. As we now graduate from the secured business of Microfinance and venture into the segment of micro banking, which shall be a completely unexplored terrain, full of uncertainty and challenges, I urge all to continue supporting us in the long run and help us in reaching the pinnacle of glory.

Last but not the least, I would also like to thank all my staff, who had stood by me through thick and thin in the last 14 years and have showed unwavering confidence and trust in my leadership and followed all my instructions to the hilt. Our transformation from a small non-descript RGVN-CSP to a Small Finance Bank, from a meager portfolio of Rs. 1.47 crore as on 31st March, 2005 to Rs. 688 Crore as on 31st March, 2017 lays testimony to the hardwork and allegiance of our staff towards the organization. It is because of their sincerity and dedication, that, not only could we trounce over the impact of demonetization but could also clock exceptional business numbers with an annual disbursement of Rs. 679.87 crore, on-time repayment rate of 98.20% and PAR>30 days of 1.09% for the FY 2016-17, which was much lower compared to the nationwide average.

I would also like to welcome all our new colleagues from the banking industry on board. It is indeed heartening to note the amicable amalgamation of two different cultures, keeping away their differences, uniting as one and working together as a team towards achieving a common goal – setting up of North East Small Finance Bank. I would like to congratulate each and every staff for all that we have achieved so far and urge the team to continue with the same zeal and commitment.

As I conclude, I would like to quote Thomas Henry Huxley, **“The rung of a ladder was never meant to rest upon, but only to hold a man’s foot long enough to enable him to put the other somewhat higher.”** With such extraordinary business and with the receipt of the final license from RBI, we have completed only half of the journey and we now have a greater job in hand - to launch the bank and to take it to greater heights by dint of our team work, sincerity and dedication. I have full faith in my team and I know together we can accomplish all and achieve the impossible. I would like to wish them the best in this endeavour and together we can and we shall make this dream a reality.

“Soar with wit. Conquer with dignity.”



DIRECTOR'S REPORT
RGVN (NORTH EAST) MICROFINANCE LIMITED



DIRECTOR'S REPORT

To,
The Members,

Directors of RGVN (North East) Microfinance Limited have pleasure in presenting their 9th Annual Report on the business and operations of the Company together with Audited Statement of Accounts for the financial year ended 31st March 2017.

1. FINANCIAL HIGHLIGHTS

During the year under review, performance of your Company as under:

Amt(in Rs)		
Particulars	FY 2016-17	FY 2015-16
Operating income	1,439,589,449	806,481,518
Other income	1,986,367	1,183,798
Total income	1,441,575,816	807,665,316
Less: Personnel expenses	172,563,133	128,030,387
Operating and other expenses	110,290,508	58,136,738
Finance charges	683,766,147	371,984,933
Depreciation	3,702,842	4,343,949
Provisions	20,077,502	20,899,700
Total expenditure	940,751,912	583,395,707
Profit/(loss) before tax	451,175,684	224,269,609
Less: Current tax	182,682,430	93,238,568
Less: deferred tax	(6,881,045)	(10,251,941)
Less : Income Tax of earlier years	-	5,919,850
Profit/(loss) after tax	275,374,299	135,363,132

2. OPERATIONAL HIGHLIGHTS

During the year, the Company has made a disbursement of Rs.679.86 crore to its customers as compared to Rs.561 crore during FY 16-17 reflecting 21% growth and the summarized operational highlights for the financial year ended March 31, 2017 include:

- There are 139 branches as on March 31, 2017 spread across six northeastern States (Assam, Meghalaya, Arunachal Pradesh, Nagaland, Tripura, Sikkim) and West Bengal.
- The Company has opened 8 new branches during the year by extending its operations into North Bengal with three branches in Birpara, Jalpaiguri and Mynaguri covering more than 407,511 borrowers.
- The number of credit officers has increased to 416 as compared to 295 in fiscal 2015-2016 with a growth of 41%.
- The Company is operating in 39 districts spread across six states in the North East India and West Bengal with a staff strength of 772.
- The Company has raised Rs.40 Crore by issuing Non-Convertible debentures to IFMR Fimpact Long Term Multi Asset Class Fund & IFMR Fimpact Medium Term Microfinance Fund.
- The inflow of funds through term loans and NCDs has made it possible for us to assist more than 4 lakh clientele.
- The Company has availed Rs.449.22 Crore from 24 Institutions including Nationalized Banks, Private Banks, Domestic Financial Institutions and NBFCs.
- With consistent flow of funds both term loan and NCD from financial institutions, the fiscal under review has seen 42% increase in terms of portfolio outstanding as compared to the previous fiscal.
- The customer base of the Company is 407,511 with a decent growth of 39.77% during the fiscal.
- The loan portfolio as on March 31, 2017 is Rs.688.32 Crore as compared to Rs. 487.54 crore with a upright growth of 41%.
- During the year, the Company has disbursed loans amounting to Rs. 679.86 Crore.
- The on-time repayment rate stands at 98.20% and PAR>30 days being 1.09% for the FY 2016-17 thereby implying that inspite of the demonetization drive all our operational parameters except the on-time repayment rate and PAR(>30 days) have shown a steep rise.



Infused a total of Rs. 97.33 crores from SIDBI Trustee Company Limited (Rs. 40 Cr), RNT Associates Pvt Ltd (Rs. 28.33 Cr), Pi Ventures LLP (Rs. 20 Cr) and Nordic Microfinance Initiative Fund III KS (Rs. 9 Cr) thereby making the company domestically owned. The infusion of fresh equity had reduced the foreign shareholding from 68.08% to 47.84%.

In addition to the financial services, the Company also supports development of clients in Health & Hygiene sector by way of Free Health Check-up camps, Cataract Operation, Cancer Detection Camps, Specialized Health Camps, etc.

In this fiscal 2016-17, the Company has undertaken Health Care as the core supporting CSR activity by which we could cover over around 27000 of poor populations across our operational area. As on March 2017 we have covered more than 2.5 lakh of populations under various social activities.

The Company has promoted a Small Finance banking entity coined as "North East Small Finance Bank Limited" and Reserve Bank of India has granted Small Finance Bank license under Section 22(1) of the Banking Regulation Act, 1949 to "North East Small Finance Bank Limited" dated 31st March 2017 to carry on small finance banking business.

The table below depicts the total number of branches in each of the six states of North East and North Bengal at the end of 31st March, 2017

STATES	NO: OF BRANCHES
Arunachal Pradesh	4
Assam	119
Meghalaya	3
Nagaland	1
Sikkim	6
Tripura	3
North Bengal	3
TOTAL	139

3. DIVIDEND

Considering the growth and operations of the Company, the Board has not recommended any dividend for the year.

4. AMOUNT TRANSFERRED TO RESERVES

The Company has had a profitable year of operations and returned a post tax profit of Rs. 275,374,299/-. It has transferred an amount of Rs. 55,074,860/- to statutory reserve fund in accordance with the provisions of Section 45 - IC of The Reserve Bank of India Act 1934.

5. FUTURE BUSINESS OUTLOOK

RGVN(NE)MFL has been performing well and has shown visible improvement in all verticals y-o-y. Based on the good performance and quality portfolio, the Reserve Bank of India had, among the 10 Nationwide shortlisted institutions, have also chosen RGVN (North East) Microfinance Limited (NBFC-MFI) and awarded an in-principle approval vide their letter dated 7th October 2015 for setting up a Small Finance Bank. It would not be out of place to mention that RGVN(NE)MFL is the only institution in the North Eastern part of India with the unique opportunity to extend banking services at the doorstep of clients. In view of the foregoing, as a first step forward RGVN(NE)MFL has promoted a Small Finance banking entity with ROC Shillong christened as "North East Small Finance Bank Limited" dated 25th day July 2016.

The Company will carry on small finance banking business through its wholly owned subsidiary "North East Small Finance Bank Limited" all over the North-Eastern states and West Bengal and will be registered as NBFC-CIC (Core Investment Company) which will be regulated by Reserve Bank of India.

6. CHANGES IN THE SHARE CAPITAL, IF ANY

During the year, the Company has issued 20,860,478 equity shares of INR 46.66/- (Rupees Forty Six and Sixty Six paise) including premium of INR 36.66 (Rupees Thirty Six and Sixty Six paise only) on preferential basis, as fully paid up, for cash, as determined in accordance with the valuation report issued by NSB & Associates, Chartered Accountants.



The details of the shares issued to the investors are listed below:

Name	No of shares allotted	Total Amt in respect of Shares allotted (in Rs.)	Share capital	Date of allotment
SIDBI Trustee Company Limited	8,572,653	399,999,989.00	85,726,530	08/03/2017
RNT Associates Private Limited	6,072,653	283,349,989.00	60,726,530	08/03/2017
Pi Ventures LLP	4,286,326	199,999,972.00	42,863,260	08/03/2017
Nordic Microfinance Initiative Fund III KS	1,928,846	90,000,000.00	19,288,460	09/03/2017
TOTAL	20,860,478	973,349,950.00	208,604,780	

The infusion of fresh equity had reduced the foreign shareholding from 68.08% to 47.84%. The details of the domestic verses foreign shareholding are listed below:

Domestic	52.16%
Foreign	47.84%
Total	100.00%

7. EMPLOYEE STOCK OPTIONS PLANS (ESOP)

The Company has not granted stock options under the ESOP Scheme during the FY 2016-2017.

8. ISSUANCE OF NON-CONVERTIBLE DEBENTURES

During the year, the Company has raised Rs.40 Crore by issuing Non-Convertible Debentures to IFMR Fimpact Long Term Multi Asset Class Fund & IFMR Fimpact Medium Term Microfinance Fund

DEBENTURE TRUSTEE	CONTACT DETAILS
CATALYST TRUSTEESHIP LIMITED (FORMALLY KNOWN AS GDA TRUSTEESHIP LTD)	Office No. 83-87, 8th Floor, Mittal Tower, 'B' Wing, Nariman Point, Mumbai – 400 021, Maharashtra. Ph- 022 - 4922 0555

9. EXTRACT OF ANNUAL RETURN

The extract of Annual Return of the Company, in format MGT -9, for the Financial Year 2016-17 is annexed as Annexure – 1 and forms integral part of this Report.

10. STATUTORY AUDITORS

M/s D. Patwary & Company, Chartered Accountants, were appointed as the Statutory Auditor by the members in the last Annual General Meeting . Their terms expires at this Annual General Meeting . They have expressed their eligibility for re-appointment .The Board recommends their re-appointment.

11. STATUTORY AUDIT OBSERVATIONS

The comments made by M/s D. Patwary & Company, Chartered Accountants, Statutory Auditors are self explanatory in nature and as such, no comments are necessary.



12. DIRECTORS

The details of the directors who resigned and was appointed in the FY 2016-2017 are furnished in the table below.

Name	Designation	Nature	Date
Mr. Narashimhan Srinivasan	Independent Director	Resignation	07-06-2016
Mr. Saneesh Singh	Nominee Director (Dia Vikas Capital Pvt Ltd)	Resignation	12-12-2016
Mr. Robert Douglas Dunn	Nominee Director (Dia Vikas Capital Pvt Ltd)	Appointment	21-12-2016

The company has to appoint a CFO in the company to comply with the provisions of section 203 of the companies act, 2013 and has identified a suitable candidate to hold the position of a CFO who will join the company in July 2017.

13. NUMBER OF BOARD MEETINGS

During the Financial Year 2016-17, ten (10) meetings of the Board of Directors of the Company were held.

No. of Board meeting	Date	Place
45 th	07.05.2016	Hotel Lilly, Khanapara, 6 th mile, Guwahati
46 th	07.06.2016	Regd Office RGVN MFL, Guwahati
47 th	22.06.2016	Hotel Lilly, Khanapara, 6 th mile, Guwahati
48 th	18.08.2016	Hotel Lilly, Khanapara, 6 th mile, Guwahati
49 th	24.09.2016	Hotel Lilly, Khanapara, 6 th mile, Guwahati
50 th	09.11.2016	Ri Kynjai Resort, Barapani, Meghalaya
51 st	21.12.2016	Hotel Lilly, Khanapara, 6 th mile, Guwahati
52 nd	18.02.2017	Hotel Lilly, Khanapara, 6 th mile, Guwahati
53 rd	08.03.2017	Regd Office RGVN MFL, Guwahati
54 th	27.03.2017	Hotel Lilly, Khanapara, 6 th mile, Guwahati

Attendance of each Director at the Board Meeting as on 31st March 2017:

Sl.No.	Name	Total meetings to be attended	Meetings attended
1	Mr. Brij Mohan	10	10
2	Mr. Deep Joshi	10	5
3	Mr. Narasimhan Srinivasan	1	1
4	Mr. Ranjit Goswami	10	10
5	Mr. Saneesh Singh	7	7
6	Mr. Sanjeev Gupta	10	7
7	Mr. Srijob Kumar Baruah	10	7
8	Mr. Njord Andrews	10	9
9	Mr. Ugen Tashi	10	3
10	Dr. Amiya Kumar Sharma	10	0
11	Ms. Rupali Kalita	10	10
12	Ms. Suvalaxmi Chakraborty	10	8
13	Mr. Robert Douglas Dunn	4	0

14. ANNUAL GENERAL MEETING

The Company's 8th Annual General Meeting was held on 18th August, 2016 in Guwahati.



15. PARTICULARS OF LOAN, GUARANTEE & INVESTMENT U/S SECTION 186 OF COMPANIES ACT 2013

During the year, the Company has made an investment of, not exceeding, Rs.1,103,843,950/- crore (Rupees One Hundred and ten crore thirty eight lakh forty three thousand nine hundred and fifty only) to North East Small Finance Bank Limited by subscribing to 110,384,395 equity shares at face value each.

16. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

There is no related party transaction to be reported during the year.

17. RBI REGULATION

As per Non- Banking Finance Companies RBI Directions, the Directors hereby reports that the Company is registered with Reserve Bank of India (RBI), as a non-deposit accepting NBFC ("NBFC-ND") under Section 45-IA of the RBI Act, 1934. As per Non-Banking Finance Companies RBI Directions, 1998, the Directors hereby report that the Company did not accept any public deposits during the year and did not have any public deposits outstanding at the end of the year.

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

The Company is taking proper steps at every level of operation for conservation of Energy. There is no technology absorption and total Foreign Exchange outgo during the year ending on 31st March 2017 is Nil.

19. RISK MANAGEMENT FRAMEWORK

RGVN (North East) Microfinance Limited has acknowledged a need for developing a robust risk management framework covering all areas of risk in line with the regulatory requirements for NBFC-MFI and leading practices and is increasingly aware of the need to address internal as well as external challenges and difficulties. To address this requirement RGVN(NE)MFL had engaged IFC-Deloitte to assess the current status of its risk management framework with the goal to improve its overall approach and have a concrete Risk Management Structure & framework in the organisation. Accordingly IFC and Deloitte performed 1st Phase of Microfinance Risk Diagnostic of RGVN Northeast Microfinance Limited's risk management capabilities. The diagnostic at RGVN(NE)MFL covered review of the risk management framework including policies, governance, processes, system, methodology, documentation, monitoring and reporting across credit, market, operational and liquidity risks as well as discussions to understand and identify material risks in the areas relating to credit operations, finance, branch operations, internal audit, human resource management and assess possibilities to enhance and develop a risk management framework to manage these risks at RGVN (North East) Microfinance Limited. Based on the diagnostics a proposed Risk management Framework has been formulated with guidance from IFC/Deloitte on which observations have been relayed to them. In the meantime upon receipt of the in-principal approval from RBI for SFB, we have revised the scope of work aligning to our fresh requirement into the new SFB scenario. The same is now being looked upon as future scope of work with further inputs from Ernst & Young team who is assisting us in the transformation process into SFB.

A three tier Risk Management Committee was constituted on January 25, 2014 in the 28th meeting of the Board of Directors held on 25.01.2014. The three tier structure involve one at grassroot/branch/area level another at the Head Office level and the third at central/Board level. The 2nd Risk management Committee meeting was held on 21st June 2016.

Sl. No.	Name of the member	No. of meeting attended
1	Mr. Saneesh Singh, Chairperson, till 12.12.2016	1
2	Ms.Suvalaxmi Chakraborty, Chairperson,since 08.03.2017	0
3	Mr. Sanjeev Gupta, Member	1
4	Mr. Ugen Tashi, Member	0



The terms of reference of Risk management Committee are listed below:-

- To assist the Board in the execution of its responsibility for the governance of risk, the Committee shall be charged with the following general responsibilities
- To assist the Board in setting risk strategy policies, in liaison with management and in the discharge of its duties relating to corporate accountability and associated risk in terms of management assurance and integrated reporting;
- To review and assess the quality, integrity and effectiveness of the risk management systems and ensure that the risk policies and strategies are effectively managed.
- To frame the Company's risk management and risk assessment guidelines and policies regarding market, credit, operational, liquidity, reputational and such other risks as necessary to fulfill the Committee's duties and responsibilities.
- To ensure that an appropriate policy and plan for a system of risk management is developed by management, approved by the Board and distributed throughout the Organization.
- To ensure that RGVN(NE)MFL has implemented an effective ongoing process to identify risk, to measure its potential impact against a broad set of assumptions and then to activate what is necessary to pro-actively manage these risks and to decide the RGVN(NE)MFL appetite or tolerance for risk.
- To annually review, assess the quality, integrity and effectiveness of the risk management plan and systems and ensure that the risk policies and strategies are effectively managed by management and to understand the scope of risk management work.
- To oversee formal reviews of activities associated with the effectiveness of risk management and internal control processes. A comprehensive system of control should be established to ensure that risks are mitigated and that RGVN(NE)MFL's objectives are attained.
- To review processes and procedures to ensure the effectiveness of internal systems of control so that decision-making capability and accuracy of reporting and financial results are always maintained at an optimal level.
- To monitor external developments relating to the practice of corporate accountability and the reporting of specifically associated risk, including emerging and prospective impacts.
- To provide an independent and objective oversight and view of the information presented by management on corporate accountability and specifically associated risk, also taking account of reports by management and the Audit Committee to the Board on all categories of identified risks facing by RGVN(NE)MFL.

20. SECRETARIAL AUDITOR

The Secretarial Audit was carried out by M/s. Narayan Sharma & Associates, Company Secretaries for the financial year 2016-2017. The Report given by the Secretarial Auditor is annexed as Annexure – 2 and forms integral part of this Report.

21. SECRETARIAL AUDIT OBSERVATIONS

The explanation on the comments made by M/s. Narayan Sharma & Associates, Company Secretaries in their Secretarial Audit report are listed below :

The Company has identified a suitable candidate to hold the position of a CFO who has accepted an offer letter and will join in July 2017.

22. VIGIL MECHANISM

The Company's Vigil mechanism consists of three lines of defense:

(i) First line of Defense consists of functions that own and manage risk which in the MFI consists of the business unit and support function heads through adherence to the laid down procedures

(ii) Second Line of Defense consists of functions that oversee risks which in the MFI consist of the Risk Management department. They ensure the First Line of Defense of the MFI is properly designed, in place and operating as intended through regular reporting to RMCB and Board.

(iii) Third Line of Defense consists of functions that provide independent assurance which in the MFI is provided by Internal Audit which provides the highest level of independent Assurance on the effectiveness of governance, risk management, internal controls and the manner in which the First and Second Lines of Defense achieve risk management and control objectives, achieved through audit of all departments and reporting to the Board.

23. PARTICULARS OF EMPLOYEES

The Company did not employ any such person whose particulars are required to be given under Rule 5(2) and (3) of the Companies (Appointment and Remuneration of Management Personnel) Rules, 2014.

24. DETAILS OF DIRECTORS AS ON 31/03/2017

a) PARTICULARS OF DIRECTORSHIP IN OTHER COMPANIES

Sl. No.	Name	Designation	Directorship in other companies
1	Mr. Brij Mohan	Chairperson	1. Micro Credit Ratings International Limited 2. Maanaveeya Development & Finance Private Limited 3. Ananya Finance For Inclusive Growth Private Limited 4. Access Holding Ventures India Private Limited
2	Mr. Deep Chandra Joshi	Independent Director	1. Access Development Services 2. Eco Tasar Silk Private Limited 3. North East Small Finance Bank Limited
3	Mr. Ranjit Goswami	Independent Director	1. Consolidated Construction Consortium Ltd 2. North East Small Finance Bank Limited
4	Mr. Robert Douglas Dunn	Nominee Director (Dia Vikas Capital Pvt Ltd)	1. Dia Vikas Capital Pvt Ltd 2. 4B Healthcare Pvt Ltd
5	Mr. Srijib Kumar Baruah	Nominee Director (NEDFi)	1. Grameen Development & Finance Pvt Ltd 2. North East Region Finservices Limited 3. NEDFi Venture Capital Ltd 4. NEDFi Trustee Ltd
6	Mr. Ugen Tashi	Nominee Director (IDBI Bank)	No Companies
7	Mr. Sanjeev Gupta	Nominee Director (SIDBI)	No Companies
8	Mr. Njord Andrewes	Nominee Director (Nordic Microfinance Initiative Fund III KS)	Fusion Microfinance Pvt Ltd
9	Ms. Suvalaxmi Chakraborty	Nominee Director (OikoCredit)	1. Espandere Advisors Private Limited 2. Caspian Impact Investments Private Limited
10	Ms. Rupali Kalita	Managing Director	North East Small Finance Bank Limited

b) DETAILS OF DIRECTORS RETIRING BY ROTATION IN THE ENSUING ANNUAL GENERAL MEETING

Pursuant to the provisions of Section 152 of the Companies Act 2013, Mr. Deep Chandra Joshi retires by rotation at this Annual General meeting and being eligible offers himself for re-appointment as a Director. The Board recommends the re-appointment in the best interest of the Company.

25. REMUNERATION PAID OR PAYABLE TO DIRECTORS & KMP DURING THE YEAR

NAME	DESIGNATION	REMUNERATION
Ms. Rupali Kalita	Managing Director	Rs. 2,664,673/-
Ms. Pragati Mour	Company Secretary	Rs. 430,130/-

26. DIRECTOR'S RESPONSIBILITY STATEMENT

As required under Section 134 of the Companies Act 2013, the Directors hereby confirm that:

- In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as the end of the financial year and of the profit or loss of the Company for that period.
- The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- The Directors have prepared the annual accounts on a going concern basis.
- The Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

27. POLICY ON SEXUAL HARASSMENT

The Company has zero tolerance for sexual harassment at workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules framed there under. During the financial year 2016-17, no complaints have been registered till close of the fiscal under review. As the Managing Director of the Company is herself a Women Director, congenial working environment is provided to all the women employees of the Company.

28. DETAILS OF SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNAL

The Company has promoted a Small Finance banking entity coined as "North East Small Finance Bank Limited" and Reserve Bank of India has granted Small Finance Bank license under Section 22(1) of the Banking Regulation Act, 1949 to "North East Small Finance Bank Limited" dated 31st March 2017 to carry on small finance banking business.

29. STATEMENT IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROL WITH REFERENCE TO THE FINANCIAL STATEMENTS

The Company has in place adequate internal financial controls to be followed by the Company with reference to financial statements. During the year, such controls were tested and no reportable material weakness in the design or operation was observed. The Company has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

30. EVALUATION

The Independent Directors at their meeting held on 9th November 2016 reviewed the performance of Non-Executive Directors, Chairman and Board as a whole.



31. FRAUD REPORTING

STATEMENT SHOWING THE DETAILS OF FRAUD DETECTED DURING THE FINANCIAL YEAR 2016-2017

Sl.No	Name of the officials involved	Modus operandi	Date of detection	Amount involved (in Rs.)	Amount recovered (in Rs.)	Remarks
1	Mr. Pranab Rajbongshi, BM, Chandrapur Branch	Collected installment amount without issuing Money receipts	21.07.2016	13,505	13,505	Note approved by the appropriate authority for dismissal
2	Jadumoni Deka, BM, Shillong Branch	Advised to CO's for Collection installment amount without issuing Money receipts & adjusted with the Arrear Group.	09.04.2016	71,080	71,080	Revised salary on hold
3	Ms Nono Maya, CO, Naharlagun Branch	Collected installment amount without issuing Money receipts	09.06.2016	6,600	6,600	One increment held
4	Mr. Kishore Saloi, JCO, Nalbari Branch	Collected installment amount without issuing money receipts, subsequently few amounts have been adjusted.	16.09.2016	67,062	67,062	Placed under suspension
5	Mr. Himanta Nath, Junior CO, Lichubari Branch.	Collected renewal Insurance premium from 54 clients without issuing Money receipts.	06.11.2016	6,156	6,156	Placed under suspension. Warning Letter issued dated 10-02-17
TOTAL				Rs.1,64,403	Rs.1,64,403	

32. AUDIT COMMITTEE

i) The Audit Committee of the Board of Directors functions with the following main objectives:-

ii) To provide direction and to oversee the operation of the audit function of the Company.

iii) To review the internal audit system with special emphasis on its quality and effectiveness.

To discuss matters related to frauds.

iv) To discuss and follow up for issues related to RBI Inspection Report(s)

v) To oversee the financial reporting process and the disclosure of its financial information and also ensure that the financial statements are correct, sufficient and credible.

To recommend to the Board, the appointment, re-appointment, and if required, the replacement or removal of the Statutory Auditor and to fix their audit fees.

To review the annual financial statements with the management, before submission to the Board for its approval with particular reference to:

- Changes, if any, in accounting policies & practices and reasons for the same.
- Major accounting entries involving estimates based on the on the exercise of judgment by the management.



- Significant adjustments made in the financial statements arising out of audit findings.
- viii) To review, with the management, the quarterly financial statements before submission to the Boards for its approval.
- ix) To review the performance of statutory and internal auditors, and adequacy of the internal control systems with the management.
- x) To review the adequacy of the internal audit function, if any, including the structure of the internal audit department, reporting structure, coverage and frequency of internal audit.
- xi) To discuss with internal auditors any significant audit findings and follow up thereon.
- xii) To review the finding of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity of a failure of internal control systems of a material nature and reporting the matter to the Board.
- xiii) To discuss with Statutory Auditors, before the commencement of audit, the nature and scope of audit and also conduct post-audit discussion to ascertain any area of concern.

During the period under review, the Audit Committee had 4 meetings which were held on 7th May 2016, 17th August 2016, 8th November 2016 and 17th February 2017.

The attendance of the Audit Committee members at such meetings is as stated below:

Sl. No.	Name of the member	No. of AC meeting attended
1	Mr. Ranjit Goswami, Chairman	4
2	Mr. Njord Andrewes, Member	3
3	Mr. Deep Chandra Joshi, Member (since 15-12-2015)	4

33. NOMINATION & REMUNERATION COMMITTEE

The role of the Nomination Committee is to identify, research and recommend candidates for the appointed Board of Directors positions involving "specific expertise" and its objective is to assist the Board to fulfill its oversight responsibility to shareholders to ensure that remuneration policy and practices reward fairly and responsibly with a clear link to corporate and individual performance, and having regard to legal requirements and sound corporate governance.

The principal responsibilities and functions of the Nomination Committee are as follows:

- To help the Board analyze its current skills and areas for improvement, as well as to help it anticipate its future needs;
- To be familiar with the RGVN (North East) Microfinance Limited's policies, mission, vision, values and goals, and other important information;
- To develop selection criteria to be used in the recruitment process, including capability, expertise, availability, and other relevant factors;
- To research and screen potential candidates according to the selection criteria, and recommend the most suitable candidates to the Board;
- To ensure new "specific expertise" Board members receive proper orientation and any other necessary training/inputs;
- To periodically support the Board in other Board development processes, as requested;
- To brief and orient its successors on the Nominating Committee in future years;



During the period under review, 4 meetings of the Nomination & Remuneration Committee were convened on 6th May 2016, 17th August 2016, 8th November 2016 and 27th March 2017. We provide hereunder details of the attendance of the Nomination & Remuneration Committee members at such meetings:

Sl. No.	Name of the member	No. of NRC meeting attended
1	Mr. Brij Mohan, Chairman	4
2	Mr. Saneesh Singh, Member (till 21-12-2016)	3
3	Mr. Njord Andrewes, Member	3

34. CORPORATE GOVERNANCE

Company's Philosophy

The key anchor of our growth philosophy continues to be financial inclusion. The Company seeks to serve the un-banked and under-banked sections in the north-east region through a robust financing model focused on enabling livelihoods through credit and credit plus services.

Credit Bureau for MFIs

In order to address the issue of multiple lending or over indebtedness, the Company is sharing data with four Credit Bureau namely Equifax, High Mark, CIBIL & Experian.

Self-regulation for MFIs

The Company endorses the view that the existence of strong and effective Self-Regulatory Organizations (SROs) will result in development of best practices in various areas in which Microfinance Institutions (MFIs) work. These best practices will evolve through self-regulation/ self-discipline and eventually complement regulatory prescriptions or Government intervention by way of legislation.

In that spirit, the Company along with other Non-Banking Financial Companies (NBFC-MFIs) is a member of and is duly represented on the Board of Microfinance Institutions Network (MFIN), a self-regulatory organization of NBFC-MFIs that aims to work with regulators to promote microfinance to achieve larger financial inclusion goals.

MFIN has set forth a Code of Conduct ("Code") upholding good governance and transparency. This Code broadly focuses on fair practices with borrowers including promoting transparency in communicating interest rates (on reducing balance method) and fees to borrowers in vernacular language, fixing overall lending limits at a borrower level, data sharing, recruitment practices, whistle-blowing, enforcement and an Ombdusperson mechanism for redressing grievances. Your Company has agreed to implement and follow the MFIN Code of Conduct in addition to adhering to the Fair Practice Code as laid down by the RBI.

During the year under review, as the microfinance sector witnessed the phase of regulatory ambiguity and for other reasons, MFIN concerted its efforts towards positioning itself as the primary representative body for the microfinance sector, developing a self-regulation policy, and advocating on sectoral issues to both regulatory bodies as well as to the media.





Human Resource Management

In the last financial year, Human resource team strategically planned to identify the current and future human resources need of the organisation to achieve its goals. In order to achieve the milestones during the transformation, the HR function has undertaken numerous initiatives to catapult the organization to the next higher orbit from a people's perspective.

One of the major achievements was to do the salary correction of all the MFI staff which was along overdue, keeping in parity with the salary of other Small Finance Banks. The HR function has also undertaken a massive recruitment exercise for Small Finance Bank and MFI vertical and training of the current MFI staffs in banking. In line with the Organisational structure, along with the CXOs, various departmental heads and branch managers were recruited and till March 2017, 35 of them has already joined us. Planning ahead and in line with the massive branch expansion plan, so far 165 credit officers have been recruited and posted at different branches. The HR function has also focused on holistic and robust capability development of existing employees through the basics of banking training in which 518 staff has been trained till date. FIS developed MF module IT training was given to 317 MFI staff; Role specific and IT CBS training programs are envisaged. With the addition of new recruits, Credit Officers' Orientation programme on MFI business was given to 206 new recruits. As an ongoing process to induct new employees into the organisation, Credit Officer Induction training programme was organised where 110 credit officers participated out of which 101 qualified.

Additionally the compensation structure and band-wise compensation ranges has also been arrived at. Development of the HR manual is also at the final stage along with the role wise fitment of all the existing MFI staff.

The total manpower of the Company stood at 772 as on March 31, 2017.

35. CORPORATE SOCIAL RESPONSIBILITY

The Company has constituted a CSR Committee of Board in its 45th Board Meeting held on 7th May, 2016 to meet the requirement of Section 135 the Companies Act, 2013.

- To formulate and recommend to the Board, a CSR policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013;
- To review and recommend the amount of expenditure to be incurred on the activities to be undertaken by the company;
- To monitor the CSR policy of the Company from time to time;
- To institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the Company;
- Any other matter as the CSR Committee may deem appropriate after approval of the Board of Directors or as may be directed by the Board of Directors from time to time;

During the period under review, 2 meetings of the CSR Committee were convened on 17th August 2016 and 8th November 2016. We provide hereunder details of the attendance of the CSR Committee members at such meetings:

Sl. No.	Name of the member	No. of CSR meeting attended
1	Mr. Deep Chandra Joshi, Chairman	2
2	Ms. Suvalaxmi Chakraborty, Member	2
3	Mr. Ugen Tashi, Member	1



Details of the CSR activities as per the prescribed format are depicted below:-

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

A brief outline & Philosophy:

The CSR mission of RGVN(NE)MFL aims to ensure the socio-economic development through different participatory and need based initiatives which are in the best interest of the poor and deprived sections of the society helping them in becoming self - reliant and ensure their sustainable development. The Corporate Social Responsibility Policy of the RGVN(NE)MFL ("the CSR policy") sets out the broad framework guiding its CSR

The Policy also sets out the principles and the rules that need to be adhered to while taking up and implementing CSR activities to be undertaken as specified in Schedule VII of the Companies' Act, 2013 and the expenditure thereon.

Area or activities to be covered under CSR policy:

The key focus area for RGVN(NE)MFL CSR activities to be pursued is chosen in such a way that broad Mission and Vision of RGVN Northeast Microfinance Limited be fulfilled. Through its activities it aims to reach out to the poor and marginalized providing for a holistic transformation leading to creation of just and fair society. This implies addressing critical issues of the poor and the marginalized like education, health, sanitation, environment and skill development.

The following thrust areas have identified which are in line with the mandate under Schedule VII of the Companies Act:

- Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water.
- Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects.
- Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward.
- Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water.
- Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional art and handicrafts.
- Measures for the benefit of armed forces veterans, war widows and their dependents;
- Training to promote rural sports, nationally recognized sports, Paralympics.
- Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
- Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government
- Rural development projects and Slum Area Development.
- Any other activities / project / program as specified in Schedule VII of the Companies Act, 2013, as amended from time to time, subject to the approval of the Board.

Website of the company: www.rgvnemfl.com

2. The Composition of the CSR Committee

The Corporate Social Responsibility Committee comprises of three Directors, namely, Mr. Deep Chandra Joshi (Independent Director) as Chairman, Ms. Suvalaxmi Chakraborty and Mr. Ugen Tashi, as members.



3. Average net profit of the company for last three financial years – Rs. 134,351,246/-

4. Prescribed CSR expenditure (two percent of the amount as in item 3 above)- Rs. 2,687,025/-

5. Details of CSR spent during the financial year :

a. Total amount to be spent for the financial year : Rs.2,687,025/-

b. Amount unspent, if any : NIL

c. Manner in which the amount spent during the financial year is detailed below

Sl. No	CSR Project or activity identify	Sector in which project is covered	Projects or Programmes 1. Local area or other 2. Specify the State and district where projects or programs was undertaken	Amount Outlay (Budget) project or programme wise (in Rs.)	Amount spent on project/ programme Sub-heads: 1.Direct expenditure on projects or programs 2.Overheads	Cumulative expenditure upto the reporting period (in Rs.)	Amount spent: Direct or through implementing agency*
1.	Providing Free animal Treatment camps & Livestock rearing training	Promoting animal welfare; Schedule VII , Sector- 4	Assam: Barpeta, Bongaigaon, Dibrugarh, Dimapur, Goalpara, Golaghat, Jorhat, Kamrup, Kamrup(Metro), Nagaon, Sivasagar, Tinsukia	Animal Training Rs.875/- per camp & Animal Treatment Rs.5200/- per camp	Direct expenditure	3,87,085/-	Direct
2.	Conducting free Health Camp	Promoting healthcare; Schedule VII, Sector- 1	Arunachal Pradesh: Papumpara; Assam: Baksa, Barpeta, Bongaigaon, Chirang, Darrang, Dhemaji, Dhubri, Dibrugarh, Goalpara, Golaghat, Jorhat, Kamrup, Kamrup(Metro), Lakhimpur, Morigaon, Nagaon, Nalbari, Sivasagar, Sonitpur, Tinsukia, Udalguri; Meghalaya: Ri-Bhoi; Sikkim: East Sikkim, South Sikkim	Rs.13500/- per camp (Weekday camps) & Rs.17500/- per camp (Sunday Camps), Rs.12500/- per General health camp	Direct expenditure	23,52,488/-	Direct
3.	Free Cataract surgeries to under-privileged population	Promoting healthcare; Schedule-VII Sector-1	Assam: Udalguri, Barpeta, Morigaon, Kamrup, Sonitpur	Rs.5900/- per cataract surgery and overall budget of Rs. 4,72,000/-	Direct expenditure	3,59,900/-	Direct
4.	Skill Development training camps	Promoting education & vocational skill ; Schedule VII, Sector- 2	Arunachal Pradesh: Papumpara; Assam: Baksa, Barpeta, Bongaigaon, Chirang, Darrang, Dhemaji, Dhubri, Dibrugarh, Goalpara, Kamrup, Kamrup(Metro), Lakhimpur, Morigaon, Nagaon, Nalbari, Sonitpur, Tinsukia; Meghalaya: Ri-Bhoi	Food Processing – Rs.4600/- per camps, Cutting & Knitting- Rs.5200/- per camp, Doll Making- Rs.6500/- per camp, Bag making & flower making – Rs.5900/-	Direct expenditure	2,73,727/-	Direct
5.	Awareness Camp on Financial literacy, gender equality, women empowerment etc.	Promoting women empowerment; Schedule VII, Sector-3	Assam: Goalpara, Kamrup Meghalaya: Ri-Bhoi	Rs.875/- per camp	Direct expenditure	1,665/-	Direct
			Total			Rs.3,374,865	

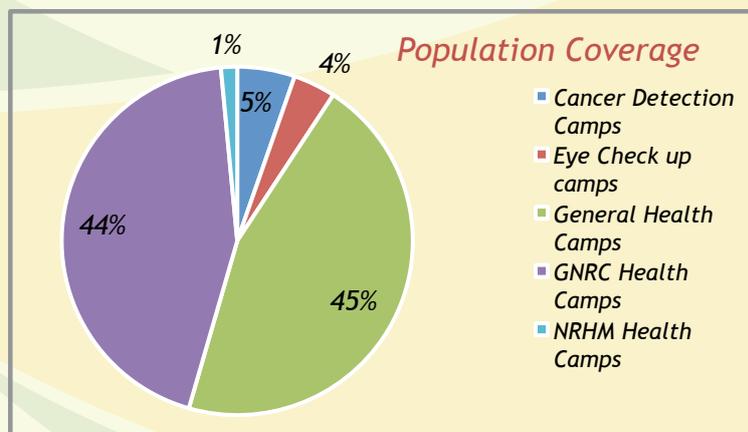
5. In case the company has failed to spend two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.

NIL

6. In the opinion of the CSR Committee, the implementation and monitoring of CSR Policy are in compliance with CSR objectives and Policy of the Company.

CHART ON CSR ACTIVITIES (HEALTH) FOR FY 2016-17

TYPES OF HEALTH CAMPS	NO	PATIENTS
Cancer Detection Camps	11	1428
Eye Check up camps	7	1048
General Health Camps	89	12173
GNRC Health Camps	58	11850
NRHM Health Camps	3	402
TOTAL	168	26901



ACKNOWLEDGEMENT

The Directors take this opportunity to express their deep and sincere gratitude to the customers, the financial institutes, the Reserve Bank of India, and other 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 management in its continued robust performance on all fronts.

For and on behalf of the Board of Directors


 (Signature)
RUPALI KALITA
 Managing Director
 (DIN No: 02114098)


 (Signature)
BRIJ MOHAN
 Chairman
 (DIN No: 00667210)

Place: Guwahati
Date: 20/05/2017



ANNEXURE- I Form No.MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31/03/2017
[Pursuant to section92(3) of the Companies Act,2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i.	CIN	U65923AS2008PLC008742
ii.	Registration Date	18/07/2008
iii.	Name of the Company	RGVN (North East) Microfinance Limited
iv.	Category/Sub-Category of the Company	NBFC- MFI
v.	Address of the Registered office and contact details	PADMA PATH, BYE LANE NO 8, HOUSE NO-2 , ZOO ROAD TINIALI ,GUWAHATI- 781024, ASSAM
vi.	Whether listed company	YES (Debt securities)
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Private Limited C 101, 247 Park , L B S Marg, Vikhroli West, Mumbai 400 083 Ph- +91 22 49186000 Fax: +91 22 49186060 vinayak.bendal@linkintime.co.in/ alpesh.gandhi@linkintime.co.in/ ganesh.jadhav@linkintime.co.in

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:-

Sr. No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the company
1	Microfinance	64920	96.59%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name And Address Of The Company	CIN/GLN	Holding/ Subsidiary /Associate	% of shares held	Applicable Section
1.	NORTH EAST SMALL FINANCE BANK LIMITED	U65100AS2016PLC017505	Subsidiary	99.99%	Section 2 (87)



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

i) Category-wise Share Holding: -

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. Promoter									
f) Indian									
a) Individual/ HUF	-	49,500	49,500	0.13%	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any Other (Trusts)	-	3,060,800	3,060,800	7.92%	-	3,060,800	3,060,800	6.00%	2%
Sub-total(A)(1):	-	3,110,300	3,110,300	8.05%	-	3,060,800	3,060,800	6.00%	2%
2) Foreign									
g) NRIs-Individuals	-	-	-	-	-	-	-	-	-
h) Other-Individuals	-	-	-	-	-	-	-	-	-
i) Bodies Corp.	-	-	-	-	-	-	-	-	-
j) Banks / FI	-	-	-	-	-	-	-	-	-
k) Any Other....	-	-	-	-	-	-	-	-	-
Subtotal (A)(2):-	-	-	-	-	-	-	-	-	-
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	8,000,000	8,000,000	20.70%	-	8,000,000	8,000,000	13.44%	7.26%
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	NIL	26,541,502	26,541,502	68.67%	1,928,846	26,541,502	28,470,348	47.84%	20.83%
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
Category of Shareholders									
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	% Change during The year
i) Others (ESOP Trust)	NIL	1,000,000	1,000,000	2.59%	NIL	1,000,000	1,000,000	2.00%	0.59%
Sub-total (B)(1)	NIL	35,541,502	35,541,502	91.95%	1,928,846	35,541,502	37,470,348	63%	29%
2. Non -Institutions									
a) Bodies Corp.									
(i) Indian	NIL	NIL	NIL	NIL	18,931,632	NIL	18,931,632	31.80%	NIL
(ii) Overseas	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Individuals									
(i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	NIL	500	500	0.001%	NIL	50,000	50,000	0.08%	0.08%
(ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c) Others (specify)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sub-total(B)(2)	NIL	500	500	0.001%	18,931,632	50,000	18,981,632	31.90%	31.90%
Total Public Shareholding (B)=(B)(1)+ (B)(2)	NIL	35,542,002	35,542,002	91.95%	20,860,478	36,591,502	56,451,980	95.00%	3.00%

ii. Shareholding of Promoters :-

Sr. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			
		No. Of Shares	% Of total Shares of the company	% Of Shares Pledged / encumbered to total shares	No. Of Shares	% Of total Shares of the company	% Of Shares Pledged / encumbered to total shares	% Change in share holding during the year
1.	Amiya Kumar Sharma	24,750	0.06 %	NIL	NIL	NIL	NIL	NIL
2.	Rupal Kalita	24,750	0.06 %	NIL	NIL	NIL	NIL	NIL
3.	Nabajyoti Deka (MBT Trustee)	281,560	0.73%	NIL	281,560	0.47%	NIL	NIL
4.	Ginindra Das (MBT Trustee)	171,680	0.44%	NIL	171,680	0.29%	NIL	NIL
5.	Nitul Rajbongshi (MBT Trustee)	272,640	0.71%	NIL	272,640	0.45%	NIL	NIL
6.	Aswini Saikia (MBT Trustee)	531,240	1.37%	NIL	531,240	0.89%	NIL	NIL
7.	Santanu Pratim Bhattacharjee (MBT Trustee)	189,280	0.49%	NIL	189,280	0.49%	NIL	NIL
8.	Utpal Deka (MBT Trustee)	304,640	0.79%	NIL	304,640	0.31%	NIL	NIL
9.	Arindam Sarkar (MBT Trustee)	309,760	0.80%	NIL	309,760	0.52%	NIL	NIL
10.	Jayanta Madhab (BCDT Trustee)	1,000,000	2.59 %	NIL	1,000,000	2.00 %	NIL	NIL
	Total	3,110,300	8.05%	NIL	3,060,800	6.00%	NIL	NIL



iii. Change in Promoters' Shareholding(please specify, if there is no change):-

Sr. no		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. Of shares	% Of total shares of the company	No. Of shares	% Of total shares of the company
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NIL	NIL	NIL	NIL
	At the End of the year	NIL	NIL	NIL	NIL

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

S.No	For each of the Top 10 shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. Of shares	% Of total shares		% Of total shares
1.	DIA VIKAS CAPITAL PVT LTD				
	At the beginning of the year	11,521,094	29.81%	11,521,094	29.81%
	Changes during the year	-	19.36%	-	19.36%
	At the end of the year	11,521,094	19.36%	11,521,094	19.36%
2.	NORWAY MICROFINANCE INITIATIVE FUND III KS				
	At the beginning of the year	7,346,939	19.01%	7,346,939	19.01%
	Changes during the year	1,928,846	15.59%	1,928,846	15.59%
	At the end of the year	9,275,785	15.59%	9,275,785	15.59%
3.	SIDBI TRUSTEE COMPANY LIMITED A/C SAMRIDHI FUND				
	At the beginning of the year	-	-	8,572,653	14.40%
	Changes during the year	8,572,653	14.40%	8,572,653	14.40%
	At the end of the year	8,572,653	14.40%	8,572,653	14.40%
4	OIKO CREDIT ECUMENICAL DEVELOPMENT COOPERATIVE SOCIETY				
	At the beginning of the year	7,673,469	19.85%	7,673,469	19.85%
	Changes during the year	-	12.89%	-	12.89%
	At the end of the year	7,673,469	12.89%	7,673,469	12.89%
5	RNT ASSOCIATES PRIVATE LIMITED				
	At the beginning of the year	-	-	6,072,653	10.20%
	Changes during the year	6,072,653	10.20%	6,072,653	10.20%
	At the end of the year	6,072,653	10.20%	6,072,653	10.20%
6	SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA (SIDBI)				
	At the beginning of the year	5,000,000	12.94%	5,000,000	12.94%
	Changes during the year	-	8.40%	-	8.40%
	At the end of the year	5,000,000	8.40%	5,000,000	8.40%
7	Pi Ventures LLP				



	At the beginning of the year	-	-	4,286,326	7.20%
	Changes during the year	4,286,326	7.20%	4,286,326	7.20%
	At the end of the year	4,286,326	7.20%	4,286,326	7.20%
8	NORTH EAST DEVELOPMENT FINANCE CORPORATION LTD (NEDFI)				
	At the beginning of the year	3,000,000	7.76%	3,000,000	7.76%
	Changes during the year	-	5.04%	-	5.04%
	At the end of the year	3,000,000	5.04%	3,000,000	5.04%
9	BRAHMAPUTRA COMMUNITY DEVELOPMENT TRUST (JAYANTA MADHAB – TRUSTEE)				
	At the beginning of the year	1,000,000	2.59%	1,000,000	2.59%
	Changes during the year	-	1.68%	-	1.68%
	At the end of the year	1,000,000	1.68%	1,000,000	1.68%
10	GUNAJIT BAYAN (ESOP TRUSTEE)				
	At the beginning of the year	400,000	1.03%	400,000	1.03%
	Changes during the year	-	0.67%	-	0.67%
	At the end of the year	400,000	0.67%	400,000	0.67%

v. Shareholding of Directors and Key Managerial Personnel:

SN	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. Of shares	% Of total shares	No. Of shares	% Of total shares
1	RUPALI KALITA				
	At the beginning of the year	24750	0.06%	24750	0.06%
	Changes during the year	-	-	24750	0.06%
	At the end of the year	24750	0.06%	24750	0.06%
2	AMIYA KUMAR SHARMA				
	At the beginning of the year	24750	0.06%	24750	0.06%
	Changes during the year	-	-	24750	0.06%
	At the end of the year	24750	0.06%	24750	0.06%



V. INDEBTNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not				
	i) 4,365,779,373.46	i) 106,245,450	Nil	i) 4,472,024,823.46
	ii) 0	ii) 0		ii) 0.00
	iii) 49,970,006.20	iii) 1,264,879		iii) 51,234,885.20
Total (i+ii+iii)	4,415,749,379.66	107,510,329.00		4,523,259,708.66
Change in Indebtedness during the financial year				
- Addition				
- Reduction				
	i) 4,951,078,794	i) 0	Nil	i) 4,951,078,794.00
	ii) 2,549,134,841.60	ii) 107,510,329.00		ii) 2,656,645,170.60
Net Change	2,401,943,952.40	(107,510,329)		2,294,433,623.40
	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the end of the financial year				
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
	i) 6,755,214,538.06	Nil	Nil	i) 6,755,214,538.06
	ii) 0			ii) 0
	iii) 62,478,794.00			iii) 62,478,794.00
Total (i+ii+iii)	6,817,693,332.06			6,817,693,332.06

VI. REMUNERATION OF DIRECTORS AND KEY-MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	Names of MD/WTD/Manager				Total Amount
1.	Gross salary (a) Salary as per provisions contained in section 17 (1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17 (3) Income-tax Act, 1961	Rupali Kalita (MD)	NIL	NIL	NIL	2,549,673
2.	Stock Option	NIL				
3.	Sweat Equity	NIL				
4.	Commission - as % of profit - Others, specify...	NIL				
5.	Others, (Bonus paid in FY 2016-2017 relating to 2015-2016)	115,000				115,000
6.	Total (A)	2,664,673				2,664,673
	Ceiling as per the Act	5% of the net profit of the FY 2016-2017				Rs.13, 768,715/-



B. Remuneration to other directors

Sl. No.	Particulars of Remuneration	Name of Directors other than MD/WTD/ Manager								Total Amount (in Rs)
		Brij Mohan	Deep Chandra Joshi	Narasimhan Srinivasan	Ranjit Goswami					
1.	Independent Directors									-
	For attending board committee meetings	10,000	30,000	-	20,000	-	-	-	-	60,000
	Commission	-	-	-	-	-	-	-	-	-
	Others (Board Meeting)	100,000	50,000	10,000	100,000	-	-	-	-	260,000
	Others (Remuneration)	1,500,000	-	-	-	-	-	-	-	1,500,000
	Total (1)	1,610,000	80,000	10,000	120,000					1,820,000
2.	Other Non-Executive Directors	Suvalaxmi Chakraborty Nominee-Oikocredit	Sanjeev Gupta Nominee-SIDBI	Ugen Tashi Nominee- IDBI	Amiya Kumar Sharma Nominee-RGVN Society	Srijib Kumar Baruah Nominee- NEDFi	Saneesh Singh Nominee- Dia Vikas Capital Pvt Ltd	Njord Andrewes Nominee- NMI	Robert Douglas Dunn Nominee- Oikocredit	
	For attending board committee meetings	10,000	5,000	5,000	-	-	15,000	-	-	35,000
	Commission	-	-	-	-	-	-	-	-	-
	Others (Board Meeting)	80,000	70,000	30,000	-	70,000	70,000	-	-	320,000
	Total (2)	90,000	75,000	35,000	-	70,000	85,000	-	-	355,000
	Total(B)=(1+2)									2,175,000
	Total Managerial Remuneration (A+B)	Managing Director + Independent Directors + Other Non-Executive Directors								4,839,673
	Overall Ceiling as per the Act	NOT EXCEEDING RS. 1 LAKH PER BOARD MEETING								

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

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1.	Gross salary:- (a)Salary as per provisions contained in section17(1)of the Income-tax Act,1961	NIL	412,630	NIL	412,630
	(b)Value of perquisite s u/s 17(2)Income-tax Act,1961		NIL		
	(c)Profits in lieu of salary under section 17(3)Income-tax Act,1961		NIL		
2.	Stock Option	NIL	NIL	NIL	NIL
3.	Sweat Equity	NIL	NIL	NIL	NIL
4.	Commission - as % of profit -others, specify...	NIL	NIL	NIL	NIL
5.	Others, please specify	NIL	17,500	NIL	17,500
	Total	NIL	430,130	NIL	430,130



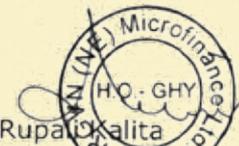
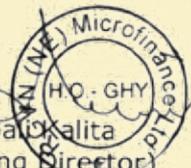
VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief description	Details of Penalty/ Punishment/Com-pounding fees imposed	Authority [RD/NCLT/Court]	Appeal made. If any (give details)
A. Company					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
B. Directors					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
C. Other Officers in Default					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

FOR AND BEHALF OF RGVN (NORTH EAST) MICROFINANCE LIMITED



 Mr. Brij Mohan
 (Chairman)



 Ms. Rupa Kalita
 (Managing Director)

Narayan Sharma

B.Com (Hons.), F.C.S

Narayan Sharma & Associates

Master Enclave, Udayachal Path, Besides IOCL Petrol Pump
 Christianbasti, G.S. Road, Dispur, Guwahati-781005
 Phone : +91 361 2343127, +91 9435018319
 E-mail : csnarayansharma@gmail.com

FORM NO. MR-3
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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

To,
 The Members,
 RGVN (North East) Microfinance Limited
 Padma Path, Bye Lane No 8,
 House No 2, Zoo Road Tiniali
 Guwahati, Assam-781024

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

Based on my verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on **31 March 2017** ('Audit period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter :



Narayan Sharma

B.Com (Hons.), F.C.S

Narayan Sharma & Associates

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E-mail : csnarayansharma@gmail.com

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March 2017 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under ;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008
- vi. Other laws, including the laws relating to Non Banking Financial Companies to the extant applicable to the company as per the representations made by the company.
- vii. I have also examined compliance with the applicable clauses of the following:
 - (a) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to Board & General Meetings.

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

- (a) *The Company did not appoint any CFO as required under section 203 of the Companies Act 2013.*

I further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the



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composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

All decisions at Board Meetings and Committee Meetings as represented by the management were carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

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

I further report that during the audit period:

- (a) The Company has issued 400 Debentures of Rs 10,00,000/- each and complied with applicable provisions of the Act.
- (b) The Company has issued 20860478 Equity Shares of Rs 10/- each with a premium of Rs. 36.66 each and complied with applicable provisions of the Act.

Place : Guwahati
Date : 2nd May, 2017



For Narayan Sharma & Associates
Company Secretaries

Narayan Sharma
(Proprietor)

FCS No.5117 C P No.:3844

This Report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

Narayan Sharma

B.Com (Hons.), F.C.S

Narayan Sharma & Associates

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'Annexure A'

To,
The Members,
RGVN (North East) Microfinance Limited
Padma Path, Bye Lane No 8,
House No 2, Zoo Road Tiniali
Guwahati, Assam-781024

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 process 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 process 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.
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 procedure on test basis.



Narayan Sharma

B.Com (Hons.), F.C.S

Narayan Sharma & Associates

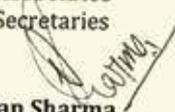
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6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place : Guwahati
Date : 2nd May, 2017

For **Narayan Sharma & Associates**
Company Secretaries




Narayan Sharma
(Proprietor)
FCS No.5117 C P No.:3844



RGVN (NORTH EAST) MICROFINANCE LTD.

Registered Office

House No.2, Padma Path,
Zoo Road Tiniali, Bye-Lane No. 8,
Guwahati- 781 024, Assam, India
CIN U65923AS2008 PLC 00 8742



Contact Details

Phone : (91) 361-2464612
Fax : (91) 361-2464624
Email : rgvn.nbfc.admn@gmail.com
Website : www.rgvnemfi.com

Ref.No.:

Date :

NOTICE IS HEREBY GIVEN THAT THE 9th ANNUAL GENERAL MEETING OF RGVN (NORTH EAST) MICROFINANCE LIMITED WILL BE HELD ON FRIDAY, THE 30th DAY OF JUNE, 2017 AT 1.00 P.M. AT HOTEL LILLY, 6 MILE, KHANAPARA, GUWAHATI-781022, ASSAM TO TRANSACT THE FOLLOWING BUSINESS :-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statement, Directors' Report and Auditor's Report for the year ended 31st March, 2017 and the comments thereupon.
2. To appoint Auditors and fix their remuneration. The retiring auditors, M/s D. Patwary & Company, Chartered Accountants, are eligible for re-appointment and to pass the following resolution with or without modification as ordinary resolution:

"RESOLVED THAT pursuant to the provisions of Section 139 of the Companies Act, 2013, M/s D. Patwary & Company, Chartered Accountants be and are hereby appointed as the Auditor of the Company to hold the office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General meeting to be held in the year 2018 at a remuneration to be decided by the Board of Directors in consultation with the Auditors."

3. To appoint a Director in place of Mr. Brij Mohan who retires by rotation, and being eligible, offers himself for re-appointment.

"RESOLVED THAT Mr. Brij Mohan, director be and is hereby re-appointed as the Director of the Company and shall be liable to retire by rotation."

By order of the Board of Directors

For RGVN (NORTH EAST) MICROFINANCE LIMITED


RUPALI KAIBTA
(MANAGING DIRECTOR)

DATE: 06-06-2017

PLACE: GUWAHATI

**NOTES**

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE LODGED WITH THE COMPANY AT ITS REGISTERED OFFICE AT LEAST 48 HOURS BEFORE THE TIME APPOINTED FOR THE MEETING.
2. MEMBER DESIROUS OF OBTAINING ANY INFORMATION CONCERNING THE ACCOUNTS AND OPERATIONS OF THE COMPANY ARE REQUESTED TO ADDRESS THEIR QUESTIONS IN WRITING TO THE COMPANY AT LEAST 10 DAYS IN ADVANCE BEFORE THE DATE OF ANNUAL GENERAL MEETING, SO THAT THE INFORMATION REQUIRED MAY BE AVAILABLE AT THE MEETING.

By order of the Board of Directors

For RGVN (NORTH EAST) MICROFINANCE LIMITED



RUPALI KALITA
(MANAGING DIRECTOR)

DIN- 02114098

DATE: 06-06-2017

PLACE: GUWAHATI



DIRECTOR'S REPORT

NORTH EAST SMALL FINANCE BANK LIMITED



DIRECTOR'S REPORT

To,
The Members,

Directors of North East Small Finance Bank Limited have pleasure in presenting their 1st Annual Report on the business and operations of the Company together with Audited Statement of Accounts for the financial year ended 31st March, 2017.

1. FINANCIAL HIGHLIGHTS -

During the year under review, performance of your Company as under:

Particulars	FY 2016-17
Operating income	-
Other income	3,48,082
Total income	3,48,082
Less: Personnel expenses	
Operating and other expenses	25,748
Finance charges	NIL
Depreciation	NIL
Provisions	96,283
Total expenditure	1,22,031
Profit/(loss) before tax	3,22,335
Less: Current tax	96,283
Less: deferred tax	NIL
Less : Income Tax of earlier years	NIL
Profit/(loss) after tax	2,26,052

2. OPERATIONAL HIGHLIGHTS -

The Company has been promoted and set up by RGVN (North East) Microfinance Limited ("RGVN") as a wholly owned subsidiary to undertake business of a small finance bank pursuant to 'RBI Guidelines for Licensing of Small Finance Banks in the Private Sector' dated November 27, 2014, read with the 'clarifications to the queries on the Guidelines for Licensing of Small Finance Banks in the Private Sector' dated January 1, 2015, issued by the RBI, the 'Operating Guidelines for Small Finance Banks' dated October 6, 2016, issued by the RBI and such other rules and regulations of the RBI applicable to small finance banks, including the frequently asked questions governing ownership and operations of small finance banks, as released and updated from time to time ("**SFB Guidelines**").

The Company has been granted Small Finance Bank license under Section 22(1) of the Banking Regulation Act, 1949 dated **31st March 2017** by Reserve Bank of India to carry on small finance banking business and will start its operations post receipt of certificate of commencement of business from Reserve Bank of India.



3. DIVIDEND

The Company has not recommended any dividend for the year.

4. AMOUNT TRANSFERRED TO RESERVES

The Company has had a profitable year of operations and returned a post tax profit of Rs. 226,052/-. It has transferred an amount of Rs. 45,210/- to statutory reserve fund in accordance with the provisions of Section 45 - IC of The Reserve Bank of India Act 1934.

5. FUTURE BUSINESS OUTLOOK

The Company will carry on small finance banking business all over the North-Eastern states and West Bengal.

6. SHARE CAPITAL

The Company has allotted 50,000 equity shares of Rs. 10/- each for cash to the subscribers of memorandum of association of the Company on 17-08-2016.

Name	No of shares allotted	Total Amt in respect of Shares allotted (in Rs.)	Share capital	Date of allotment
RGVN (NORTH EAST) MICROFINANCE LIMITED	49,400	4,94,000	4,94,000	17/08/2016
Ranjit Goswami	100	1,000	1,000	17/08/2016
Saneesh Singh	100	1,000	1,000	17/08/2016
Brij Mohan	100	1,000	1,000	17/08/2016
Rupali Kalita	100	1,000	1,000	17/08/2016
Gunajit Bayan	100	1,000	1,000	17/08/2016
Pranjal Pratim Goswami	100	1,000	1,000	17/08/2016
TOTAL	50,000	5,00,000/-	5,00,000/-	



During the year, the Company has issued 110,334,995 equity shares of INR 10/- (Rupees Ten only) each amounting to approximately **INR 1,103,349,950/-** (One hundred ten crore thirty three lakh forty nine thousand nine hundred and fifty only), as fully paid up, for cash, as determined in accordance with the valuation certificate issued by M/s. D. Patwary & Co, Chartered Accountants

The details of the shares issued during the period are listed below:

Name	No of shares allotted	Total Amt in respect of Shares allotted (in Rs.)	Share capital	Date of allotment
RGVN (NORTH EAST MICROFINANCE LIMITED)	110,334,995	1,103,349,950/-	1,103,349,950/-	09/03/2017
TOTAL	110,334,995	1,103,349,950/-	1,103,349,950/-	

7. EMPLOYEE STOCK OPTIONS PLANS (ESOP)

The Company has not granted stock options under the ESOP Scheme during the FY 2016-2017.

8. ISSUANCE OF NON-CONVERTIBLE DEBENTURES

During the year, the Company has not issued any NCDs.

9. EXTRACT OF ANNUAL RETURN

The extract of Annual Return of the Company, in format MGT-9, for the Financial Year 2016-17 is annexed as Annexure - 1 and forms integral part of this Report.

10. STATUTORY AUDITORS

M/s D. Patwary & Company, Chartered Accountants, were appointed as the Statutory Auditor in the first meeting of the Company. Their term will expire at the 1st Annual General Meeting of the Company.

11. STATUTORY AUDIT OBSERVATIONS :

There were no observations made by M/s. D. Patwary & Company, Chartered Accountants, Statutory Auditors in their report.



12. DIRECTORS

The Directors of the Company as on 31st March 2017 are furnished in the table below:

Sl. No.	Name	Designation	Date of Appointment
1	Mr. Deep Chandra Joshi	Director	25.07.2016
2	Mr. Ranjit Goswami	Director	25.07.2016
3	Ms. Rupali Kalita	Director	25.07.2016

13. NUMBER OF BOARD MEETINGS

During the Financial Year 2016-17, **four (4)** meetings of the Board of Directors of the Company were held:-

No. of Board meeting	Date	Place
1st	17.08.2016	Hotel Lilly, Khanapara, 6 th mile, Guwahati
2nd	15.12.2016	House No-2, Padma Path, Bye Lane No-8, Zoo Road Tiniali, Guwahati
3rd	07.03.2017	House No-2, Padma Path, Bye Lane No-8, Zoo Road Tiniali, Guwahati
4 th	09.03.2017	House No-2, Padma Path, Bye Lane No-8, Zoo Road Tiniali, Guwahati

Attendance of each Director at Board Meeting during the year:

Sl.No.	Name	Total meetings to be attended	Meetings attended
1	Mr. Deep Chandra Joshi	4	1
2	Mr. Ranjit Goswami	4	4
3	Ms. Rupali Kalita	4	4

14. ANNUAL GENERAL MEETING

The Company will conduct its 1st Annual General Meeting in FY 2017-18.

15. PARTICULARS OF LOAN, GUARANTEE & INVESTMENT U/S SECTION 186 OF COMPANIES ACT 2013

There are no loan, guarantee & investment u/s section 186 of Companies Act 2013 during the year.

16. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

During the year, there was no related party transaction.

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

The Company is taking proper steps at every level of operation for conservation of Energy. There is no technology absorption and total Foreign Exchange outgo during the year ending on 31st March 2017 is Nil.

18. SECRETARIAL AUDITOR

The Secretarial Audit was carried out by M/s. Narayan Sharma & Associates, Company Secretaries for the financial year 2016-2017. The Report given by the Secretarial Auditor is annexed as Annexure – 2 and forms integral part of this Report.

19. PARTICULARS OF EMPLOYEES:-

The Company did not employ any such person whose particulars are required to be given under Rule 5(2) and (3) of the Companies (Appointment and Remuneration of Management Personnel) Rules, 2014.

20. DETAILS OF DIRECTORS ON 31/03/2017

a) COMPOSITION AND CATEGORY OF DIRECTORS (NUMBERS OF EXECUTIVE, NON- EXECUTIVE AND INDEPENDENT BOARD DIRECTORS)

The Board composition : 3 (First Directors)

b) PARTICULARS OF DIRECTORSHIP IN OTHER COMPANIES :-

Sl. No.	Name	Designation	Directorship in other companies
1	Mr. Deep Chandra Joshi	Director	1. Access Development Services 2. Eco Tasar Silk Private Limited 3. RGVN (North East) Microfinance Limited
2	Mr. Ranjit Goswami	Director	1. Consolidated Construction Consortium Ltd 2. RGVN (North East) Microfinance Limited
3	Ms. Rupali Kalita	Director	RGVN (North East) Microfinance Limited

c) DETAILS OF DIRECTORS RETIRING BY ROTATION IN THE ENSUING ANNUAL GENERAL MEETING

Pursuant to the provisions of Section 152 of the Companies Act 2013, Mr. Ranjit Goswami retires by rotation at this Annual General meeting and being eligible offers himself for re-appointment as a Director. The Board recommends the re-appointment in the best interest of the Company.

21. DIRECTOR'S RESPONSIBILITY STATEMENT

As required under Section 134 of the Companies Act 2013, the Directors hereby confirm that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as the end of the financial year and of the profit or loss of the Company for that period ;
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- the Directors have prepared the annual accounts on a going concern basis.
- the Directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

22. POLICY ON SEXUAL HARASSMENT

The Company has zero tolerance for sexual harassment at workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the rules framed there under. During the financial year 2016-17, no complaints have been registered till close of the fiscal under review.



23. DETAILS OF SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNAL

The Company has been granted Small Finance Bank license under Section 22(1) of the Banking Regulation Act, 1949 dated **31st March 2017** to carry on small finance banking business.

24. STATEMENT IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROL WITH REFERENCE TO THE FINANCIAL STATEMENTS

The Company has in place adequate internal financial controls to be followed by the Company with reference to financial statements. During the year, such controls were tested and no reportable material weakness in the design or operation was observed. The Company has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

25. NOMINATION & REMUNERATION COMMITTEE

As on 31st March 2017, the Company has not constituted Nomination & Remuneration Committee of the Board. However, the Board of Directors in its 5th Board Meeting held on 12th April 2017 has constituted Nomination & Remuneration Committee and the principal responsibilities and functions of the Nomination Committee are as follows:

1. identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal.
2. formulate the criteria for determining qualifications, positive attributes and independence of a director
3. recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
4. Carry out evaluation of every director's performance

26. AUDIT COMMITTEE

As on 31st March 2017, the Company has not constituted Audit Committee of the Board. However, the Board of Directors in its 5th Board Meeting held on 12th April 2017 has constituted Audit Committee and the principal responsibilities and functions of the Audit Committee are as follows:

1. the recommendation for appointment, remuneration and terms of appointment of auditors of the company;
2. review and monitor the auditor's independence and performance, and effectiveness of audit process;



3. examination of the financial statement and the auditors' report thereon;
4. approval or any subsequent modification of transactions of the company with related parties;
5. scrutiny of inter-corporate loans and investments;
6. valuation of undertakings or assets of the company, wherever it is necessary;
7. evaluation of internal financial controls and risk management systems;
8. monitoring the end use of funds raised through public offers and related matters;

ACKNOWLEDGEMENT

The Directors take this opportunity to express their deep and sincere gratitude to the customers, the financial institutes, the Reserve Bank of India, and other 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 management in its continued robust performance on all fronts.

For and on behalf of the Board of Directors

(Signature)

DEEP CHANDRA JOSHI
Director
(DIN No: 00332709)

(Signature)

RUPALI KALITA
Director
(DIN No: 02114098)

Place: GUWAHATI
Date: 30-06-2017

ANNEXURE- I
FormNo.MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON
31/03/2017

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

I. REGISTRATION AND OTHER DETAILS:

i.	CIN	U65100AS2016PLC017505
ii.	Registration Date	25/07/2016
iii.	Name of the Company	NORTH EAST SMALL FINANCE BANK LIMITED
iv.	Category/Sub-Category of the Company	Banking Company
v.	Address of the Registered office and contact details	1st and 3rd Floor, Fortune Central Basistha Road, Basisthapur ,Bye Lane No. 3, Beltola Guwahati, Kamrup, Assam- 781028 India
vi.	Whether listed company	No
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	NIL

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

The Company has been promoted and set up by RGVN (North East) Microfinance Limited ("RGVN"), the promoting entity, to undertake business of a small finance bank pursuant to 'RBI Guidelines for Licensing of Small Finance Banks in the Private Sector' dated November 27, 2014, read with the 'clarifications to the queries on the Guidelines for Licensing of Small Finance Banks in the Private Sector' dated January 1, 2015, issued by the RBI, the 'Operating Guidelines for Small Finance Banks' dated October 6, 2016, issued by the RBI and such other rules and regulations of the RBI applicable to small finance banks, including the frequently asked questions governing ownership and operations of small finance banks, as released and updated from time to time ("**SFB Guidelines**"). The Company has received banking license under Section 22 of the Banking Regulations Act, 1949 dated 31st March 2017 and will start the operations soon.

Sr. No	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the company
-	Banking Services	64191	The Company has received banking license under Section 22 of the Banking Regulations Act, 1949 dated 31 st March 2017 and will start the operations soon.

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name And Address Of The Company	CIN/GLN	Holding/ Subsidiary /Associate	%of shares held	Applicable Section
1.	RGVN (NORTH EAST) MICROFINANCE LIMITED	U65923AS2008PLC008742	Holding Company	99.9%	Sec 2(46)

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IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)
i. Category-wise Share Holding:-

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	Demat	Physical	
A. Promoter					
1) Indian					
a) Individual/ HUF	-	600	-	600	- (1.20%)
b) Central Govt	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-
d) Bodies Corp	-	-	-	-	-
e) Banks / FI	-	49,400	-	110,384,395	99.99995%
f) Any Other	-	-	-	-	1.20%
Sub-total(A)(1):	-	50,000	-	110,384,995	100%
2) Foreign					
g) NRIs-Individuals	-	-	-	-	-
h) Other-Individuals	-	-	-	-	-
i) Bodies Corp.	-	-	-	-	-
j) Banks / FI	-	-	-	-	-
k) Any Other.....	-	-	-	-	-
Subtotal (A)(2):-	-	-	-	-	-
B. Public Shareholding					
1. Institutions					
a) Mutual Funds	-	-	-	-	-
b) Banks / FI	-	-	-	-	-
c) Central Govt	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-
g) FIIs	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-

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	Demat	Physical	Total	
i) Others (ESOP Trust)	-	-	-	-	-	-	-
Sub-total(B)(1)	-	-	-	-	-	-	-
2. Non -Institutions							
a) Bodies Corp.							
(i) Indian	-	-	-	-	-	-	-
(ii) Overseas	-	-	-	-	-	-	-
b) Individuals							
(i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-
(ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-
Sub-total(B)(2)	-	-	-	-	-	-	-
Total Public Shareholding (B)=(B)(1)+ (B)(2)	-	-	-	-	-	-	-

*** The details of the shares mentioned above starts from 17-08-2016 instead of 01-04-2016 as the Company was incorporated on 25-07-2016 and 50,000 shares of Rs.10 each were allotted to the subscribers of the memorandum of association in its 1st Board Meeting held on 17-08-2016.

ii. Shareholding of Promoters :-

Sr. No	Shareholder's Name	Shareholding at the beginning of the year ***			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total Shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	RGVN (North East) Microfinance Limited	49,400	99.80 %	NIL	110,384,395	99.999995%	NIL	1.20%
2.	Ranjit Goswami	100	0.20 %	NIL	100	0.0001 %	NIL	-0.20 %
3.	Saneesh Singh	100	0.20 %	NIL	100	0.0001 %	NIL	-0.20 %
4.	Brij Mohan	100	0.20 %	NIL	100	0.0001 %	NIL	-0.20 %
5.	Rupali Kalita	100	0.20 %	NIL	100	0.0001 %	NIL	-0.20 %
6.	Gunajit Bayan	100	0.20 %	NIL	100	0.0001 %	NIL	-0.20 %
7.	Pranjal Pratim Goswami	100	0.20 %	NIL	100	0.0001 %	NIL	-0.20 %
	Total	50,000	100 %		110,384,995	100%	NIL	

*** The details of the shares mentioned above starts from 17-08-2016 instead of 01-04-2016 as the Company was incorporated on 25-07-2016 and 50,000 shares of Rs.10 each were allotted to the subscribers of the memorandum of association in its 1st Board Meeting held on 17-08-2016.

(v) Shareholding of Directors and Key Managerial Personnel:

SN	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares	No. of shares	% of total shares
1	RUPALI KALITA				
	At the beginning of the year	100	0.20%	100	0.20%
	Changes during the year	-	-0.20%	-	-0.20%
	At the end of the year	100	0.0001%	100	0.0001%
2	RANJIT GOSWAMI				
	At the beginning of the year	100	0.20%	100	0.20%
	Changes during the year	-	-0.20%	-	-0.20%
	At the end of the year	100	0.0001%	100	0.0001%

V. INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	Nil	Nil	Nil	Nil
ii) Interest due but not paid				
iii) Interest accrued but not Total(i+ii+iii)	Nil	Nil	Nil	Nil
Change in Indebtedness during the financial year				
- Addition	Nil	Nil	Nil	Nil
- Reduction				
Net Change	Nil	Nil	Nil	Nil
	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the end of the financial year				
i) Principal Amount	Nil	Nil	Nil	Nil
ii) Interest due but not paid				
iii) Interest accrued but not due Total (i+ii+iii)	Nil	Nil	Nil	Nil

VI. REMUNERATION OF DIRECTORS AND KEY-MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	Names of MD/WTD/Manager			Total Amount
		MD	WTD	Manager	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	NIL	NIL	NIL	NIL
2.	Stock Option	NIL	NIL	NIL	NIL
3.	Sweat Equity	NIL	NIL	NIL	NIL
4.	Commission - as % of profit - Others, specify...	NIL	NIL	NIL	NIL
5.	Others, please specify	NIL	NIL	NIL	NIL
6.	Total(A)	NIL	NIL	NIL	NIL
	Ceiling as per the Act	5% of the net profit of the FY 2016-2017			NIL

B. Remuneration to other directors

Sl. No	Particulars of Remuneration	Name of Directors other than MD/WTD/ Manager										Total Amount (in Rs)	
1.	<u>Independent Directors</u>	Prcep Chandra Joshi	Ranjit Goswami										
	For attending board committee meetings	NIL	NIL										
	Commission	NIL	NIL										
	-Others (Board Meeting)	5,000	5,000									10,000	
	Total (1)	5,000	5,000									10,000	
2.	<u>Other Non-Executive Directors</u>												
	For attending board committee meetings	NIL	NIL										
	Commission	NIL	NIL										
	-Others (Board Meeting)	NIL	NIL										
	Total (2)	NIL	NIL									NIL	
Total(B)=(1+2)		NIL	NIL									NIL	
Total Managerial Remuneration (A+B)		Managing Director + Independent Directors + Other Non-Executive Directors										10,000	
Overall Ceiling as per the Act		NOT EXCEEDING RS. 1 LAKH PER BOARD MEETING											

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

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

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief description	Details of Penalty/Punishment/Compounding fees imposed	Authority (RD/NCLT/Court)	Appeal made. If any (give details)
A. Company					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
B. Directors					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
C. Other Officers In Default					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

FOR AND BEHALF OF NORTH EAST SMALL FINANCE BANK LIMITED



Mr. Deep Chandra Joshi
(Director)



Ms. Rupali Ghosh
(Director)

Narayan Sharma

B.Com (Hons.), F.C.S

Narayan Sharma & Associates

Master Enclave, Udayachal Path, Besides IOCL Petrol Pump
Christianbasti, G.S. Road, Dispur, Guwahati-781005
Phone : +91 361 2343127, +91 9435018319
E-mail : csnarayansharma@gmail.com

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31 March 2017 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under ;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under; (Not applicable to the Company during the reporting period)
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. Other laws, including the Banking Regulation Act, 1949.
- vi. I have also examined compliance with the applicable clauses of the following:
 - (a) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to Board & General Meetings.

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

I further report that:

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

Adequate notice was given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for



Narayan Sharma

B.Com (Hons.), F.C.S

Narayan Sharma & Associates

Master Enclave, Udayachal Path, Besides IOCL Petrol Pump
Christianbasti, G.S. Road, Dispur, Guwahati-781005
Phone : +91 361 2343127, +91 9435018319
E-mail : csnarayansharma@gmail.com

seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings as represented by the management were carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

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

I further report that during the audit period the Company has issued 110334995 Equity Shares of Rs 10/- each and complied with applicable provisions of the Act.

Place : Guwahati
Date : 2nd May, 2017



For **Narayan Sharma & Associates**
Company Secretaries


Narayan Sharma
(Proprietor)
FCS No.5117 C P No.:3844

This Report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

Narayan Sharma

B.Com (Hons.), F.C.S

Narayan Sharma & Associates

Master Enclave, Udayachal Path, Besides IOCL Petrol Pump
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Phone : +91 361 2343127, +91 9435018319
E-mail : csnarayansharma@gmail.com

'Annexure A'

To,
The Members,
North East Small Finance Bank Limited
1st and 3rd Floor,
Fortune Central Basistha Road,
Basisthapur Bye Lane No. 3,
Beltola Guwahati -28 Assam

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 process 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 process 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.





Narayan Sharma

B.Com (Hons.), F.C.S

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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 procedure 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.

Place : Guwahati
Date : 2nd May, 2017



For **Narayan Sharma & Associates**
Company Secretaries

Narayan Sharma
(Proprietor)
FCS No.5117 C P No.:3844

Narayan Sharma

B.Com (Hons.), F.C.S

Narayan Sharma & Associates

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**FORM NO. MR-3
SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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

To,
The Members,
North East Small Finance Bank Limited
1st and 3rd Floor,
Fortune Central Basistha Road,
Basisthapur Bye Lane No. 3,
Beltola Guwahati -28 Assam

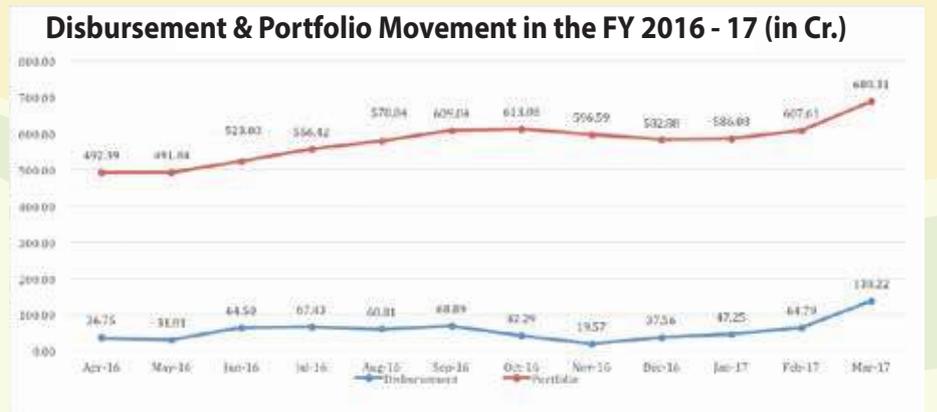
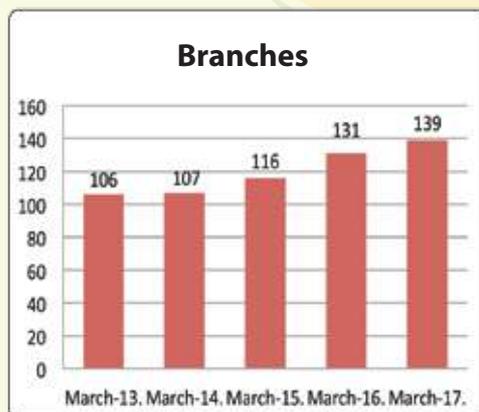
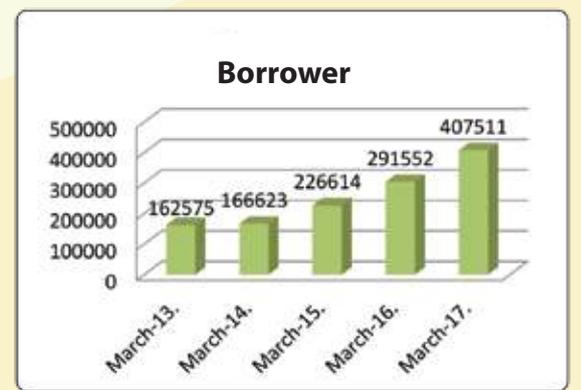
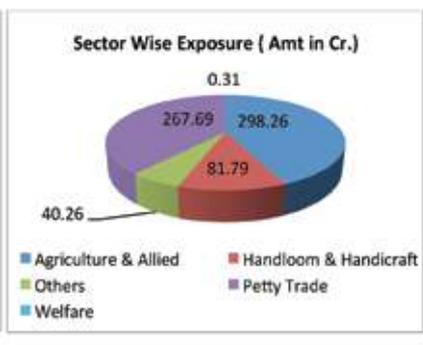
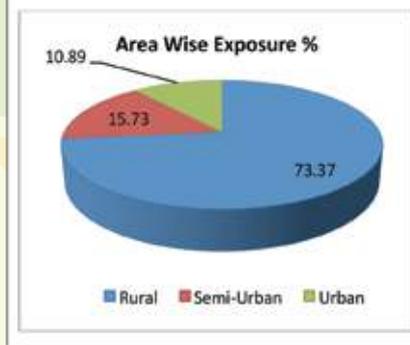
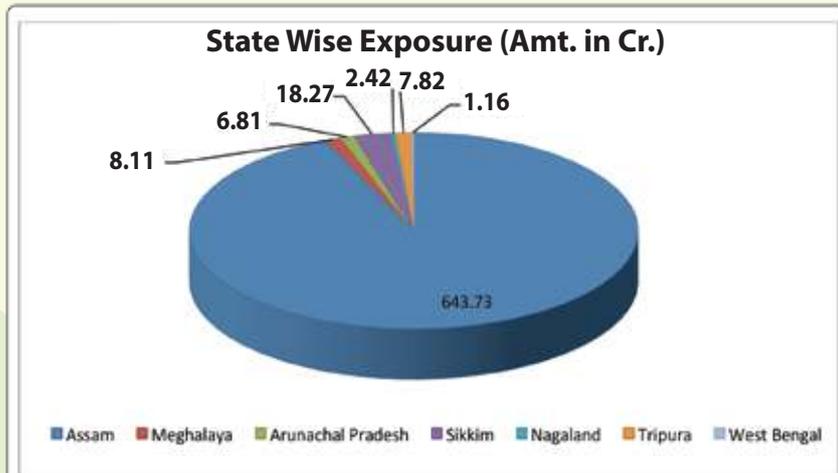
I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **North East Small Finance Bank Limited** (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on **31 March 2017** ('Audit period') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter :



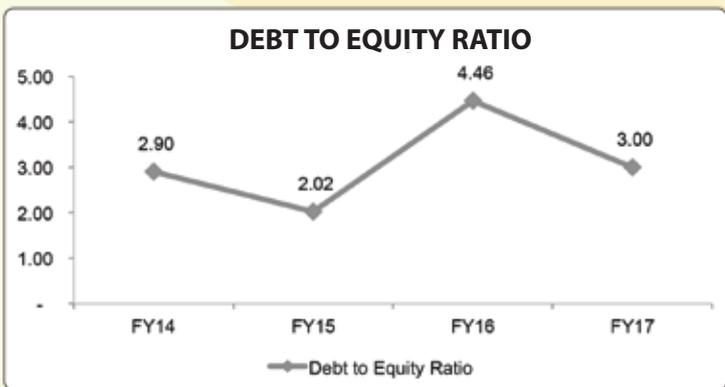
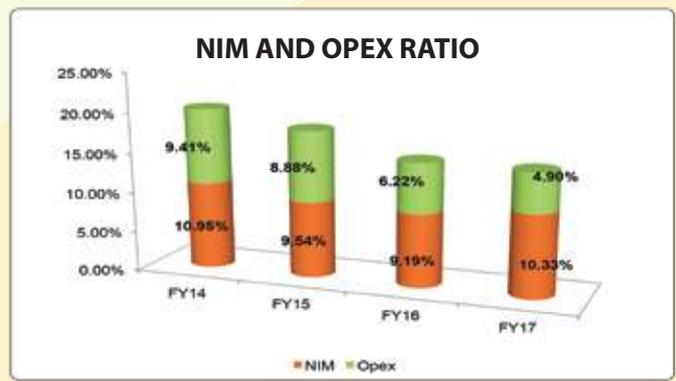
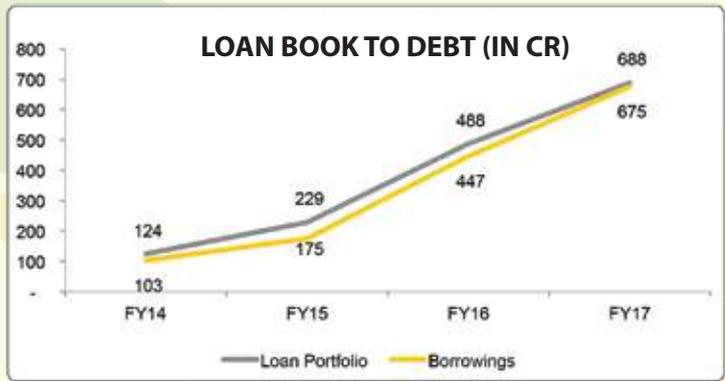
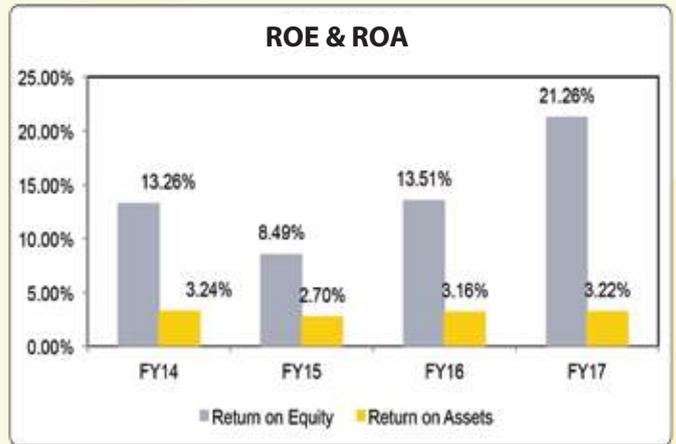
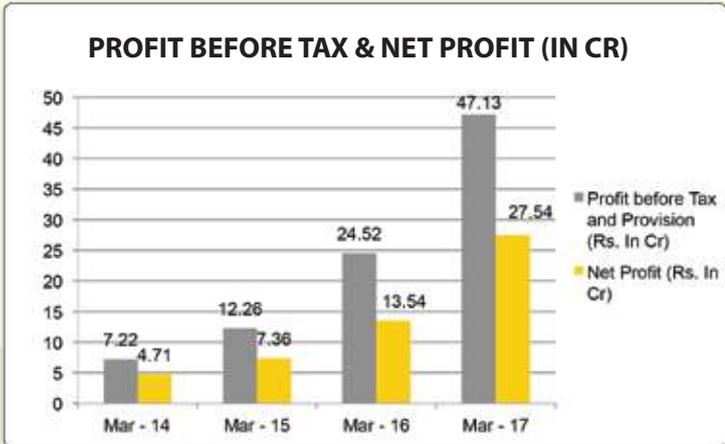
OPERATIONAL PERFORMANCE IN THE FY 2016-2017

PORTFOLIO AS ON MARCH-2017





FINANCIAL PERFORMANCE IN THE FY 2016-2017





PARTNERS IN GROWTH

TERM LOANS



NCDs



EQUITY INVESTORS





THE JOURNEY: A FLIGHT TOWARDS GLORY

“Things work out best for those who make the best of how things work out “– John Wooden.

From a small, loss making, one-roomed RGVN-CSP in 1995 to a premier microfinance institution of the North East, in 2008 to becoming the first Small Finance Bank of North East, in 2017, we as RGVN have indeed traversed a long way. A journey marked with ups & downs and highs & lows; from moments of sweet success to that of bitter failures; we have faced and successfully passed through every challenge that came our way in this remarkable and eventful journey of 22 years of RGVN.

As we now tread on this new journey to transform into the first Small Finance Bank from North East, we look back and reminiscence all that we have left behind, learnt and achieved in the last 22 years – our journey towards glory!



The Inception

RGVN(NE)MFL started its journey as RGVN-CSP way back in 1995. RGVN-Society, at that time, had decided to initiate microfinance activities under the aegis of Credit & Savings Programme (RGVN-CSP) with initial Revolving Fund assistance of Rs.1 crore from SIDBI. The programme kick-started through four pockets in Northeast India, in lines with the Gramin Bank model of Bangladesh but with slight changes to suit the local needs. The primary intent of setting up microfinance activities was to sow the seeds of microfinance in the North East India and provide financial and other support services to the needy and unbanked people in the North Eastern Region. It was agreed upon that once the programme became viable, it shall be hived-off as a separate for-profit institution.

Initial Setbacks

In the initial years of the Microfinance operations, things did not go as per plan. Besides initial hiccups of operationalizing the programme, RGVN-CSP suffered a huge setback in the form of losses. In spite of all attempts made by the management, ironing out the creases seemed like a distant dream. There was no ray of hope left, so much so that there was a point of time when the option of shelving off the entire programme was being deliberated by the Management.

The Last Attempt

It was then in the year 2004, that the Board decided to give a last-ditch attempt to revive the loss making RGVN-CSP, before selling it off, by inducting a banker to head the programme. As such, in the year 2004, Ms. Rupali Kalita, a veteran banker who was then serving as a Senior Banker at Langpi Dehangi Regional Rural Bank was brought in as the Director of the programme. The advent of Ms. Kalita, brought about a new ray of hope and things slowly started changing towards the better, as if a new lease of life was granted to RGVN.



Reviving a Dying Organization

While, the new leadership seemed like the light at the end of the tunnel, several challenges still posed in front of the management in reviving the organization, which many believed had already died. Not only was the organization in its last legs but the morale of the staff was also at an all-time low. It was then, that Ms. Kalita realized that in order to revive the organization she will first have to keep the staff motivated and reliable in spite of the unconducive fields and low income level. It was also a challenge to ensure that there is no misappropriation of cash, especially in a Microfinance Industry, which is completely a cash intensive industry. ***“Success in Life comes when you simply refuse to give up, with Goals so strong that obstacles, failures and loss can only act as a motivation.”*** Thus, for the next 2 years, Ms. Kalita, under the able governance and direction of the board and with the support and dedication of her team at RGVN, worked hard on streamlining the existing processes and instilling financial discipline in the field. She increased the salaries of her staffs, closed down several non-performing branches and conducted regular field audits, which helped in improving the financial shape of the organization and prevented a possible shut-down of the programme. While she inculcated proper checks and controls on the field she continued to inspire and motivate her staff to work hard with sincerity and dedication, which eventually made the lagging programme profitable in 2006. Ever since RGVN had only grown from strength to strength as it continued to evolve stronger and better and achieve success year after year.



Dawning Of RGVN (North East) Microfinance Ltd

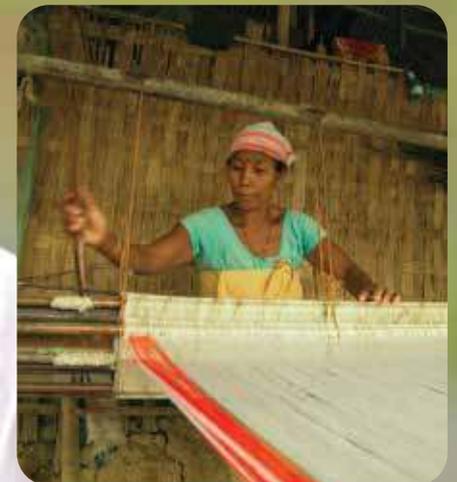
All this while, RGVN continued to be a part of RGVN-Society as 'RGVN-CSP' but as the business started growing and RGVN-CSP started churning out profits, the Governing Board decided to hive-off the programme into a for-profit NBFC. As such, a public limited company, christened as 'RGVN (North East) Microfinance Limited', was registered in the year 2008 to take over the microfinance activities from the society. Once operational, all the assets and liabilities of RGVN-CSP was to be transferred to this Public Limited Company, which was set up with a mission to provide financial and other support services to the underprivileged sections of the society in the North East.

The First Taste of Success

It is said that *Success Tastes Sweet* and after years of hard work and perseverance, RGVN had its first taste of success in the year 2010, when it received the license from RBI to operate as an NBFC-MFI. Thus RGVN(NE)MFL commenced operations as a single service provider on October 1st, 2010 inheriting 89 branches and 1 lakh members.

However at the time when RGVN commenced its journey as an NBFC-MFI, the entire microfinance industry was reeling under a severe financial crunch due to the reduced confidence of investors on the MFIs post the Andhra Crisis. In such a scenario, it became very difficult for RGVN to raise funds from the market. It was here, when our investors like SIDBI, NEDFI, Opportunity International (Australia), Norwegian Microfinance Initiative (NMI) and OikoCredit expressed their confidence on RGVN and bailed us out of a tight liquidity crunch.

Ever since, there has been no looking back for RGVN(NE)MFL as we continued our relentless march towards success under the constant support and guidance of a competent Board, leadership of an able management and the support and hard work of a



Climbing the Ladder of Success

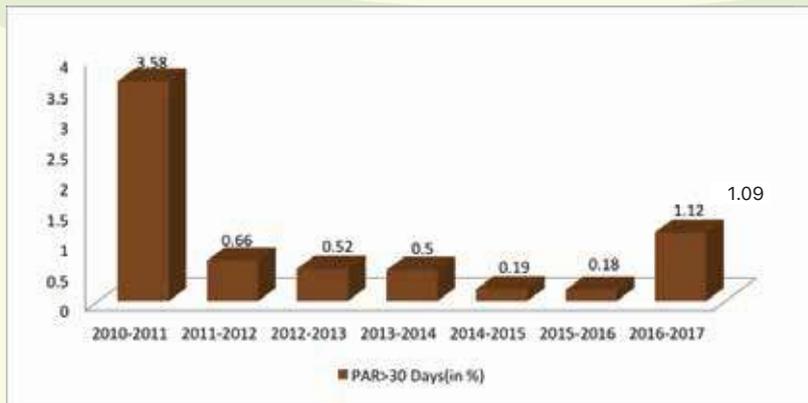
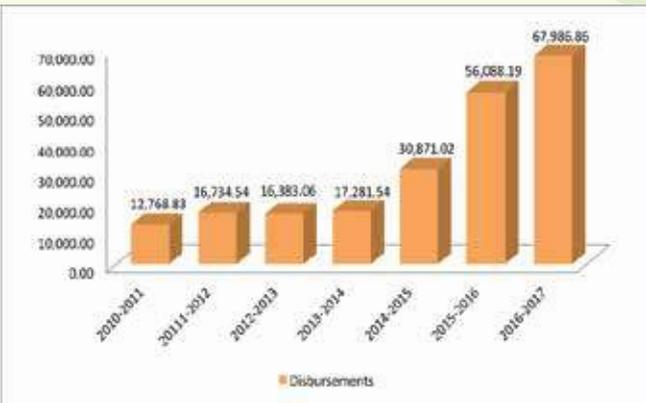
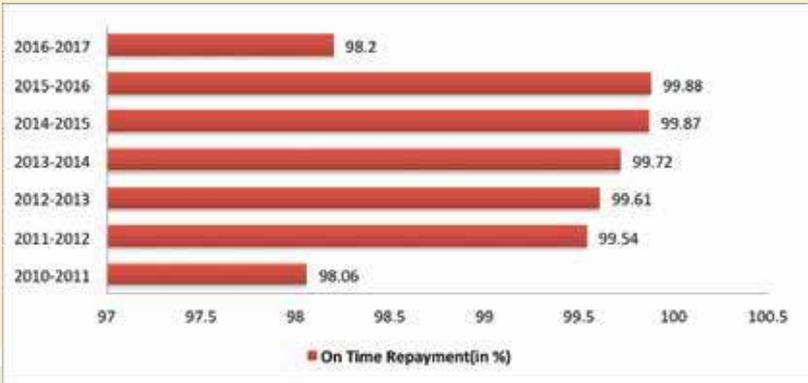
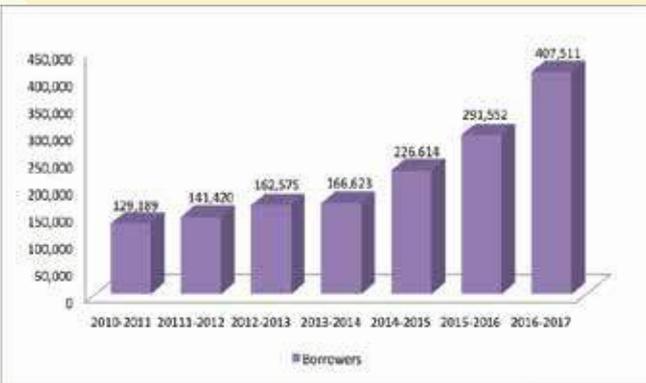
Within a short span of time RGVN grew from a small unviable microfinance institution to RGVN(NE)MFL, which is today a premier microfinance institute operating in the North Eastern region of India, contributing in the development of the people in this region by facilitating better access to health, education and livelihood opportunities with a network of 139 branches spread across 7 states of North East India and West Bengal, touching and improving the lives of over 4.07 Lakh clients with a portfolio outstanding of Rs. 688 crore and a cumulative disbursement of Rs. 680 crore as on 31st March, 2017.





OUR GROWTH STORY

The graphs provided below lay testimony to the surreal growth that RGVN(NE)MFL had achieved over such a short span of time.





Reaching the Pinnacle of Success

With the growth graph scaling higher with every passing year combined with the good governance, transparency and quality portfolio coupled with our intent to move into the remotest pockets of the Northeast to make credit and credit plus services available to the poor and needy, RBI, in October 2015, had awarded us the in-principle approval to set up a Small Finance Bank within a start-up period of 18 months. It is indeed noteworthy that RGVN(NE)MFL happens to be one of the 10 NBFC-MFIs nationwide and the first and the only MFI in the North East to be awarded this differentiated banking license.

This in-principle sanction was our major breakthrough and the final feather in the cap of RGVN(NE)MFL as we now transform into North East Small Finance Bank to begin yet another eventful journey and turn into a new chapter of success and victory.

Closing a Glorious Chapter to Begin another

As we now bring down the curtain to the glorious chapter of RGVN(NE)MFL and gear ourselves up for yet another transformation into North East Small Finance Bank, we wish to continue our legacy and work towards the development of the people in the North Eastern part of India which is still financially excluded and under-banked as compared to other states of India. We owe our success to all our clients who have shown their confidence towards our organization and have stood by us through thick and thin. It is because of their consistent trust and long association with RGVN that has enabled the organization to undergo two transformations in a period of less than a decade. Thus as we now transform into North East Small Finance Bank, we wish to concentrate our operations in North Eastern part of India and work for the development of this region by tapping the untapped potential of this region and ensuring that banking services are delivered to the last mile. We wish to give back to this region which has immensely contributed to our success and to the journey of RGVN(NE)MFL.

North East Small Finance Bank – A dream turning into reality

Thus after working hard for 18 months with the concerted efforts put in by all the staff under the able leadership and direction of Ms. Rupali Kalita and the good governance of our esteemed Board of Directors, we were awarded the RBI Final License for setting up a Small Finance Bank on 31st March, 2017.

After successfully completing all necessary formalities and with the license in hand, we wish to commence operations of North East Small Finance Bank in 2017 with 164 branches spread across 9 states including the 8 North Eastern States and West Bengal and are now gearing ourselves up for inclusion of all sections of the society to the mainstream banking by developing a strong IT infrastructure which shall ensure the smooth functioning of our banking processes, robust risk management policy and framework which shall guide our operations, a dedicated team of professionals who can carry and uphold the reputation of the organization and strive to take it to greater heights and a qualified and vibrant Board which can guide the organization as it steps into newer terrains and nurture it with their good governance thereby enabling banking in the remotest corner of North East.





Capital Structure

Once we transform into NESFB, RGVN(NE)MFL shall be the promoter of the Small Finance Bank and in turn be converted into a CIC with all its assets and liabilities transferred to NESFB by way of Slump sale. The networth of RGVN(NE)MFL stands at Rs. 225 crore after having raised an equity amounting to Rs. 97 crore from SIDBI Trustee Company Limited Account – Samridhi Fund (Rs. 40 Cr), RNT Associates Pvt Ltd (Rs. 28 Cr), Pi Ventures LLP (Rs. 20 Cr) and Nordic Microfinance Initiative Fund III KS (Rs. 9 Cr), thereby satisfying the minimum equity criteria and making the Bank domestically owned, with the ratio of domestic to foreign equity of 52.16% and 47.84%. Besides the names already mentioned above our list of investors also includes Dia Vikas Capital, Oikocredit, SIDBI, NEDFi who have helped us in our growth and in reaching greater heights.

Board of the Bank

The board of the bank comprises of people from diverse backgrounds of academia, prominent bankers and other social workers who shall be adding value to the organisation in its nascent stage. While we have received approval from RBI for three Directors, Mr. Deep Joshi (Independent Director), winner of the Ramon Magsaysay Award in 2009 and the Padma Shree in 2010, Ms. Rupali Kalita (MD-CEO of NESFB), an experienced development banker with an experience of over 33 years in the Banking and Financial Services sector and Mr. Ranjit Goswami (Independent Director), retired CGM(HR) from SBI Corporate Centre in Mumbai. We also have names of some other eminent persons from various backgrounds like Mr. Gautam Baruah, (Director, IIT-Guwahati) and Ms. Sutapa Banerjee, who shall be an Independent Director on the Board of NESFB while Mr. Njord Andrewes, Investment Director of Norwegian Microfinance Initiative, Norway (NMI) and Mr. Robert Douglas Dunn, CEO and Director of Opportunity International, Australia shall be Nominee Directors on the board.

Products

Our products have been designed to suit the requirements of the diverse population base ranging from daily wage earners to HNIs. Our current accounts have been designed to suit the requirements of both the small and the medium enterprises. We will also have various time and demand deposit accounts and shall be providing the best interest rates that are currently available in the market on the liabilities products. On the asset front we shall continue our micro loans by building on our existing base and we see a huge potential in the coming months. The Bank shall primarily be focused in North East India, creating better opportunities for livelihood and means of small savings.

Graduating into a Bank

As we become a bank and graduate from the boundaries of an MFI, we shall now have better access to resources and as such be able to broaden our scope of activities and provide better support to our clients. We wish to take this as an opportunity not only to provide affordable financial services to all but also to make all our clients financially literate and help them make better and well-informed financial decisions. Stepping into this new domain and highly regulated sector, we wish to continue our good work and mission of improving the lives of the people in this region by facilitating better access to health, education, livelihood opportunities and banking services at their doorsteps.



INSPIRING STORIES FROM OUR CLIENTS

Enthusiasm is the key to SUCCESS

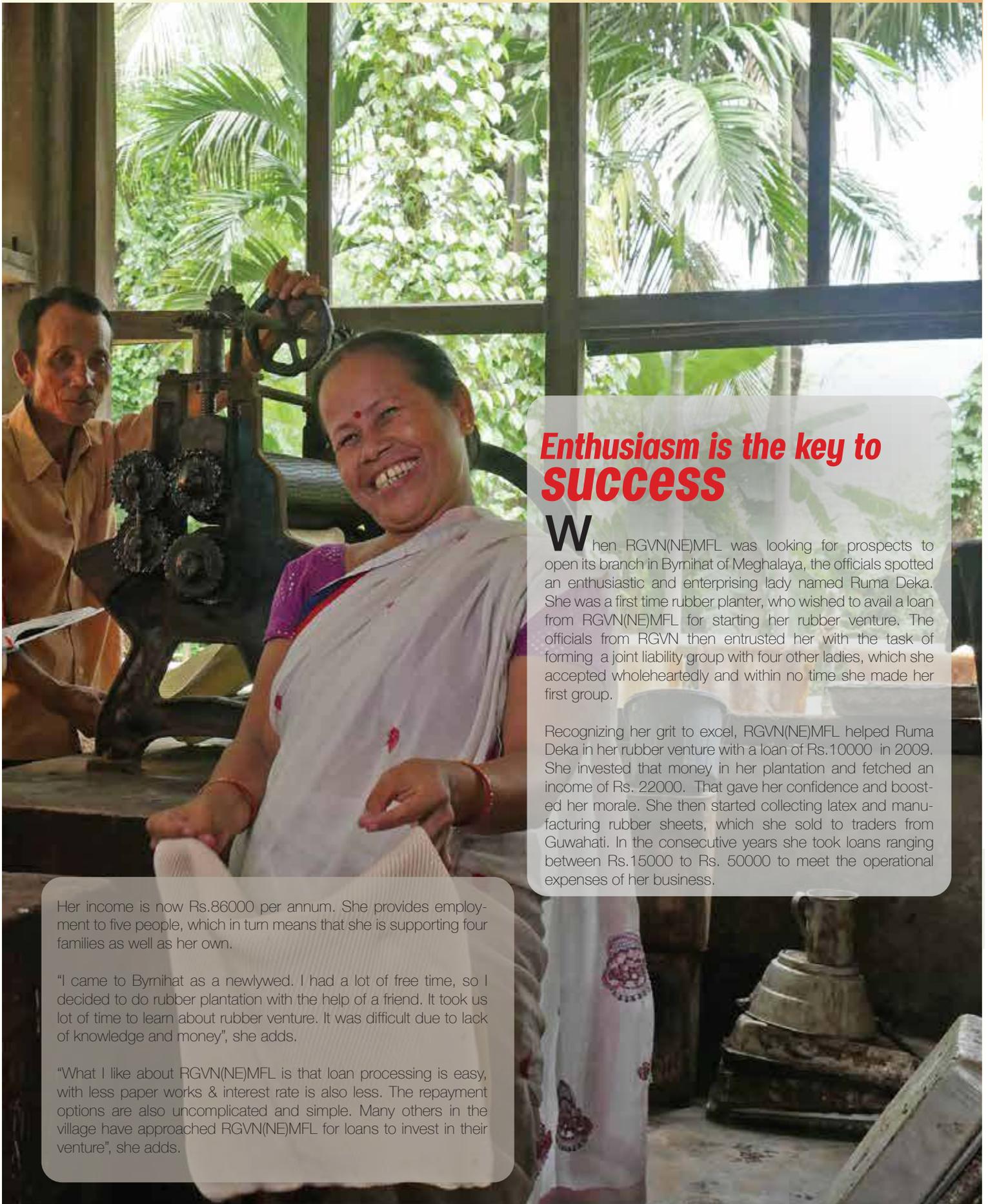
When RGVN(NE)MFL was looking for prospects to open its branch in Bymihat of Meghalaya, the officials spotted an enthusiastic and enterprising lady named Ruma Deka. She was a first time rubber planter, who wished to avail a loan from RGVN(NE)MFL for starting her rubber venture. The officials from RGVN then entrusted her with the task of forming a joint liability group with four other ladies, which she accepted wholeheartedly and within no time she made her first group.

Recognizing her grit to excel, RGVN(NE)MFL helped Ruma Deka in her rubber venture with a loan of Rs.10000 in 2009. She invested that money in her plantation and fetched an income of Rs. 22000. That gave her confidence and boosted her morale. She then started collecting latex and manufacturing rubber sheets, which she sold to traders from Guwahati. In the consecutive years she took loans ranging between Rs.15000 to Rs. 50000 to meet the operational expenses of her business.

Her income is now Rs.86000 per annum. She provides employment to five people, which in turn means that she is supporting four families as well as her own.

"I came to Bymihat as a newlywed. I had a lot of free time, so I decided to do rubber plantation with the help of a friend. It took us lot of time to learn about rubber venture. It was difficult due to lack of knowledge and money", she adds.

"What I like about RGVN(NE)MFL is that loan processing is easy, with less paper works & interest rate is also less. The repayment options are also uncomplicated and simple. Many others in the village have approached RGVN(NE)MFL for loans to invest in their venture", she adds.



INSPIRING STORIES FROM OUR CLIENTS

Harvesting Happiness

An ordinary man with extraordinary accomplishments. He is an award-winning farmer from Assam. We are talking about Mr. Banamali Choudhury, who hails from Mirza, a town on the south bank of the Brahmaputra and about thirty-five kilometers from Guwahati.

Mr. Choudhury practices composite farming, which is an environmentally and economically sound and sustainable of farming.

Mr. Banamali Choudhury chose farming by choice and not because he grew up in a family belonging to farmers. It was during a college excursion to Punjab after completing his graduation, his outlook and perspective changed about farming. This was during the late 1970s. The Green Revolution during that time had positive impacts on Punjab and this motivated Banamali Choudhury to take up farming as a full time profession. "If people of Punjab could reap such positive benefits, why couldn't the people of Assam with such fertile soil do it too?", he asked himself.



The road to success however seemed farfetched for Choudhury when he first ventured out. He failed miserably in his first few attempts. He recalls the time when he sowed two thousand cabbage saplings and not a single sapling blossomed. This incident however did not deter his spirits.

He went on to undertake various short term trainings from Assam Agricultural University to broaden his knowledge. He first came in contact with RGVN(NE)MFL in the year 2002, after getting to know about RGVN's micro-finance facilities from a friend. The first loan RGVN(NE)MFL offered him was for an amount of Rs. 10000.

However things took a positive turn when RGVN(NE)MFL officials visited his farm. They were highly impressed to see his composite farm, which encompassed an area of sixteen bighas. He was given additional loans and there was no looking back ever since for Mr. Choudhury.

His farm not only has vegetables sowed all the year round, he also has a fishery, livestock, which yields a good turnover. He plants tomatoes, lady's finger, cabbage, cauliflower, cucumber and rice. In this form of integrated farming everything is interconnected. The rice straw and vegetable waste act as food for his cattle. In turn, cow dung act as manure for his fields. Duck droppings act as food for the fish.

According to Choudhury, "RGVN(NE)MFL stands out because of the services they offer. They believe in building a strong bond with their customers. There is regular monitoring. and their job does not end in sanctioning a loan. They advice their customers on what to do and how to do."

He further says, "Perhaps the best and the only way to be self-contained financially in Assam is to practice composite farming. It is a noble way to earn one's livelihood", he says with satisfaction.

He used to earn profit of about One Lac in 2002 when he took the first loan, now it has soared to Six Lacs per annum. People used to laugh at him predicting farming would not work out and would be a waste of time. He however has proved his detractors wrong every time and has outshone himself.

He is invited to different colleges and Universities to give lectures on composite farming, sourcing of ground water and vegetables. Banamali Choudhury – a man with a never give up attitude – an inspiration to millions.

INSPIRING STORIES FROM OUR CLIENTS



Weaving Self-Reliance

In her 40s now, Bhanu Ojha is a housewife turned entrepreneur. Hailing from Tangla, she lives with her husband, who owns a grocery store and her daughter. Her husband was the only earning member of the family and it was difficult for the family to sustain with that income.

A graduate and with hands on expertise in weaving, Bhanu Ojha decided to share the financial responsibility of her family and this is how her journey to become an entrepreneur started. In the year 2008 she heard about RGVN's microfinance facilities through the Bank's Tangla branch. She wasted no time and approached the Branch and joined a JLG group and availed her very first loan of Rs. 5000/- to start her weaving venture.

As her business started growing, she also appointed a weaver as a helper. Gradually she started taking more loans ranging between Rs.15000 to Rs. 29000 with the help of which she purchased her weaving machine and appointed another eight women as weavers. Her business grew increasingly well. Considering her discipline of repayment of loan installments, she became eligible to avail EDL loan amount to Rs.50000/-

Bhanu's journey has not been easy. To start from scratch, she managed to gain a name for herself. She now has four looms and she weaves Mekhala Sador, Gamuchas and curtains as well. Her USP is that she uses cotton threads only. She has now introduced Pat-Muga in her venture. She has participated in many trade fairs and exhibitions and has managed to successfully create a niche for her products. She has participated in Kokrajhar Trade Fair, Special Handloom Expo 2011 Udalguri, Maithry Sangha Tangla, Bodo Sahitya Sabha, Tangla and also at Leo Expo, Guwahati which is considered as the biggest and largest expo fair in North-East.

Her monthly household income is now Rs. 25000 after deducting all her business related expense. Her daughter now goes to an English medium school and is gaining good education. She has also managed to renovate her house. At the same time she manages to save around Rs.4000/- monthly.

Business wise she now has eight employees working under her. She is recognized as a success story in her locality and she constantly inspires many housewives to step out of their homes and start earning and becoming financially stable and independent.

A beaming Bhanu Ojha has dreams of expanding her business and spread in the uncovered parts of Udalguri and Mangaldai. A proud Mrs. Ojha says "The organization has been instrumental in boosting the family income and I will always be thankful to RGVN(NE)MFL for giving me the platform to bring to force my inherent talents and I shall always remain grateful to the Organization. She is now waiting for RGVN(NE)MFL to transform into a bank post which she shall be able to expand her business through higher amount of loans.

SOCIAL PERFORMANCE MANAGEMENT

A consolidated report on present status in RGVN(NE)MFL & analytics

Social Performance Management (SPM), or the social bottom-line, is the process by which an institution's social mission is actually put into practice. The social value of microfinance relates to the way focused and dedicated financial services helps in improving the lives of poor and excluded clients along with their families and helps them in coming up the financial and social curve. The Social Performance Task Force defines social performance as:

“The effective translation of an institution’s mission put into practice in line with accepted social values that relate to serving larger numbers of poor and excluded people; improving the quality and appropriateness of financial services; creating benefits for clients; and improving social responsibility of an MFI.”

Social performance is not just about measuring these objectives and outcomes but also about the actions and corrective measures taken by an MFI to generate those outcomes. It does not focus only on final impact. The aim is to determine whether the MFI gives itself the means to reach its social goals, by monitoring progress towards those goals and understanding how to use the information it gathers to make improvements in its operations.

SPM ACTIVITIES IN RGVN(NE)MFL FOR FY 2016-2017

The main focus area for RGVN(NE)MFL's SPM activities is chosen taking in view that the Mission and Vision of the organization can be fulfilled. The endeavor is to reach the poor and downtrodden through these activities by providing a holistic transformation which can lead to a better society. The idea is to address critical issues of the poor and the marginalized in terms of education, health, sanitation, environment and skill development. That is the primary reasons why we have been undertaking various such activities which has not only benefitted our client but have also improved their skills. We have tried not only to enhance their skills but also to bring out their hidden talents and use them for their growth in terms of income generation. Accordingly we have also tried to help them financially so that they can start such activities on their own. These activities are broadly divided into 4 major categories:

<p>1. Health Camps</p> <ul style="list-style-type: none"> a) Jointly with GNRC team b) With Sankar Nethralaya for Eye Camps c) Health camp with local doctors d) Cancer detection camps with ASMI and Pratiksha Hospitals 	<p>2. Social Awareness Programme</p> <ul style="list-style-type: none"> a) Financial Literacy and awareness programme with RBI FED team b) Child education c) Financial literacy by inhouse resource persons d) Womens rights and legal issues
<p>3. Skill Development Trainings</p> <ul style="list-style-type: none"> a) Cutting and Knitting b) Doll Making c) Plastic Cane bag/artificial flower making d) Livestock farming training e) Other skill based trainings 	<p>4. Animal Health Checkup cum Treatment camps</p>



Health Camps

During the year 2016-2017 the main focus of the organization was providing appropriate and quality healthcare to those people who could not afford it, due to either quality health facility not available in that area or cost of the healthcare was high. RGVN (NE) MFL in collaboration with its partners like GNRC Hospitals, Sankar Nethralaya and ASMI Foundation along with Pratiksha Hospitals undertake health camps in various locations to provide quality health care to the deprived people along with free medicines. We have also undertaken Cataract operation with Sankardev Nethralaya and have provided vision to lots of old and deprived people.



During the year 2016-2017 altogether 168 camps were held and 26901 people were benefited from this camps. GNRC with their well-equipped medical van performed ECG and ultra sound and free medicines were distributed by our company.

We have also undertaken 6 eye camps with Sankardev Nethralaya and have done 102 cataract surgeries and have undertaken 1 eye camp with Lions Eye Hospital, Jorhat and have done 6 cataract surgeries.



Animal Treatment Camps

Among our customer base we have a sizeable number who depends on animal husbandry for their livelihood. In addition to milk, meat, eggs and hides bullocks are the major source of income for the farmers of these animals. In order to help them to keep the livestock disease free, we conduct regular Animal health checkup and treatment camps as well as training on livestock farming. During FY 2016-17 we have undertaken 40 camps wherein our clients and their neighbors livestock was treated and medicines distributed.



Skill Development Trainings

RGVN(NE)MFL also undertakes various skill development trainings with the aim to identify and support various other comprehensive trainings for startup and small business as a livelihood opportunity. Training are imparted to the rural female population to help them start new venture free of cost and financial assistance are also provided to run the same. Details of the various skill based training conducted in the FY 2016-2017 are given below.

SI No	Activities	No of Camps	No Of Participants
1	Cutting/Knitting	40	2104
2	Food processing	7	37
3	Doll Making	9	380
4	Livestock Farming	45	1256
5	Plastic Cane Bag	0	0
6	Artificial Flower making	2	60
7	Other(Cane & Bamboo Making etc.)	4	155
	Total	107	3992



Social Awareness Programmes

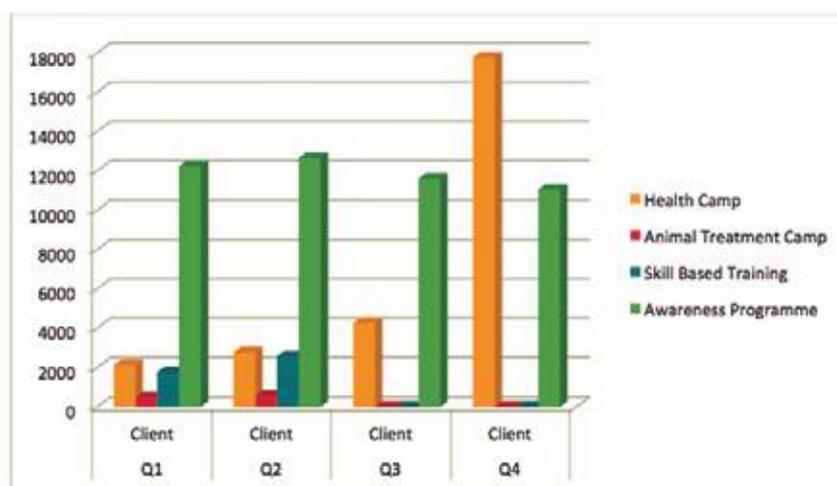
With an effort to increase awareness levels of the rural population on important subjects RGVN (NE) MFL has undertaken various awareness programmes on an ongoing basis. The reason for such programmes is because attending such programmes makes the individual more thoughtful and helps in making important decision for themselves and the society at large. If people are taught about the prevailing problems in their society and other social issues they would make an effort to resolve the same and improve the society as a whole, A snapshot of different programmes held for the FY 2016-17 are as follows:

SI No	Activities	No of Camps	No of Participants
1	Financial Literacy	1225	28927
2	Health & Nutrition	387	8293
3	Education of Child & Youth	220	4961
4	Environmental Issues	85	1824
5	Women Leadership	118	2482
6	Women Rights & Legal Issues	74	1004
	Total	2109	47491

The tables along with graphs provided below represents a quarter wise summary of the number of people who had attended the various SPM activities for the FY 2016-17

CLIENT COVERAGE UNDER SPM FY - 2016-17

SI No	Activities	Q1		Q2		Q3		Q4		Total	
		Client	Camp								
1	Health Camp	2116	9	2769	15	4255	28	17761	116	26901	168
2	Animal Treatment Camp	500	21	570	19	0	0	0	0	1070	40
3	Skill Based Training	1766	52	2559	55	0	0	0	0	4325	107
4	Awareness Programme	12222	550	12646	555	11590	512	11033	492	47491	2109



Graphical Representation of Cliental coverage on quarterly basis



FINANCIAL REPORT

RGVN (North East) Microfinance Limited

2016-17



D.PATWARY & CO.

Chartered Accountants

Independent Auditor's Report

To the Members of RGVN (North East) Microfinance Ltd.

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **RGVN (North East) Microfinance Ltd.** ('the Company'), which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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 and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

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 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 financial statements based on our audit.





D.PATWARY & CO.

Chartered Accountants

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 there under.

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 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 financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone 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 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 financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2017 and its financial performances and its cash flows for the year ended on that date.



FY 2016 - 2017



D.PATWARY & CO.

Chartered Accountants

Report on Other Legal and Regulatory Requirements

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

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 and proper returns adequate for the purposes of our audit have been received from the branches not visited by us;

(c) The balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account and with the returns received from the branches not visited by us;

(d) In our opinion, the aforesaid standalone 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 did not have any pending litigations to impact its financial position in the standalone financial statement;

ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses and



FY 2016 - 2017



D.PATWARY & CO.

Chartered Accountants

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

iv. the Company has provided requisite disclosures in its standalone financial statements as to holdings as well as dealings in Specified Bank Notes (including non-permitted receipts in the form of SBNs amounting to Rs.3,32,56,000) 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 2.27 to the standalone financial statements.

For, D PATWARY & CO
Chartered Accountants
(Firm's Registration No.324523E)

DEEPAK RATWARY
Partner
Membership No.060467



Place:Guwahati
Date:20.05.2017

FY 2016 - 2017



D.PATWARY & CO.

Chartered Accountants

Chartered Accountants

Annexure-A to the Independent Auditors' Report of even date on the Standalone Financial Statements of RGVN (North-East) Microfinance Limited

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2017, we report that:

(i) (a) The Company has maintained records showing full particulars, including quantitative details and situation of fixed assets. The same needs to be updated.

(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 one year. In accordance with this programme, 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, there are no immovable properties held in the name of the Company.

(ii) The Company is a Non- Banking Financial company (NBFC), primarily giving micro-finance loans. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable to the Company.

(iii) (a) The Company has not granted any loans to the person covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Consequently, the provisions of iii (b) and 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, investments, guarantees and security 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, service tax, duty of customs, value added tax, cess and other



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D.PATWARY & CO. Chartered Accountants

material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities, wherever applicable.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, service tax, duty of customs, value added 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, no dues of income-tax, sales tax, service tax or value added tax were in dispute.

(viii) The Company have not defaulted in repayment of dues to financial institution, bank and debenture holder.

(ix) The moneys raised by the Company through Non-Convertible Debentures (NCDs) and term loans during the year were applied for the purpose for which those were taken.

(x) According to the information and explanations given to us, there were 5 instances of fraud detected by the management on account of forgery and misappropriation by the company's employees during the year, total amount involved being Rs. 1.64 Lac, which are reported to have been recovered. The company has filed FIR in one out of three eligible cases and as informed, for the cases in which FIR has not been filed, money has been recovered.

(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 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 made preferential allotment/private placement of shares during the year complying with the requirements of Sec 42 of the Companies Act, 2013 and the amount raised have been used for the purposes for which the funds were raised.



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D.PATWARY & CO.
Chartered Accountants

(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) The Company is registered under section 45-IA of the Reserve Bank of India Act 1934 as Non-Banking Financial Company. The status was changed to Non - Banking Financial Company-Micro Finance Institutions (NBFC-MFI) with effect from 20.08.2014.

For, D PATWARY & CO
Chartered Accountants
(Firm's Registration No.324523E)


DEEPAK PATWARY
Partner
Membership No.060467



Place:Guwahati
Date:20.05.2017

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D.PATWARY & CO.

Chartered Accountants

Annexure-B to the Independent Auditors' Report of even date on the Standalone Financial Statements of RGVN (North-East) Microfinance Limited

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

We have audited the internal financial controls over financial reporting of RGVN (North-East) Microfinance Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.



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D.PATWARY & CO.

Chartered Accountants

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 March 31, 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, D PATWARY & CO
Chartered Accountants
(Firm's Registration No.324523E)


DEEPAK PATWARY
Partner
Membership No.060467
Place:Guwahati
Date:20.05.2017



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RGVN (NORTH EAST) MICROFINANCE LIMITED
AUDITED FINANCIAL STATEMENTS
FOR THE PERIOD ENDING 31ST MARCH 2017



RGVN (NORTH EAST) MICROFINANCE LIMITED

Standalone Balance Sheet as at 31st March 2017

Particulars	Notes	31-Mar-17 Rs.	31-Mar-16 Rs.
I. EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	595,127,800	386,523,020
Reserves and surplus	4	1,655,423,780	615,304,311
		2,250,551,580	1,001,827,331
Non-current liabilities			
Long-term borrowings	5	3,536,557,295	2,408,921,034
Long term provisions	6	78,741,456	58,865,734
		3,615,298,751	2,467,786,768
Current liabilities			
Current liabilities & Provisions	7	3,509,741,654	2,245,981,031
		3,509,741,654	2,245,981,031
Total		9,375,591,985	5,715,595,130
II. ASSETS			
Non-current assets			
Fixed assets			
Tangible assets			
Tangible assets	8	11,728,892	7,558,423
Intangible assets		1,839,309	-
Capital Work In Progress		25,362,049	
Loans and advances			
Loans to Microfinance Customers			
Due after One Year		1,616,417,527	1,511,982,637
Other Non-Current assets	9	51,395,018	13,498,311
		1,706,742,795	1,533,039,371
Investments			
Investment in North East Small Finance Bank (11,03,84,395 Equity Share @Rs10)		1,103,843,950	-
Deferred tax (Asset)		28,402,739	21,521,694
Current assets			
Cash and cash equivalents	10	967,195,568	637,748,856
Loans and advances			
(a) Loans to Microfinance Customers			
Due within One Year		5,266,762,697	3,363,447,403
(b) Other Loans and advances		25,000,971	22,876,238
Other current assets	12	277,643,266	136,961,567
		6,536,602,502	4,161,034,064
Total		9,375,591,985	5,715,595,130

Summary of significant accounting policies

1-2

The accompanying notes are an integral part of the financial statements

As per our report of even date

for D. Patwary & Co.

Chartered Accountants

Deepak Patwary, Partner

M. No.: 060467

FRN No. 324523E

Place: Guwahati

Date: 20th May 2017



Chairman

Company Secretary



Managing Director



RGVN (NORTH EAST) MICROFINANCE LIMITED

Standalone Profit and Loss for the period ended 31st March 2017

Particulars	Notes	31-Mar-17	31-Mar-16
		Rs.	Rs.
Continuing Operations			
Revenue from Operation	13	1,439,589,449	806,481,518
Other Income	14	1,986,367	1,183,798
Total		1,441,575,816	807,665,316
EXPENDITURE			
Finance Cost	15	683,766,147	371,984,933
Employee Benefits Expenses	16	172,563,133	127,083,082
Other Operating Expenses	17	60,642,288	42,069,830
Depreciation	8	3,702,842	4,343,949
Provisions	18	20,077,502	20,899,700
Total		940,751,912	566,381,494
Profit/(Loss) before Prior Period/Exceptional Items		500,823,904	241,283,822
Expenses for Small Finance bank	19	49,648,220	8,731,632
Prior Period Expenses	20	-	8,282,581
Profit/(Loss) before tax		451,175,684	224,269,609
Tax expense:			
- Current Tax		182,682,430	93,238,568
- Deferred tax expense/(benefit)		(6,881,045)	(10,251,941)
Income Tax of Earlier Years		-	5,919,850
Total Tax Expense		175,801,385	88,906,477
Profit/(Loss) transferred to Balance Sheet		275,374,299	135,363,132

Summary of significant accounting policies 1-2

The accompanying notes are an integral part of the financial statements

As per our report of even date

for D. Patwary & Co.

Chartered Accountants

Deepak Patwary, Partner

M. No.: 060467

FRN No. 324523E

Place: Guwahati

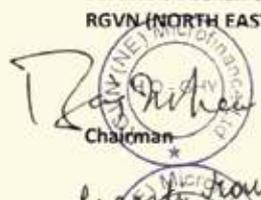
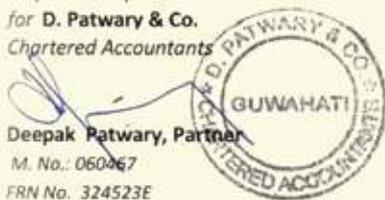
Date: 20th May 2017

For and on behalf of the Board of Directors of
RGVN (NORTH EAST) MICROFINANCE LIMITED

Chairman

Managing Director

Company Secretary





RGVN (NORTH EAST) MICROFINANCE LIMITED

(All amounts in Rs . unless otherwise stated)

CASH FLOW STATEMENT FOR THE YEAR ENDED	31-Mar-17	31-Mar-16
CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss)	275,374,299	135,363,132
Add: Non Cash Expenditure:		
Provision for Bad & Doubtful Debts	20,077,502	26,602,213
Bad debts written-off	-	26,602,213
Provision for fraud & preliminary expenses written off	-	-
Depreciation	3,702,842	4,343,949
Excess Provision written-back	-	-
Loss/(gain) on sale of Fixed assets	(67,744)	-
Operating Profit before Working Capital Changes	299,086,899	166,309,294
Adjustments for:		
(Increase)/Decrease in Current Assets	(180,703,139)	(85,969,767)
(Increase)/Decrease in loans disbursed	(2,007,750,184)	(2,584,428,957)
(Decrease)/Increase in Current Liabilities	108,355,425	1,137,723,387
Cash generated from Operations:	(1,781,010,998)	(1,366,366,043)
Direct Taxes Paid	(6,881,045)	(10,251,941)
Net Cash Flow from Operating Activities	(A) (1,787,892,043)	(1,376,617,984)
CASH FLOW FROM INVESTING ACTIVITIES:		
(Purchase)/Sale of Fixed Assets	(35,074,668)	(3,801,056)
(Purchase)/Sale of Investments	(1,103,843,950)	-
Net Cash Flow from Investing Activities	(B) (1,138,918,618)	(3,801,056)
CASH FLOW FROM FINANCING ACTIVITIES:		
Increase/(Decrease) in Share Capital & securities premium	973,349,950	-
Increase/(Decrease) in Fixed Deposits	-	-
Increase/(Decrease) in Secured Loans	2,282,907,424	1,694,655,930
Net Cash Flow from Financing Activities	(C) 3,256,257,374	1,694,655,930
Net Increase or (Decrease) in Cash or Cash Equivalents (A+B+C)	329,446,712	314,236,890
Opening Cash and Cash Equivalents	637,748,856	323,511,966
Closing Cash and Cash Equivalents at the end of the year	967,195,568	637,748,856

Summary of significant accounting policies

1-2

The accompanying notes are an integral part of the financial statements

As per our report of even date

for **D. Patwary & Co.**

Chartered Accountants

Deepak Patwary, Partner

M. No.: 060467

FRN No. 324523E

Place: Guwahati

Date: 20th May 2017



For and on behalf of the Board of Directors of
RGVN (NORTH EAST) MICROFINANCE LIMITED

[Signature]
Chairman

[Signature]
Company Secretary

[Signature]
Managing Director



RGVN (NORTH EAST) MICROFINANCE LIMITED

(All amounts in Rs. unless otherwise stated)

Notes Forming Part Of Balance Sheet And Statement Of Profit And Loss For The Period Ended March 31, 2017

Particulars	31-Mar-17	31-Mar-16
3 Share Capital		
Authorized:		
85,000,000 Equity Share of Rs.10 Each	850,000,000	850,000,000
15,000,000 Preference Share of Rs.10 Each	150,000,000	150,000,000
Total	1,000,000,000	1,000,000,000
Issued, Subscribed and paid up:		
(5,95,12,780 Equity Shares of Rs.10/- each fully paid up in cash)	595,127,800	386,523,020
Total	595,127,800	386,523,020

(a) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period:

Equity shares	March 31, 2017		March 31, 2016	
	Number	Amount	Number	Amount
Shares at the beginning of the year	38,652,302	386,523,020	18,011,032	180,110,320
Shares issued during the year	20,860,478	208,604,780	20,641,270	206,412,700
Outstanding at the end of the period	59,512,780	595,127,800	38,652,302	386,523,020

There was no issue of bonus shares/buy back of shares during the year and in the previous year.

(b) Rights, preferences, restrictions of Equity Share Capital

The Company has only one class of equity shares of the par value of Rs. 10 each and each share is entitled to one vote per share.

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

Equity shares

Name of the Shareholder	March 31, 2017		March 31, 2016	
	% of holding	No. of shares	% of holding	No. of shares
Dia Vikas Capital (p) Ltd	19.36%	11,521,094	29.81%	11,521,095
Nordic Microfinance Initiative Fund III KS	15.59%	9,275,785	19.01%	7,346,939
SIDBI Trustee Company Limited A/c Samridhi Fund	14.40%	8,572,653	0.00%	-
Oiko Credit Ecumenical Development Cooperative Society	12.89%	7,673,469	19.85%	7,673,469
RNT Associates Private Limited	10.20%	6,072,653	0.00%	-
Small Industries Development Bank of India-IMEF	8.40%	5,000,000	12.94%	5,000,000
Pi Ventures LLP	7.20%	4,286,326	0.00%	-
North Eastern Development Finance Corporation Ltd (NEDFi)	5.04%	3,000,000	7.76%	3,000,000
Total	93.09%	55,401,980	89.36%	34,541,503





RGVN (NORTH EAST) MICROFINANCE LIMITED

(All amounts in Rs. unless otherwise stated)

Notes Forming Part Of Balance Sheet And Statement Of Profit And Loss For The Period Ended March 31, 2017

4	Reserves and Surplus	31-Mar-17	31-Mar-16
4.1	Share premium		
	Balance at the beginning of the year	272,584,980	272,584,980
	Add : Additions during the year	764,745,170	-
	Less: Adjustment / reversal during the year	-	-
	Closing balance (a)	1,037,330,150	272,584,980
4.2	Statutory reserve		
	Balance at the beginning of the year	74,263,592	47,190,966
	Add : Additions during the year	55,074,860	27,072,626
	Less: Adjustment / reversal during the year	-	-
	Closing Balance (b)	129,338,452	74,263,592
4.3	Surplus/(Deficit) in the statement of Profit & Loss		
	Balance at the beginning of the year	268,455,739	160,165,233
	Add: Additions during the year	275,374,299	135,363,132
		543,830,038	295,528,365
	Less: Adjustment / reversal during the year		
	Transfer to Statutory Reserve	55,074,860	27,072,626
	Adjustment for change in useful life (refer note(a) below)	-	-
	Closing Balance (c)	488,755,178	268,455,739
	Total (a+b+c)	1,655,423,780	615,304,311
5	Long-term Borrowings	31-Mar-17	31-Mar-16
5.1	Term Loan From Banks (secured)		
	Assam Gramin Vikash Bank (100% Secured with Book Debts & pledge of Rs.60,00,000 FDR)	360,449	19,231,969
	Axis Bank (100% Secured with Book Debts & pledge of Rs.50,00,000 FDR)	437,471,429	187,500,000
	Bharatiya Mahila Bank (110% Secured with Book Debts & pledge of Rs.150,00,000 FDR)	89,717,700	150,000,000
	IDBI Bank (110% Secured With Book Debts & pledge of Rs. 2,50,00,000 FDR)	242,854,000	342,856,000
	Rabo Bank (105% Secured With Book Debts & Guarantee of Rabo Foundation)	-	21,000,000
	Ratnakar Bank (110% Secured With Book Debts & pledge of Rs.1,00,00,000 FDR)	-	25,000,000
	State Bank of India (100% Secured With Book Debts & pledge of Rs.10,00,00,000 FDR)	745,991,105	899,991,096
	United Bank Of India (110% Secured with Book Debts & pledge of Rs.100,00,000 FDR)	249,752,000	97,600,000
	Yes Bank (115% Secured with Book Debts & pledge of Rs.500,00,000 FDR)	239,130,435	491,304,348
	UCO Bank (100% Secured With Book Debts & pledge of Rs.1,00,00,000 FDR)	-	27,443,632
	Federal Bank (110% Secured With Book Debts)	125,000,004	-
	Indusind bank (100% Secured With Book Debts & pledge of Rs.1,50,00,000 FDR)	234,782,609	-
	HDFC Bank (105% Secured With Book Debts)	400,000,000	-
	Capital Small Finance Bnak (110% Secured With Book Debts)	180,000,000	-
	South Indain Bank (100% Secured With Book Debts)	100,000,000	-
	Total	3,045,059,730	2,261,927,045





RGVN (NORTH EAST) MICROFINANCE LIMITED

(All amounts in Rs . unless otherwise stated)

Notes Forming Part Of Balance Sheet And Statement Of Profit And Loss For The Period Ended March 31, 2017

5.2 Term Loan From Domestic Financial Institutions(secured)		
NEDFI		
(100% Secured With Book Debts & pledge of Rs.6,70,00,000 FDR)	331,829,516	346,969,686
SIDBI		
(100% Secured With Book Debts & pledge of Rs.93,76,000 FDR)	617,777,200	239,791,310
NABARD		
(118% Secured With Book Debts)	580,000,000	150,000,000
Total	1,529,606,716	736,760,996
5.3 Term Loan From Non-Banking Finance Company (secured)		
IFMR Capital Investments Pvt Ltd		
(100% Secured With Book Debts & pledge of Rs.2,50,00,000 FDR)	64,474,573	225,586,024
AU Financiers (India) Limited		
(105% Secured With Book Debts)	158,333,330	-
Hero Fin Corp Limited		
(120% Secured with Book Debts & pledge of Rs.40,00,000 FDR)	129,965,037	65,210,347
Manaveeya Development & Finance Pvt Ltd		
(105% Secured With Book Debts)	69,642,855	158,927,571
MUDRA		
(100% Secured With Book Debts & pledge of Rs.1,50,00,000 FDR)	555,700,000	288,900,000
Reliance Home Finance Ltd		
(100% Secured With Book Debts & pledge of Rs.93,75,000 FDR)	309,550,006	30,283,068
Reliance Capital Ltd		
(100% Secured With Book Debts & pledge of Rs.1,00,00,000 FDR)	-	105,584,323
Dia Vikas Capital (Unsecured)		
	-	81,245,450
Total	1,287,665,801	955,736,783
5.4 From External Commercial Borrowing (Unsecured)		
Cordaid		
	-	25,000,000
Total	-	25,000,000
5.5 Non Convertible Debentures		
Blue Orchard		
(110% Secured With Book Debts)	160,000,000	160,000,000
Symbiotics (Singapore) Pte Ltd		
(100% Secured With Book Debts)	332,600,000	332,600,000
IFMR F Impact		
(100% Secured With Book Debts)	400,000,000	-
Total	892,600,000	492,600,000
Less: Current maturities of long-term debt		
- from Banks, NBFCs and DFIs	3,218,374,952	2,063,103,789
	3,218,374,952	2,063,103,789
Total Term Loans	3,536,557,295	2,408,921,034
6 Long Term Provisions		
	31-Mar-17	31-Mar-16
Provision for Gratuity	(1,267,934)	3,687,546
Provision for Bad Debts	68,831,802	48,754,300
Provision for Leave Encashment	11,177,588	6,423,887
Total	78,741,456	58,865,733
7 Other current liabilities & Provisions		
	31-Mar-17	31-Mar-16
Current maturities of long term-debt	3,218,374,952	2,063,103,789
Interest accrued and but not due on borrowings	64,858,872	51,234,885
Statutory liabilities	4,531,097	5,175,553
Expenses payable & Sundry Receipts	39,001,768	32,935,701
Provisions for Income Tax	182,682,430	93,238,568
Provisions for Fraud	292,535	292,535
Total	3,509,741,654	2,245,981,031





RGVN (NORTH EAST) MICROFINANCE LIMITED

(All amounts in Rs . unless otherwise stated)

Notes Forming Part Of Balance Sheet And Statement Of Profit And Loss For The Period Ended March 31, 2017

9	Non Current Assets	31-Mar-17	31-Mar-16
	Security Deposits for Office Premises, Telephone, Gas connection & newspaper	3,009,335	386,170
	Other Non Current Assets	48,385,683	13,112,141
	Total	51,395,018	13,498,311
10	Cash and cash equivalents	31-Mar-17	31-Mar-16
	Cash on hand	6,987,695	333,280
	Balances with banks		
	In Current accounts with scheduled banks	140,832,373	137,665,076
	In Term deposit accounts scheduled banks	455,500,000	129,000,000
	Margin Money Deposited to Bank (lien against loan)		
	-Maturing within one year	152,625,500	59,375,000
	-Maturing after one year	211,250,000	311,375,500
	Total	967,195,568	637,748,856
11	Loans and Advances	31-Mar-17	31-Mar-16
	Unsecured loans		
	Loans to Microfinance customers	6,883,180,224	4,875,430,040
	Loan to Branch premises owners	365,363	197,147
	RGVN ESOP Trust	10,000,000	10,000,000
	Staff Loans and Advances	14,635,608	12,679,091
	Total	6,933,127,177	4,898,306,278
12	Other Current Assets	31-Mar-17	31-Mar-16
	Interest Accrued But Not Due on Fixed Deposits	39,734,882	25,292,225
	Interest Accrued But Not Due on Loans	16,099,242	21,862,491
	Advance Income Tax	183,200,000	75,489,245
	TDS Receivable	3,502,568	2,695,685
	Income Tax Refund Receivable	-	3,202,914
	Other Receivables	10,103,651	8,419,007
	North East Small Finance Bank	25,002,925	-
	Total	277,643,268	136,961,567
13	Revenue from operations	31-Mar-17	31-Mar-16
	Interest Income		
	Interest Income on Portfolio Loans	1,334,583,455	723,060,267
	Administrative Charges	67,990,110	56,087,970
		1,402,573,565	779,148,237
	Income from Other operations		
	Interest on Long Term Deposits	31,334,934	22,158,050
	Interest on Short Term Deposits	5,680,950	5,141,879
	Income on Mutual Fund Investments	-	33,352
	Total	1,439,589,449	806,481,518
14	Other Income	31-Mar-17	31-Mar-16
	Miscellaneous Receipts	17,029	9,116
	Interest on employee loans	850,803	706,652
	Recovery of Prior Period Written off amount	1,050,791	259,107
	Profit on Sale of Assets	67,744	108,923
	Cash Reward from Access	-	100,000
	Total	1,986,367	1,183,798





RGVN (NORTH EAST) MICROFINANCE LIMITED

(All amounts in Rs. unless otherwise stated)

Notes Forming Part Of Balance Sheet And Statement Of Profit And Loss For The Period Ended March 31, 2017

15	Finance Cost	31-Mar-17	31-Mar-16
	Interest Expenses		
	- Banks	318,306,592	117,832,114
	- Financial Institutions	86,968,416	51,603,291
	- Non Banking Finance Companies	133,314,769	113,524,604
	- External Commercial Borrowing	1,987,272	3,790,692
	- Non convertible Debentures	115,783,157	50,652,228
	Loan Processing Fee on Term Loans	20,326,500	28,840,556
	Bank Charges	2,959,069	2,002,486
	Documentation Charges	1,023,780	1,458,760
	Loan Inspection Charge	1,380,912	387,256
	Expenses for NCD Listing	632,615	1,725,573
	Due Delegation Expenses	1,016,430	167,373
	Loan Prepayment Charges	66,635	-
	Total	683,766,147	371,984,933
16	Employee Benefit Expenses	31-Mar-17	31-Mar-16
	Employee Salaries		
	-Managing Director	2,549,673	1,675,000
	-Other Employees	147,316,416	109,769,011
	Contribution to Provident Fund	8,137,586	7,079,094
	Insurance Expenses	2,680,989	1,574,939
	Leave Encashment	5,358,009	1,553,535
	Recruitment Expenses & Training Exp	877,493	932,378
	Gratuity Expenses	4,012,032	4,499,125
	Buy Out Notice Period	130,935	-
	Chairman Remuneration	1,500,000	-
	Total	172,563,133	127,083,082
17	Other Operating Expenses	31-Mar-17	31-Mar-16
	Traveling and Conveyance Expenses	12,965,850	7,182,483
	Rent, Rates and taxes	13,332,335	10,693,887
	Auditors' Remuneration		
	Audit Fee	300,000	230,000
	Internal Auditor's Fee	-	121,999
	Meeting Expenses	4,291,440	2,922,000
	Printing & Stationery	5,075,648	4,408,368
	Telephone Expenses	2,242,646	970,406
	Electricity Expenses	745,888	642,848
	Listing Expenses	51,960	101,500
	Software Programme Expenses	707,513	593,936
	Fund Arrangers fee	3,500,000	1,550,000
	Repairs & Maintenance	4,316,603	2,439,338
	Consultancy & Professional Fees Expenses	2,183,309	1,987,264
	Rating Expenses	1,216,569	1,026,788
	Corporate Social Responsibility Expenses	3,374,865	1,742,221
	Office Maintenance & General Expenses	6,337,662	5,456,792
	Total	60,642,288	42,069,830
18	Provisions and Written Off	31-Mar-17	31-Mar-16
	Provision for Portfolio Assets	20,077,502	16,490,779
	Provision for fraud	-	13,343
	Preliminary and Pre-Operative Expenses	-	536,818
	Portfolio written-off	-	3,772,060
	Staff Loan Written off	-	86,700
	Total	20,077,502	20,899,700





RGVN (NORTH EAST) MICROFINANCE LIMITED

(All amounts in Rs. unless otherwise stated)

Notes Forming Part Of Balance Sheet And Statement Of Profit And Loss For The Period Ended March 31, 2017

19	Extra Ordinary Items- Small Finance Bank	31-Mar-17	31-Mar-16
	Professional Fee	21,666,000	6,375,000
	Advisory fee	-	403,974
	Travelling expenses	3,406,026	800,158
	Accommodation & Refreshments	4,574,466	863,810
	General Expenses	2,508,817	145,175
	Employee Training Expenses	4,634,782	-
	Recruitment Expenses	2,858,129	143,515
	Software Expenses	10,000,000	-
	Total	49,648,220	8,731,632
20	Prior Period Expenses	31-Mar-17	31-Mar-16
	Provision for Gratuity	-	1,449,708
	Provision for Leave Encashment	-	6,832,873
	Total	-	8,282,581

The previous year figures are regrouped /rearranged to confirm to current year presentation.



RGVN (NORTH EAST) MICROFINANCE LIMITED

(All amounts in Rs. unless otherwise stated)

Note:8

Depreciation As per Companies Act 2013

Description	Gross block			Depreciation				Net block		
	As at 31-03-2016	Additions	Deductions/Adjustments	As at 31-03-2017	As at 31-03-2016	Depreciation charged during the FY 2016-17	Deduction/Adjustments	Upto 31-03-2017	As at 31-03-2017	As at 31-03-2016
Tangible Assets:										
Furniture & Fixtures	7,922,562	1,306,188	197,300	9,031,450	4,339,098	1,065,836	183,239	5,221,694	3,809,756	3,583,464
Vehicles	2,453,442	-	-	2,453,442	737,588	581,719	-	1,319,307	1,134,134	1,715,853
Office Equipments	3,648,015	1,305,020	8,800	4,944,235	2,621,093	596,893	8,360	3,209,626	1,734,608	1,026,921
Computer & Software	4,273,721	4,815,163	-	9,088,884	3,265,205	1,079,085	-	4,344,290	4,742,594	1,006,516
Generator Set	504,085	148,038	-	652,103	290,459	63,657	-	354,115	297,988	213,626
Bicycle	40,034	-	8,100	31,934	27,992	1,826	7,695	22,123	9,811	12,042
Total: I	18,839,858	7,574,389	214,200	26,200,047	11,281,435	3,389,015	199,294	14,471,155	11,728,892	7,558,423
Intangible Assets:										
Software	-	2,153,136	-	2,153,136	-	313,827	-	313,827	1,839,309	-
Total: II	-	2,153,136	-	2,153,136	-	313,827	-	313,827	1,839,309	-
Grand Total (I+II)	18,839,858	9,727,525	214,200	28,353,183	11,281,435	3,702,842	199,294	14,784,982	13,568,201	7,558,423
Previous Year	17,095,360	4,305,413	2,560,916	18,839,858	10,051,164	3,187,379	1,957,109	11,281,435	7,558,423	9,017,442





Notes Forming Part of Balance Sheet and Statement of Profit And Loss for the Year Ended March 31, 2017

1. NOTES ON BUSINESS ACTIVITIES

RGVN(North East) Microfinance Limited is engaged in microfinance lending activities for providing financial services to poor specially Woman(referred as 'members') in the rural areas of North east who are organized as Self Help Group(SHG), Joint Liability Groups (JLG). The company provides small value collateral free loans for income generation to poor women in groups.

All financial transactions are conducted in group meetings organized near the habitats of these women. The operations, in group formation, involves efforts on development training on financial discipline, and constant monitoring through weekly meetings, and providing financial and support services at the doorsteps of the borrowers to ensure high rates of recovery.

The company provided individual loans to the existing members for income generation activities. These loans are generally given to members who completed a minimum of three cycle of loan under JLG/SHG.

The Company has also tied up with Insurance Companies to act as Group Insurance Manager for providing Credit link Insurance to its members.

2.SIGNIFICANT ACCOUNTING POLICIES:

2.1. Basis of Preparation of Financial Statements

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The financial statements have been prepared to comply in all material respects with accounting standards notified under section 133 of the companies Act , 2013, read together with paragraph 7 of the companies (Accounts) Rules, 2014. The financial statements have been prepared under historical cost convention and on accrual basis. The accounting policies adopted in the preparation of financial statements are consistent with those used in the previous year.

2.2. Revenue Recognition:

1. Interest Income on loans given is recognized under the accrual basis. Income on non-performing loans is recognized only when realized and any interest recognized and remaining unrealized on such loans becoming non-performing is reversed.
2. Interest income on fixed deposits with banks is recognized on a time proportion accrual basis taking into account the amount outstanding and the rate applicable.
3. All other income is recognized on an accrual basis.

2.3. Fixed Assets:

Fixed assets are stated at cost, less accumulated depreciation and impairment if any. The cost of acquisition comprises of purchase price inclusive of duties (net of centvat), taxes, including expenses, erection/commission up to the date assets are ready for their intended use.

2.4. Retirement and other employee benefits:

The Details of Employee benefits are as given below:

Defined Contribution Plan

*Provident fund: Retirement benefits in the form of monthly contributions are made to the provident fund in accordance with the fund rule and the contribution are charged to the profit & loss account. During the year company have contributed Rs.99,21,789 /- (Previous Year-79,20,030/- to the provident fund.)





Defined Benefit Plans

•The Company has a funded gratuity scheme for its employees and the Gratuity liability has been made based on the actuarial valuation done as at the year end. The details of actuarial valuation as provided by the Independent Actuary are as follows and during the year company have Contributed Rs.89,67,512/- as gratuity premium:

Changes in the Present Value of Obligation:

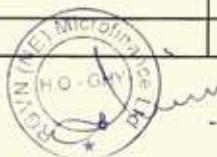
Particulars	As on	
	31-Mar-17	31-Mar-16
Present Value of Obligation as at the beginning	16,492,715	10,502,958
Acquisition Adjustment	-	-
Interest Cost	1,318,478	842,029
Past Service Cost	-	-
Current Service Cost	2,730,176	2,418,450
Curtailment Cost	-	-
Settlement Cost	-	-
Benefits Paid	(479,827)	(761,161)
Actuarial (Gain) / Loss on the Obligation	888,104	3,490,439
Present Value of Obligation as at the end	20,949,646	16,492,715

Changes in the Fair Value of Plan Assets:

Particulars	As on	
	31-Mar-17	31-Mar-16
Fair Value of Plan Assets as at the beginning	12,805,169	10,502,958
Acquisition Adjustment	-	-
Expected Return on Plan Assets	1,023,685	-
Employer's Contributions	8,967,512	2,326,833
Employee's Contributions	-	-
Benefits Paid	(479,827)	(761,161)
Actuarial Gain / (Loss) on the Plan Assets	(98,959)	736,539
Fair Value of Plan Assets as at the end	22,217,580	12,805,169

Expenses Recognised in the Profit and Loss Account:

Particulars	As on	
	31-Mar-17	31-Mar-16
Current Service Cost	2,730,176	2,418,450
Past Service Cost	-	-
Interest Cost	1,318,478	842,029
Expected Return on Plan Assets	(1,023,685)	-
Curtailment Cost	-	-





Settlement Cost		
Net Actuarial (Gain) / Loss recognised in the period	987,063	2,753,900
Expenses Recognised in statement of Profit and Loss	4,012,032	6,014,379

Notes

- a) The estimate of future salary increase takes into account inflation, seniority, promotion and other relevant factors. Further, the Management revisits the assumptions such as attrition rate, salary escalation etc., taking into account, the business conditions, various external/internal factors affecting the Company.
- b) The discount rate is based on the prevailing market yields of Indian government bonds at the valuation date for the expected term of the obligation.

2. Compensated Absences

Particulars	As on	
	31-Mar-17	31-Mar-16
Charge in statement of Profit & Loss	53,58,009	(408,986)
Liability as at the period end	(11,177,588)	6,423,887
Actuarial Assumptions		
Discount rate (per annum)	7.5%	8.00%
Salary growth rate (per annum)	7.00%	7.00%
Expected rate of return on plan assets (per	-	-

2.5. Taxation:

Tax expenses comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the income – tax Act, 1961. Deferred taxes reflect the impact of current year timing difference between taxable income and accounting income for the year and reversal of timing difference of earlier years.

Deferred tax is measured based on the tax rates and the tax law enacted or substantively enacted at the balance sheet date. Deferred tax asset and deferred tax liabilities are offset. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax asset can be realised. In situation where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

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

2.6. Cash and Cash Equivalents:

Cash and cash equivalents for the purpose of cash flow statement comprise cash in hand and cash at bank.





Basic Earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by weighted average number of equity shares outstanding during the period.

Diluted Earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by weighted average number of equity shares outstanding during the period by adjusting for the effects of all dilutive potential equity shares.

2.8. Provisions

Provisions are recognized when the company has present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made for the amount of the obligation.

2.9. Prior Period and Extra Ordinary Items

Prior Period items and extra Ordinary items having material impact on the financial statements of the company are disclosed separately.

2.10. Segment information

The company operates in a single reportable segment for the purpose of As 17 on "Segment Reporting" notified under the companies (Accounting Standard) Rules, 2006. The Company operates in North Eastern India.

2.11. Contingent Liabilities

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

'Capital commitments' are future liabilities for capital expenditure in respect of capital contracts having penalty disproportionate to the benefits.

2.12. Classification of Loan Portfolio

The Company follows Prudential Norms of the Reserve Bank of India (RBI) with regard to classification in respect of all loans extended to its customers. Loans where the instalment is overdue for a period of 90 day or more or on which interest amount remained overdue for a period of 90 days or more is treated as Non-performing assets.

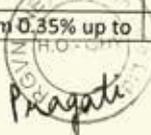
Classification of Loans and provision made for Standard / sub-standard / NPA assets are as given below:

Classification of Assets	As at March 31, 2017	As at March 31, 2016
Standard (Default: 0 Days)	6,745,238,217	486,79,51,074
Sub-Standard (Default: 1-90 Days)	101,776,142	17,48,523
Non-Performing Assets (Default: beyond 90Days)	36,165,865	57,30,443
Total	6,883,180,224	487,54,30,040

Provision / Write off for Non- Performing Assets

Provision for Non-performing assets is made in accordance with the following guidelines.

Classification of Assets	Portfolio	Provision %	Provision for Loans
Standard	6,745,238,217	Minimum 0.35% up to	45,73,289



Provision / Write off for Non- Performing Assets

Provision for Non-performing assets is made in accordance with the following guidelines.

Classification of Assets	Portfolio	Provision %	Provision for Loans
Standard	6,745,238,217	Minimum 0.35% up to maximum of 1%	45,713,289
Sub-Standard	101,776,142		
Non-Performing Assets (91 to 180 days)	26,094,704	50%	13,047,352
Non-Performing Assets (More than 180 days)	10,071,161	100%	10,071,161
Total	6,883,180,224		68,831,802
Provision higher of the following			
(a) Provision on NPA			23,118,513
(b) 1% of Portfolio			68,831,802
Total Provision Created			68,831,802

Particulars	2016-17	2015-16
Provision Balance as on 31-03-2017	48,754,300	32,263,521
Provision made	20,077,502	16,490,779
Provision Balance	68,831,802	48,754,300

Loans are provided for as per management's estimates, subject to the minimum provision required as per Non-Banking Financial (Non-Deposit Accepting or Holding Companies Prudential Norms (Reserve Bank) Directions, 2007 as amended from time to time

The following loans/debts are expected to liquidate during the FY2017-18:

Bank/Financial Institutions	Original Amount	Balance as on 31-03-2017	Termination Date
Small Industries Development Bank of India	80,000,000	17,777,000	10.09.2017
North Eastern Development Finance Corporation Ltd.	100,000,000	15,154,353	31.08.2017
	20,000,000	6,060,749	31.01.2018
IDBI Bank Ltd.	300,000,000	142,854,000	01.01.2018
Assam Gramin Vikas Bank	60,000,000	3,60,449	07.04.2017
State Bank Of India	300,000,000	79,991,096	30.11.2017
Hero FinCorp Ltd	80,000,000	3,822,452	08.10.2017
Axis Bank	50,000,000	12,500,000	31.07.2017
	150,000,000	85,714,286	24.02.2018
IFMR Capital Finance Pvt. Ltd.	100,000,000	32,236,838	02.10.2017
	80,000,000	25,789,472	09.10.2017
	20,000,000	6,448,263	30.10.2017
Yes Bank	200,000,000	86,956,521.79	22.01.2018
	100,000,000	47,826,086.93	12.02.2018
	200,000,000	104,347,826.13	03.03.2018
TOTAL	1,940,000,000	682,934,110	



2.13. Additional information as far as applicable pursuant to part II of schedule III of the Companies Act, 2013

	2016-17	2015-16
(i) Value of Imports	NIL	NIL
(ii) Expenditure in Foreign Currency	NIL	NIL
(iii) Earning in Foreign Currency	NIL	NIL

2.14. Deferred Tax:

Deferred tax asset for the year was calculated Rs. 28,402,739 which includes the following

Components:-	2016-17	2015-16
(a) Difference in Written Down value of Fixed assets as per Income Tax 1961 & Companies Act 2013	1,151,896	1,149,441
(b) Disallowance of provision on loan assets	23,821,310	16,872,888
© Disallowance of Provision for Gratuity	(438,807)	1,276,186
(d) Disallowance of Provision for Leave Encashment	3,868,340	-
Total	28,402,739	21,521,694

2.15. Earnings per Share

Particulars	2016-17	2015-16
Net Profit after tax as per Profit and Loss A/c	275,374,299	135,363,132
Weighted average equity -Basic (nos.)	40,018,665	38,652,302
Weighted average equity -Diluted (nos.)	40,018,665	38,652,302
Basic earnings per share	6.88	3.50
Diluted earnings per share	6.88	3.50

2.16. Related Party disclosure

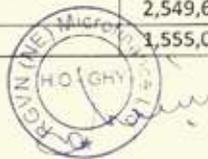
1. List of Related Parties is Given Below:

- I. Key Management Personnel Ms. Rupali Kalita, Managing Director
- II. North East Small Finance Bank Limited ,Subsidiary Company (99.99% Holding)

2. Transactions with Related Parties during the period:

• Ms. Rupali Kalita

Particulars	2016-17	2015-16
Gross Salaries	2,549,673	1,560,000
Allowances and incentives	1,555,000	840,000





• North East Small finance Bank Limited

Particulars	2016-17
Investment of 110,384,395 Equity Share @Rs10	1,103,843,950
ROC Registration Fee Paid on behalf of North East Small Finance Bank Limited –Recoverable in once North East Small Finance Bank Limited become operational	25,002,925

2.17. Disclosure Pursuant to Reserve Bank of India Notification DNBS.200/CGM (PK)-2008 dated 1st August 2008.

1. Capital to Risk Asset Ratio

Particulars	2016-17
Tier I Capital	1,313,493,610
Tier II Capital	45,713,289
Total	1,359,206,899
Total Risk Weighted Assets	7,236,719,089
Capital Ratios:	
Tier I Capital as a percentage of Total Risk Weighted Assets (%)	18.15%
Tier II Capital as a percentage of Total Risk Weighted Assets (%)	0.63%
TOTAL CRAR (%)	18.78%

2. Exposure to Real Estate Sector, Both Direct & Indirect

The Company does not have any direct or indirect exposure to the Real Estate Sector as at March 31, 2017.

2.18. Concentration of Advances

Total Advances to twenty largest borrowers	1,000,000
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	0.015%

2.19. Concentration of NPAs

Total Exposure to top four NPA accounts	239,866
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2.20. Disclosure as required under DNBS (PD) CC. No. 300 / 03.10.038/2012-13 dated August 3, 2012.

The Financial Margin of the Company as on 31 March 2017 is below 10%

2.21. Disclosure under section 22 of Micro, Small and Medium Enterprise Development Act 2006

There are no Micro and Small Enterprises, to whom the company owes dues.



- The company has disbursed the loan with a rural household annual income not exceeding Rs.1,00,000/- or urban and semi-urban household income not exceeding Rs. 1, 60,000/-
- The maximum loan provided to the borrowers is Rs. 50,000/-
- The tenure of the loan is more than 24 months for loan amount in excess of Rs.35,000/- with prepayment without penalty.
- Loans are collateral free.
- 99% of the loan given for the income generating activities
- 81.86% of the Net Assets are qualifying in nature.

2.23. Previous year figures have been re-grouped / re- arranged/ re-casted whenever necessary to make them more comparable with Current Year's figures.

2.24. There were 5 instances of fraud detected by the management; total amount involved being Rs.1.64Lacs and the same have been recovered.

2.25. Corporate Social Responsibility

Particulars	FY15	FY16	FY17
Net Profit as per Audited Financials	108,445,967	224,269,609	451,175,684
CSR expenditure to be made by the company during the financial year	1,215,309	1,640,285	2,687,025
CSR Expenditure made by the company during the financial year	418,720	1,742,221	3,374,865

2.26. Additional Disclosure pursuant to Reserve Bank of India Direction vide Circular no. RBI/2014-15/299, DNBR (PD) CC.No.002/03.10.001/2014-15 dated November 10,2014

SL.NO	PARTICULARS	REMARKS
1	Investment	Nil
2	Derivatives i) Forward Rate Agreement/ Interest Rate Swap ii) Exchange Traded Interest Rate (IR) Derivatives iii) Disclosure of Risk Exposure in Derivatives iv) Forward rate agreement / interest rate swap	The company has not entered into any derivative transactions in the current and previous years.
3	3. Disclosure relating to Securitisation i) Information duly certified by the SPV'S Auditors obtained by the originating NBFC from the SPV. ii) Details of financial assets sold to securitisation/Reconstruction company for asset reconstruction. iii) Details of Assignment transactions undertaken by NBFCs	The Company has not sold financial assets to securitization or reconstruction company for the assets reconstruction for the year
4	Details of non performing financial assets purchased /Sold i) Details of non performing financial assets purchased : ii) Details of non performing financial assets sold:	The Company has not purchased/sold any non performing financial assets.
5	Exposure i) Exposure to Real estate sector ii) Exposure to Capital Market.	The Company has no exposure to real estate and Capital Market directly or indirectly.



	limit(GBL) exceeded by NBFC ii)Unsecured Advances	exceeded by the Company. ii) Portfolio Loan of Rs.6,883,180,224/-
7	Miscellaneous i)Registration obtained from other financial sector regulators ii)Disclosure of Penalties imposed by RBI and other regulators iii)Rating assigned by credit rating agencies and migration of ratings during the year	i) Nil ii) Nil iii) BBB+ Smera
8	Additional Disclosures i)Concentration of Deposits ii)Overseas Assets (for those Joint Ventures and Subsidiaries abroad as per accounting norms)	i) Not applicable as the Company is NBFC-ND ii) The NBFC has no any overseas Assets
9	Disclosure of Complaints	The company has not received any complaint during the Year.

2.27. During the year, the Company had Specified Bank Notes(SBNs) or other denomination notes as defined in the 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 to December 30, 2016, the denomination-wise SBNs and other notes as per the notification are as follows :

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	56,000	670,715	726,715
(+) Permitted receipts	-	923,618,999	923,618,999
(+) Non - Permitted receipts	33,256,000	-	33,256,000
(-) Permitted payments	-	2,571,713	2,571,713
(-) Amount deposited in Banks	33,312,000	920,189,975	953,501,975
Closing cash in hand as on 30.12.2016	0	1,528,026	1,528,026



Schedule to the Balance Sheet of a non-deposit taking non-banking financial company
(as required in terms of Paragraph 9B8 of Non-Banking Financial Companies Prudential Norms (Reserve Bank)
Directions, 1998

(Rs)

Particulars			
Liabilities side :		2017	
(1)	Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not <u>paid</u>:	Amount out- standing	Amount Overdue
	(a) Debentures : Secured	892,600,000	Nil
	: Unsecured	Nil	Nil
	(other than falling within the meaning of public deposits*)		
	(b) Deferred Credits	Nil	Nil
	(c) Term Loans	5,905,897,489	Nil
	(d) Inter-corporate loans and borrowing	Nil	Nil
	(e) Commercial Paper	Nil	Nil
	(f) Other Loans (specify nature)	Nil	Nil
	* Please see Note 1 below		
Assets side :			
		Amount outstanding	
(2)	Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :		
	(a) Secured	Nil	
	(b) Unsecured	6,883,180,224	
(3)	Break up of Leased Assets and stock on hire and other assets counting towards AFC activities		





<p>(i) Lease assets including lease rentals under sundry debtors :</p> <p>(a) Financial lease</p> <p>(b) Operating lease</p> <p>(ii) Stock on hire including hire charges under sundry debtors:</p> <p>(a) Assets on hire</p> <p>(b) Repossessed Assets</p> <p>(iii) Other loans counting towards AFC activities</p> <p>(a) Loans where assets have been repossessed</p> <p>(b) Loans other than (a) above</p>	<p>The company does not have any leased assets and stock on hire in the current and previous years.</p>
<p>(4) Break-up of Investments :</p> <p>Current Investments :</p> <p>1. Quoted :</p> <p>(i) Shares : (a) Equity</p> <p>(b) Preference (ii) Debentures and Bonds (iii) Units of mutual funds</p> <p>(iv) Government Securities</p> <p>(v) Others (please specify)</p> <p>2. Unquoted :</p> <p>(i) Shares : (a) Equity</p>	<p>Nil</p>
<p>(b) Preference</p>	
<p>(ii) Debentures and Bonds</p>	



(iii) Units of mutual funds (iv) Government Securities (v) Others (please specify) <u>Long Term investments :</u> 1. <u>Quoted :</u> (i) Shares : (a) Equity (b) Preference (ii) Debentures and Bonds (iii) Units of mutual funds (iv) Government Securities (v) Others (please specify) 2. <u>Unquoted :</u> (i) Shares : (a) Equity (b) Preference (ii) Debentures and Bonds (iii) Units of mutual funds (iv) Government Securities (v) Others (please specify)	1,103,843,950		
(5) Borrower group-wise classification of assets financed as in (2) and (3) above : Please see Note 2 below			
Category	Amount net of provisions		
	Secured	Unsecured	Total
1. Related Parties **			
(a) Subsidiaries	Nil	Nil	Nil
(b) Companies in the same group	Nil	Nil	Nil
(c) Other related parties	Nil	Nil	Nil
2. Other than related parties	Nil	6,883,180,224	6,883,180,224
Total	Nil	6,883,180,224	6,883,180,224
(6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted): Please see note 3 below			



Category	Market Value / Break up or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties **		
(a) Subsidiaries	1,103,843,950	1,103,843,950
(b) Companies in the same group	Nil	Nil
(c) Other related parties	Nil	Nil
2. Other than related parties	Nil	Nil
Total	1,103,843,950	1,103,843,950

** As per Accounting Standard of ICAI (Please see Note 3)

(7) Other information

Particulars	Amount
(i) Gross Non-Performing Assets	
(a) Related parties	Nil
(b) Other than related parties	36,165,865
(ii) Net Non-Performing Assets	
(a) Related parties	Nil
(b) Other than related parties	13,047,352
(iii) Assets acquired in satisfaction of debt	Nil

Notes:

- As defined in paragraph 2(1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
- Provisioning norms shall be applicable as prescribed in Non-Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 or Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 whichever is applicable.
- All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in (4) above.





FINANCIAL REPORT
NORTH EAST SMALL FINANCE BANK

2016 -17



D.PATWARY & CO.

Chartered Accountants

Independent Auditor's Report

To the Members of North East Small Finance Bank

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of **NORTH EAST SMALL FINANCE BANK** ("the Bank"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

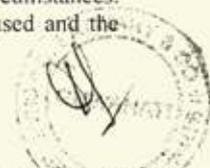
2. The Bank's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Bank in accordance with the provisions of Section 29 of the Banking Regulation Act, 1949, accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, in so far as applicable to banks, and the guidelines issued by the Reserve Bank of India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Bank and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the standalone financial statements 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 financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Bank's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the



reasonableness of the accounting estimates made by the Bank's Directors, and evaluating the overall presentation of the financial statements.

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

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Banking Regulation Act, 1949 and the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Bank as at 31st March, 2017, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

7. The Balance Sheet and the Profit and Loss Account and Cash Flow Statement have been drawn up in accordance with the provision of Sec 29 of the Banking Regulation Act, 1949 read with Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.

8. As required by Section 143(3) of the Act and Section 30 of the Banking Regulation Act, 1949, 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 and have found them to be satisfactory.

b) In our opinion, the transactions of the Bank which have come to our notice have been within the powers of the Bank.

9. Further, as required by Sec 143(3) of the Act, we further report that:

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

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

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

d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards prescribed under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014 to the extent they are not inconsistent with the accounting policies prescribed by RBI.





D.PATWARY & CO.

Chartered Accountants

e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st 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 Bank and the operating effectiveness of such controls, refer to our Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Bank's internal financial controls over financial reporting.

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 Bank has disclosed the impact of pending litigations on its financial position in its financial statements – Not Applicable

ii. The Bank has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts–Not Applicable

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Bank-Not Applicable.

iv. The disclosure requirement as envisaged in Notification G.S.R 308(E) dated 30th March, 2017 is not applicable to the Bank

For **D PATWARY & CO**
Chartered Accountants
(Firm's Registration No. 324523E)

Deepak Patwary
Partner
(Membership No. 060467)



Guwahati
April 27, 2017



D.PATWARY & CO.

Chartered Accountants

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1.f under 'Report on Other Legal and Regulatory Requirements' of our report of even date) Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

1. We have audited the internal financial controls over financial reporting of **NORTH EAST SMALL FINANCE BANK** ("the Bank") as at 31st March, 2017 in conjunction with our audit of the standalone financial statements of the Bank for the year ended on that date.

Management's Responsibility for Internal Financial Controls

2. The Bank's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Bank considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Bank'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, the Banking Regulation Act, 1949 and the guidelines issued by the Reserve Bank of India.

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Bank'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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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





D.PATWARY & CO.

Chartered Accountants

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

Meaning of Internal Financial Controls Over Financial Reporting

6. 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 and other applicable regulations. A company's internal financial control over financial reporting includes those policies and procedures that

- (a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (b) 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
- (c) 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

7. 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

8. In our opinion, to the best of our information and according to the explanations given to us, the Bank 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 31st March, 2017, based on the internal control over financial reporting criteria established by the Bank 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 **D PATWARY & CO**
Chartered Accountants
(Firm's Registration No. 324523E)


Deepak Patwary
Partner (Membership No. 060467)



Guwahati
April 27, 2017



North East
Small Finance Bank
Your Doorstep Banker

NORTH EAST SMALL FINANCE BANK
AUDITED FINANCIAL STATEMENTS
FOR THE PERIOD ENDING 31ST MARCH 2017

NORTH EAST SMALL FINANCE BANK

Balance Sheet as at 31st March 2017

Particulars	Notes	31st March 2017
I. CAPITAL AND LIABILITIES		Rs.
Capital	1	1,103,849,950
Reserves and surplus	2	226,052
Deposits		-
Borrowings		-
Other liabilities and Provisions	3	25,124,208
Total Capital and Liabilities		1,129,200,210
II. ASSETS		
Cash and Balances with RBI		-
Balances With Banks and Money at call and short Notice	4	1,103,849,203
Investments		-
Advances		-
Fixed Assets		-
Other Assets	5	25,351,007
Total Assets		1,129,200,210
Contingent Liabilities		
Bills for Collection		-
Credit Equivalent of OBS Exposures (as per Basel-II)		-
Contingent credits		-
Derivatives		-

The accompanying notes are an integral part of the financial statements

As per our Audit report of even date

for D. Patwary & Co.

Chartered Accountants

Deepak Patwary
Partner

M. No.: 060467

FAN No. 324523E

Place: Guwahati

Date: 27/04/2017



For and on behalf of the Board of Directors of
NORTH EAST SMALL FINANCE BANK

Director H.O. Director





NORTH EAST SMALL FINANCE BANK

Statement of Profit and Loss for the period ended 31st March 2017

Particulars	Notes	31st March 2017
		Rs.
I. Income		
Interest earned	6	348,082
Other income		-
Total		348,082
II. EXPENDITURE		
Interest Expended		-
Operating Expenses	7	25,748
Provisions and Contingencies	8	96,283
Total		122,031
III. Profit/Loss		
a. Net Profit / Loss (-) for the year [I. Income - II. Expenditure]		226,052
Below the line Adjustment		-
b. Profit / Loss (-) brought forward		-
Profit/(Loss) (a+b)		226,052
IV. Appropriations [= III]		
Transfer to Statutory Reserves		45,210
Transfer to Other Reserves		-
Transfer to Govt. / Proposed Dividend / Remittance to H.O.		-

The accompanying notes are an integral part of the financial statements

As per our Audit report of even date
for D. Patwary & Co.

Chartered Accountants

Deepak Patwary
Partner

M. No.: 060467

FRN No. 324523E

Place: Guwahati

Date: 27/04/2017



For and on behalf of the Board of Directors of
NORTH EAST SMALL FINANCE BANK

[Signature] *[Signature]*
Director Director





NORTH EAST SMALL FINANCE BANK

(All amounts in Rs. unless otherwise stated)

CASH FLOW STATEMENT FOR THE YEAR ENDED	31st March 2017
CASH FLOW FROM OPERATING ACTIVITIES	
Net Profit/(Loss)	226,052
Add: Non Cash Expenditure:	
Provision for Bad & Doubtful Debts	-
Depreciation	-
Operating Profit before Working Capital Changes	226,052
Adjustments for:	
(Increase)/Decrease in Current Assets	(25,351,007)
(Increase)/Decrease in loans disbursed	-
(Decrease)/Increase in Current Liabilities	25,124,208
Cash generated from Operations:	(748)
Differed Tax	-
Net Cash Flow from Operating Activities	(A) (748)
CASH FLOW FROM INVESTING ACTIVITIES:	
(Purchase)/Sale of Fixed Assets	-
(Purchase)/Sale of Investments	-
Net Cash Flow from Investing Activities	(B) -
CASH FLOW FROM FINANCING ACTIVITIES:	
Increase/(Decrease) in Share Capital	1,103,849,950
Increase/(Decrease) in Securities Premium	-
Increase/(Decrease) in Secured Loans	-
Net Cash Flow from Financing Activities	(C) 1,103,849,950
Net Increase or (Decrease) in Cash or Cash Equivalents (A+B+C)	1,103,849,203
Opening Cash and Cash Equivalents	-
Closing Cash and Cash Equivalents at the end of the year	1,103,849,203

The accompanying notes are an integral part of the financial statements

As per our Audit report of even date

for D. Patwary & Co.

Chartered Accountants

Deepak Patwary

Partner

M. No.: 060467

FRN No. 324523E

Place: Guwahati

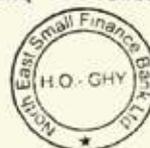
Date: 27/04/2017



For and on behalf of the Board of Directors of

NORTH EAST SMALL FINANCE BANK

Director Director





NORTH EAST SMALL FINANCE BANK

(All amounts in Rs . unless otherwise stated)

Notes Forming Part Of Balance Sheet For The Period Ended 31st March 2017

1 Share Capital	31st March 2017
Authorized:	
500,000,000 Equity Share of Rs.10 Each	5,000,000,000
Total	5,000,000,000
Issued, Subscribed and paid up:	
(110,384,995 Equity Shares of Rs.10/- each fully paid up)	1,103,849,950
Total	1,103,849,950

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

Equity shares	March 31, 2017	
	Number	Amount
Shares at the beginning of the year	-	-
Shares issued during the year	110,384,995	1,103,849,950
Outstanding at the end of the period	110,384,995	1,103,849,950

(a) Details of shareholders holding more than 5% shares in the company

Equity shares	March 31, 2017	
	% of holding	No. of shares
Name of the Shareholder		
RGVN (North East) Microfinance Ltd	99.999%	110,384,395
Total	99.999%	110,384,395

2 Reserves and Surplus	31st March 2017
A. Statutory Reserve (a + b - c)	
a) Opening Balance	-
b) Additions during the year	45,210
c) Deductions during the year	-
Closing(I)	45,210
B. Share Premium (a + b - c)	
a) Opening Balance	-
b) Additions during the year	-
c) Deductions during the year	-
Closing(II)	-
C. General Reserve (a + b - c)	
a) Opening Balance	-
b) Additions during the year	226,052
c) Deductions during the year	45,210
Closing(III)	180,841
Total(I+II+III)	226,052





NORTH EAST SMALL FINANCE BANK

(All amount in Rs. unless otherwise stated)

Notes Forming Part Of Balance Sheet For The Period Ended 31st March 2017

			31st March 2017
3	Other Liabilities and Provisions		
	II. Inter - Office Adjustments (net)	-	
	III. Interest Accrued	-	
	IV. Other (including Provisions)	-	
	IV.1 Prudential Provisions against Standard Assets	-	
	IV.2 Proposed Dividend (incl. Tax on Dividend)	-	
	IV.3 Deferred Tax Liabilities (net)	-	
	IV.4 All Others	-	
	Total (I + II + III + IV)		25,124,208
			25,124,208
4	Balances with Banks and Money at Call and Short Notice		31st March 2017
	I. In India (i + ii + iii)	-	
	(i) Balances with banks (a + b)	-	
	a) in current accounts	3,849,203	
	b) in other deposit accounts	1,100,000,000	
	(ii) Money at call and short notice (a + b)	-	
	a) With banks	-	
	b) With other institutions	-	
	(iii) Other Placements (incl. CBLO, etc.) (a + b)	-	
	a) With banks	-	
	b) With other institutions	-	
	II. Outside India (a + b + c + d)	-	
	a) In current accounts	-	
	b) In other deposits accounts	-	
	c) Money at call and short notice	-	
	d) Others	-	
	Total (I+II)		1,103,849,203





NORTH EAST SMALL FINANCE BANK

(All amount in Rs. unless otherwise stated)

Notes Forming Part Of Balance Sheet For The Period Ended 31st March 2017

5	Other Assets	31st March 2017
	II. Interest Accrued	313,273
	III. Tax Paid in Advance / tax deducted at source	34,809
	IV. Stationary and stamps	-
	V. Non-Banking assets acquired in satisfaction of claims	-
	VI. Deferred Tax Assets (net)	-
	VII. Others	-
	-Preliminary and preoperative expenses	25,002,925
	Total (I + II + III + IV + V + VI +VII)	25,351,007
6	Interest Earned	31st March 2017
	I. Interest on balances with RBI and other inter bank funds	348,082
	II. Interest/Discount on Loans/Advance/Bills	-
	III. Income on Investments	-
	IV. Income from Other Interest Earning Assets	-
	Total (I + II + III + IV)	348,082
7	Operating Expenses	31st March 2017
	I. Payments to and provisions for employees, of which	
	II. Rent, Taxes and Lighting	
	III. Printing and Stationery	
	IV. Advertisement and Publicity	
	V. Depreciation on Bank's Property	
	VI. Director's fees, Allowances and Expenses	
	VII. Auditor's fees and expenses including branch auditors	25,000
	VIII. Law charges	
	IX. Postages, Telegrams , Telephones etc.	
	X. Repairs and maintenance	
	XI. Insurance	
	XII. Expenses on Outsourced Services / Agencies	
	XIII. Other Expenditure	748
	Total (I + II + III + IV)	25,748
8	Provisions and Contingencies	31st March 2017
	I. Provision for Standard Advances	
	II. Provision for Restructured Standard Advances	
	III. Provision for Non-performing Loans & Advances	
	IV. Provision for other Impaired Assets	
	V. Provision for Country Risk	
	VI. Provision for Depreciation in Securities and Investments	
	VII. Provision for Contingent Credit Exposures	
	VIII. Provision for Other losses	
	IX. Provisions For Income Tax	96,283
	X. Provisions For other Liabilities	
	Total (I + II + III + IV)	96,283

(Signature)





Notes Forming Part of Balance Sheet and Statement of Profit And Loss for the Year Ended March 31, 2017

1. NOTES ON BUSINESS ACTIVITIES

North East Small Finance Bank Limited ('NESFB' or 'the Bank'), incorporated in Guwahati, India is a banking company engaged in providing a range of small finance banking and financial services. The Bank is governed by the Banking Regulation Act, 1949 and the Companies Act, 2013.

The bank is promoted by RGVN (North East) Microfinance Ltd and incorporated on 25th July 2016 in compliance with the in-principle approval received from Reserve Bank of India vide letter DBR.PSBD.NBC.(SFB-RGVN).NO.4919/16.13.216/2015-16 dated October 7, 2015. The company has received license No. MUM : 132 from Reserve Bank of India to carry on small finance bank business on March 31, 2017.

2. SIGNIFICANT ACCOUNTING POLICIES:

2.1. Basis of Preparation of Financial Statements

The financial statements have been prepared and presented under the historical cost convention and accrual basis of accounting, unless otherwise stated and are in accordance with Generally Accepted Accounting Principles in India ('GAAP'), statutory requirements prescribed under the Banking Regulation Act, 1949, circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time, Accounting Standards ('AS') specified under Section 133 of the Companies Act, 2013, in so far as they apply to banks and current practices prevailing within the banking industry in India.

Use of estimates

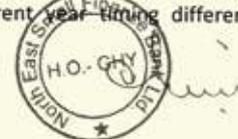
The preparation of financial statements in conformity with GAAP requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses for the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Any revision in the accounting estimates is recognised prospectively in the current and future periods.

2.2. Revenue Recognition:

1. Interest Income on loans given is recognized under the internal rate of return method. Income on non-performing loans is recognized only when realized and any interest recognized and remaining unrealized on such loans becoming non-performing is reversed.
2. Interest income on fixed deposits with banks is recognized on a time proportion accrual basis taking into account the amount outstanding and the rate applicable.
3. All other income is recognized on an accrual basis.

2.3. Taxation:

Tax expenses comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the income - tax Act, 1961. Deferred taxes reflect the impact of current year timing difference





between taxable income and accounting income for the year and reversal of timing difference of earlier years.

Deferred tax is measured based on the tax rates and the tax law enacted or substantively enacted at the balance sheet date. Deferred tax asset and deferred tax liabilities are offset. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax asset can be realised. In situation where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

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

2.4. Cash and Cash Equivalents:

Cash and cash equivalents for the purpose of cash flow statement comprise cash in hand and cash at bank.

2.5. Earnings Per Share

Basic Earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by weighted average number of equity shares outstanding during the period.

Diluted Earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by weighted average number of equity shares outstanding during the period by adjusting for the effects of all dilutive potential equity shares.

2.6. Provisions

Provisions are recognized when the company has present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made for the amount of the obligation.

2.7. Statutory Reserve

Company has transferred 20% of its Profit after tax to Statutory Reserve in compliance with section 17 of BR Act 1949.



2.8. Disclosure of SBN during demonetisation period from 08-11-2016 to 30-12-2016

The company has not transacted in cash during the financials year. However, following disclosure is made vide Notification No. 244/ 2017 dated March 30, 2017 amends Schedule III of the companies Act 2013.

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	Nil	Nil	Nil
(+) Permitted receipts	Nil	Nil	Nil
(-) Permitted payments	Nil	Nil	Nil
(-) Amount deposited in Banks	Nil	Nil	Nil
Closing cash in hand as on 30.12.2016	Nil	Nil	Nil

2.9. Prior Period and Extra Ordinary Items

Prior Period items and extra Ordinary items having materials impact on the financial statements of the company are disclosed separately.

2.10. Segment information

The company operate in a single reportable segment for the purpose of As 17 on "Segment Reporting" notified under the companies (Accounting Standard) Rules, 2006. The Company operates in North Eastern India.

2.11. Additional information as far as applicable pursuant to part II of schedule III of the Companies Act, 2013

	2016-17	2015-16
(i) Value of Imports	NIL	NIL
(ii) Expenditure in Foreign Currency	NIL	NIL
(iii) Earning in Foreign Currency	NIL	NIL

2.12. Earnings per Share

Particulars	2016-17	2015-16
Net Profit after tax as per Profit and Loss A/c	226,052	-
Weighted average equity -Basic (nos.)	110,384,995	-
Weighted average equity -Diluted (nos.)	110,384,995	-
Basic earnings per share	0.002	-
Diluted earnings per share	0.002	-





RGVN (NORTH EAST) MICROFINANCE LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDING 31ST MARCH 2017



D.PATWARY & CO.

Chartered Accountants

Independent Auditors' Report on Consolidated Financial Statements

To the Members of RGVN (North East) Microfinance Ltd. on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of RGVN (North East) Microfinance Ltd. ("the Holding Company") and its subsidiary (collectively referred to as "the Company" or "the Group"), comprising of the consolidated balance sheet as at 31 March 2017, the consolidated statement of profit and loss, the consolidated cash flow statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of the consolidated financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Companies Act, 2013 (hereinafter referred to as "the Act") read with relevant rules issued thereunder.

The respective Board of Directors of the Companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those standards require that we comply with ethical





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

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

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated financial position of the Group, as at 31 March 2017, its consolidated financial performance and its consolidated cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

1. As required by sub-section 3 of Section 143 of the Act, we report, to the extent applicable, that:

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

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.

(c) The consolidated balance sheet, the consolidated statement of profit and loss, and the consolidated cash flow statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

(d) In our opinion, the aforesaid consolidated financial statements comply with the





D.PATWARY & CO.

Chartered Accountants

Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2017 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditors of its subsidiary company incorporated in India, none of the Directors of the Group company incorporated in India is disqualified as on 31 March 2017 from being appointed as a Director of that company in terms of sub-section 2 of Section 164 of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; 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 Companies in the Group did not have any pending litigations to impact its financial position in the consolidated financial statement;

ii. the Companies in the Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and subsidiary company incorporated in India.

iv. the Company has provided requisite disclosures in its consolidated financial statements as to holdings as well as dealings in Specified Bank Notes (including non-permitted receipts in the form of SBNs amounting to Rs.3,32,56,000) 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 2.28 to the consolidated financial statements.

For, D PATWARY & CO
Chartered Accountants
(Firm's Registration No.324523E)


DEEPAK PATWARY
Partner
Membership No.060467



Place:Guwahati
Date:20.05.2017



D.PATWARY & CO
Chartered Accountants

Annexure - A 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")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2017, we have audited the internal financial controls over financial reporting of RGVN (North East) Microfinance Ltd ("the Holding Company") and its subsidiary company which is company incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The Respective Board of Directors of the Holding Company and its subsidiary company, which is company incorporated in India, are 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") issued by ICAI 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 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 financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to





D.PATWARY & CO.

Chartered Accountants

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 Holding Company and its subsidiary company, which is company incorporated in India, have, 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 ICAI.

For, D PATWARY & CO
Chartered Accountants
(Firm's Registration No.324523E)


DEEPAK PATWARY
Partner
Membership No.060467



Place:Guwahati
Date:20.05.2017



RGVN (NORTH EAST) MICROFINANCE LIMITED

Consolidated Balance Sheet as at 31st March 2017

Particulars	31-March-17
I. EQUITY AND LIABILITIES	Rs.
Shareholders' funds	
Share capital	595,127,800
Reserves and surplus	1,655,649,830
	<u>2,250,777,630</u>
Minority interest	6,001
Non-current liabilities	
Long-term borrowings	3,536,557,295
Long term provisions	78,741,456
	<u>3,615,298,751</u>
Current liabilities	
Current liabilities & Provisions	3,509,862,937
	<u>3,509,862,937</u>
Total	<u>9,375,945,320</u>
II. ASSETS	
Non-current assets	
Fixed assets	
Tangible assets	11,728,892
Intangible assets	1,839,309
Capital Work In Progree	-
Loans and advances	-
Loans to Microfinance Customers	-
Due after One Year	1,616,417,527
Other Non-Current assets	51,395,018
	<u>1,706,742,795</u>
Investments	
Investment in North East Small Finance Bank (110384395 Equity Share @Rs10)	-
Deferred tax (Asset)	28,402,739
Current assets	
Cash and cash equivalents	2,071,044,771
Loans and advances	-
(a) Loans to Microfinance Customers	-
Due within One Year	5,266,762,697
(b) Other Loans and advances	25,000,971
Other current assets	277,991,348
	<u>7,640,799,787</u>
Total	<u>9,375,945,320</u>

As per our report of even date
for D. Patwary & Co.
Chartered Accountants

Deepak Patwary
Partner
M. No.: 060467
FRN No. 324523E
Place: Guwahati
Date: 20th May 2017





RGVN (NORTH EAST) MICROFINANCE LIMITED

Consolidated Statement of Profit and Loss for the period ended 31st March 2017

Particulars	31-March-17
Continuing Operations	
Revenue from Operation	1,439,589,449
Other Income	2,334,447
Total	1,441,923,896
EXPENDITURE	
Finance Cost	683,766,147
Employee Benefits Expenses	172,563,133
Other Operating Expenses	60,668,035
Depreciation	3,702,842
Provisions	20,173,784
Total	940,873,942
Profit/(Loss) before Prior Period/Exceptional Items	501,049,954
Expenses for Small Finance bank	49,648,220
Prior Period Expenses	-
Profit/(Loss) before tax	451,401,734
Tax expense:	
- Current Tax	182,778,712
- Deferred tax expense/(benefit)	(6,881,045)
Income Tax of Earlier Years	-
Total Tax Expense	175,897,668
Profit/(Loss) transferred to Balance Sheet	275,504,066

As per our report of even date
for **D. Patwary & Co.**
Chartered Accountants

Deepak Patwary, Partner
M. No.: 060467
FRN No. 324523E
Place: Guwahati
Date: 20th May 2017



For and on behalf of the Board of Directors of
RGVN (NORTH EAST) MICROFINANCE LIMITED

Pragati Patwary
Chairman
Pragati Patwary
Company Secretary

Pragati Patwary
Managing Director



Notes Forming Part of Consolidated Balance Sheet and Statement of Profit And Loss for the Year Ended March 31, 2017

1. NOTES ON BUSINESS ACTIVITIES

RGVN(North East) Microfinance Limited, incorporated in Guwahati, India on 18th July 2008 engaged in microfinance lending activities for providing financial services to poor specially Woman(referred as 'members') in the rural areas of North east who are organized as Self Help Group(SHG), Joint Liability Groups (JLG). The company provides small value collateral free loans for income generation to poor women in groups.

North East Small Finance Bank Limited ('NESFB' or 'the Bank'), incorporated in Guwahati, India is a banking company engaged in providing a range of small finance banking and financial services. The Bank is governed by the Banking Regulation Act, 1949 and the Companies Act, 2013.

The bank is promoted by RGVN (North East) Microfinance Ltd and incorporated on 25th July 2016 in compliance with the in-principle approval received from Reserve Bank of India vide letter DBR.PSBD.NBC.(SFB-RGVN).NO.4919/16.13.216/2015-16 dated October 7, 2015. The company has received license No. MUM : 132 from Reserve Bank of India to carry on small finance bank business on March 31, 2017.

2. SIGNIFICANT ACCOUNTING POLICIES:

2.1. Basis of Preparation of Financial Statements

The financial statements of RGVN (North East) Microfinance Limited have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The financial statements have been prepared to comply in all material respects with accounting standards notified under section 133 of the companies Act , 2013, read together with paragraph 7 of the companies (Accounts) Rules, 2014. The financial statements have been prepared under historical cost convention and on accrual basis. The accounting policies adopted in the preparation of financial statements are consistent with those used in the previous year.

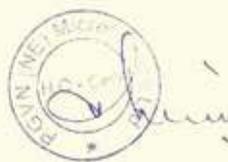
The financial statements of North East Small Finance Bank Limited have been prepared and presented under the historical cost convention and accrual basis of accounting, unless otherwise stated and are in accordance with Generally Accepted Accounting Principles in India ('GAAP'), statutory requirements prescribed under the Banking Regulation Act, 1949, circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time, Accounting Standards ('AS') specified under Section 133 of the Companies Act, 2013, in so far as they apply to banks and current practices prevailing within the banking industry in India.

Use of estimates for North East Small Finance Bank Limited

The preparation of financial statements in conformity with GAAP requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses for the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Any revision in the accounting estimates is recognised prospectively in the current and future periods.

2.2. Revenue Recognition:

1. Interest Income on loans given by RGVN (North East) Microfinance Limited is recognized under the accrual basis. Income on non-performing loans is recognized only when realized and any interest recognized and remaining unrealized on such loans becoming non-performing is reversed.





2. Interest Income on loans given by North East Small Finance Bank Limited is recognized under the internal rate of return method. Income on non-performing loans is recognized only when realized and any interest recognized and remaining unrealized on such loans becoming non-performing is reversed.
3. Interest income on fixed deposits with banks is recognized on a time proportion accrual basis taking into account the amount outstanding and the rate applicable.
4. All other income is recognized on an accrual basis.

2.3. Fixed Assets:

Fixed assets are stated at cost, less accumulated depreciation and impairment if any. The cost of acquisition comprises of purchase price inclusive of duties (net of cenvat), taxes, including expenses, erection/commission up to the date assets are ready for their intended use.

2.4. Retirement and other employee benefits:

The Details of Employee benefits are as given below:

Defined Contribution Plan

• Provident fund: Retirement benefits in the form of monthly contributions are made to the provident fund in accordance with the fund rule and the contribution are charged to the profit & loss account. During the year company have contributed Rs.99,21,789.

Defined Benefit Plans

• The Company has a funded gratuity scheme for its employees and the Gratuity liability has been made based on the actuarial valuation done as at the year end. The details of actuarial valuation as provided by the Independent Actuary are as follows and during the year company have Contributed Rs.89,67,512/- as gratuity premium:

Changes in the Present Value of Obligation:

Particulars	As on
	31-Mar-17
Present Value of Obligation as at the beginning	16,492,715
Acquisition Adjustment	-
Interest Cost	1,318,478
Past Service Cost	-
Current Service Cost	2,730,176
Curtailment Cost	-
Settlement Cost	-
Benefits Paid	(479,827)
Actuarial (Gain) / Loss on the Obligation	888,104
Present Value of Obligation as at the end	20,949,646




Changes in the Fair Value of Plan Assets:

Particulars	As on
	31-Mar-17
Fair Value of Plan Assets as at the beginning	12,805,1699
Acquisition Adjustment	-
Expected Return on Plan Assets	1,023,685
Employer's Contributions	8,967,512
Employee's Contributions	-
Benefits Paid	(479,827)
Actuarial Gain / (Loss) on the Plan Assets	(98,959)
Fair Value of Plan Assets as at the end	22,217,580

Expenses Recognised in the Profit and Loss Account:

Particulars	As on
	31-Mar-17
Current Service Cost	2,730,176
Past Service Cost	-
Interest Cost	1,318,478
Expected Return on Plan Assets	(1,023,685)
Curtailment Cost	-
Settlement Cost	-
Net Actuarial (Gain) / Loss recognised in the period	987,063
Expenses Recognised in statement of Profit and Loss	4,012,032

Notes

- a) The estimate of future salary increase takes into account inflation, seniority, promotion and other relevant factors. Further, the Management revisits the assumptions such as attrition rate, salary escalation etc., taking into account, the business conditions, various external/internal factors affecting the Company.
- b) The discount rate is based on the prevailing market yields of Indian government bonds at the valuation date for the expected term of the obligation.

2. Compensated Absences

Particulars	As on
	31-Mar-17
Charge in statement of Profit & Loss	53,58,009
Liability as at the period end	(11,177,588)
Actuarial Assumptions	
Discount rate(per annum)	7.50%
Salary growth rate(per annum)	7.00%
Expected rate of return on plan assets(per annum)	-



2.5. Taxation:

Tax expenses comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the income – tax Act, 1961. Deferred taxes reflect the impact of current year timing difference between taxable income and accounting income for the year and reversal of timing difference of earlier years.

Deferred tax is measures based on the tax rates and the tax law enacted or substantively enacted at the balance sheet date. Deferred tax asset and deferred tax liabilities are offset. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax asset can be realised. In situation where the company has unabsorbed depreciation or carry forward tax loses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

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

2.6. Cash and Cash Equivalents:

Cash and cash equivalents for the purpose of cash flow statement comprise cash in hand and cash at bank.

2.7. Earnings Per Share

Basic Earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by weighted average number of equity shares outstanding during the period.

Diluted Earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by weighted average number of equity shares outstanding during the period by adjusting for the effects of all dilutive potential equity shares.

2.8. Provisions

Provisions are recognized when the company has present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation and are liable estimate can be made for the amount of the obligation.

2.9. Prior Period and Extra Ordinary Items

Prior Period items and extra Ordinary items having materials impact on the financial statements of the company are disclosed separately.

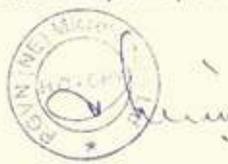
2.10. Segment information

The company operate in a single reportable segment for the purpose of As 17 on “Segment Reporting” notified under the companies (Accounting Standard) Rules, 2006. The Company operates in North Eastern India.

2.11. Contingent Liabilities

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

‘Capital commitments’ are future liabilities for capital expenditure in respect of capital contracts having penalty upto the benefits.



2.12. Classification of Loan Portfolio

The Company follows Prudential Norms of the Reserve Bank of India (RBI) with regard to classification in respect of all loans extended to its customers. Loans where the instalment is overdue for a period of 90 day or more or on which interest amount remained overdue for a period of 90 days or more is treated as Non-performing assets.

Classification of Loans and provision made for Standard / sub-standard / NPA assets are as given below:

Classification of Assets	As at March 31, 2017
Standard (Default: 0 Days)	6,745,238,217
Sub-Standard (Default:1-90 Days)	101,776,142
Non-Performing Assets (Default: beyond 90Days)	36,165,865
Total	6,883,180,224

Provision / Write off for Non- Performing Assets

Provision for Non-performing assets is made in accordance with the following guidelines.

Classification of Assets	Portfolio	Provision %	Provision for Loans
Standard	6,745,238,217	Minimum 0.35% upto maximum of 1%	45,713,289
Sub-Standard	101,776,142		
Non-Performing Assets (91 to 180 days)	26,094,704	50%	13,047,352
Non-Performing Assets (More than 180 days)	10,071,161	100%	10,071,161
Total	6,883,180,224		68,831,802
Provision higher of the following			
(a) Provision on NPA			23,118,513
(b) 1% of Portfolio			68,831,802
Total Provision Created			68,831,802

Particulars	2016-17
Provision Balance as on 31-03-2017	48,754,300
Provision made	20,077,502
Provision Balance	68,831,802

Loans are provided for as per management's estimates, subject to the minimum provision required as per Non-Banking Financial (Non-Deposit Accepting or Holding Companies Prudential Norms (Reserve Bank) Directions, 2007 as amended from time to time

The following loans/debts are expected to liquidate during the FY2017-18:

Bank/Financial Institutions	Original Amount	Balance as on 31-03-2017	Termination Date
Small Industries Development Bank of India	80,000,000	17,777,000	10.09.2017
North Eastern Development Finance Corporation Ltd.	100,000,000	15,154,353	31.08.2017
	100,000,000	15,455,166	31.08.2017
	20,000,000	6,060,749	31.01.2018
IDBI Bank Ltd.	300,000,000	142,854,000	01.01.2018
Assam Gramin Vikas Bank	60,000,000	3,60,449	07.04.2017





State Bank Of India	300,000,000	79,991,096	30.11.2017
Hero FinCorp Ltd	80,000,000	3,822,452	08.10.2017
Axis Bank	50,000,000	12,500,000	31.07.2017
	150,000,000	85,714,286	24.02.2018
IFMR Capital Finance Pvt. Ltd.	100,000,000	32,236,838	02.10.2017
	80,000,000	25,789,472	09.10.2017
	20,000,000	6,448,263	30.10.2017
Yes Bank	200,000,000	86,956,521.79	22.01.2018
	100,000,000	47,826,086.93	12.02.2018
	200,000,000	104,347,826.13	03.03.2018
TOTAL	1,940,000,000	682,934,110	

2.13. Additional information as far as applicable pursuant to part II of schedule III of the Companies Act, 2013

	2016-17
(i) Value of Imports	NIL
(ii) Expenditure in Foreign Currency	NIL
(iii) Earning in Foreign Currency	NIL

2.14. **Deferred Tax:**

Deferred tax asset for the year was calculated Rs.28,402,739 which includes the following

Components	2016-17
(a) Difference in Written Down value of Fixed assets as per Income Tax 1961 & Companies Act 2013	1,151,896
(b) Disallowance of provision on loan assets	23,821,310
(c) Disallowance of Provision for Gratuity	(438,807)
(d) Disallowance of Provision for Leave Encashment	3,868,340
Total	28,402,739

2.15. **Earnings per Share**

Particulars	2016-17
Net Profit after tax as per Profit and Loss A/c	275,504,066
Weighted average equity -Basic (nos.)	40,019,038
Weighted average equity -Diluted (nos.)	40,019,038
Basic earnings per share	6.88
Diluted earnings per share	6.88





2.16. Statutory Reserve

RGVN (North East) Microfinance Limited has transferred 20% of its Profit after tax to Statutory Reserve in compliance with Sec 45-IC of the RBI Act, 1934.

North East Small Finance Bank Limited has transferred 20% of its Profit after tax to Statutory Reserve in compliance with section 17 of BR Act 1949.

2.17. Related Party disclosure

1. List of Related Parties is Given Below:

Key Management Personnel Ms. Rupali Kalita, Managing Director

2. Transactions with Related Parties during the period:

Ms. Rupali Kalita

Particulars	2016-17
Gross Salaries	2,549,673
Allowances and incentives	1,555,000

2.18. Disclosure Pursuant to Reserve Bank of India Notification DNBS.200/CGM (PK)-2008 dated 1st August 2008.

1. Capital to Risk Asset Ratio

Particulars	2016-17
Tier I Capital	1,313,719,662
Tier II Capital	45,713,289
Total	1,359,432,951
Total Risk Weighted Assets	7,236,719,089
Capital Ratios:	
Tier I Capital as a percentage of Total Risk Weighted Assets (%)	18.15%
Tier II Capital as a percentage of Total Risk Weighted Assets (%)	0.63%
TOTAL CRAR (%)	18.79%

2. Exposure to Real Estate Sector, Both Direct & Indirect

The Company does not have any direct or indirect exposure to the Real Estate Sector as at March 31, 2017.

2.19. Concentration of Advances

Total Advances to twenty largest borrowers	1,000,000
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	0.015%

2.20. Concentration of NPAs

Total Exposure to top four NPA accounts	239,866
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2.21. Disclosure as required under DNBS (PD) CC. No. 300 / 03.10.038/2012-13 dated August 3, 2012.

The Financial Margin of the Company as on 31 March 2017 is below 10%

2.22. Disclosure under section 22 of Micro, Small and Medium Enterprise Development Act 2006

There are no Micro and Small Enterprises, to whom the company owes dues.

2.23. RBI Circular No. DNBR.CC.PD.No.027/03.10.01/2014-15, dated April 8, 2015

- The company has disbursed the loan with a rural household annual income not exceeding Rs.1,00,000/- or urban and semi-urban household income not exceeding Rs. 1, 60,000/-
- The maximum loan provided to the borrowers is Rs. 50,000/-
- The tenure of the loan is more than 24 months for loan amount in excess of Rs.35,000/- with prepayment without penalty.
- Loans are collateral free.
- 99% of the loan given for the income generating activities
- 81.86% of the Net Assets are qualifying in nature.

2.24. Previous year figures have been re-grouped / re- arranged/ re-casted whenever necessary to make them more comparable with Current Year's figures.

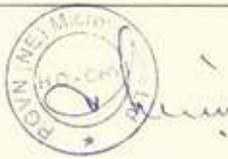
2.25. There were 5 instances of fraud detected by the management; total amount involved being Rs.1.64 Lacs and the same have been recovered.

2.26. Corporate Social Responsibility

Particulars	FY17
Net Profit as per Audited Financials	451,401,734
CSR expenditure to be made by the company during the financial year	2,687,025
CSR Expenditure made by the company during the financial year	3,374,865

2.27. Additional Disclosure pursuant to Reserve Bank of India Direction vide Circular no. RBI/2014-15/299, DNBR (PD) CC.No.002/03.10.001/2014-15 dated November 10,2014

SL.NO	PARTICULARS	REMARKS
1	Investment	Nil
2	Derivatives i) Forward Rate Agreement/ Interest Rate Swap ii) Exchange Traded Interest Rate (IR) Derivatives iii) Disclosure of Risk Exposure in Derivatives iv) Forward rate agreement / interest rate swap	The company has not entered into any derivative transactions in the current and previous years.
3	3. Disclosure relating to Securitisation i) Information duly certified by the SPV'S Auditors obtained by the originating NBFC from the SPV. ii) Details of financial assets sold to securitisation/Reconstruction company for asset reconstruction. iii) Details of Assignment transactions undertaken by NBFCs	The Company has not sold financial assets to securitization or reconstruction company for the assets reconstruction for the year





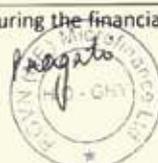
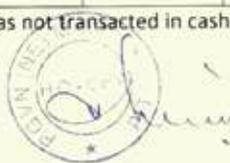
4	Details of non performing financial assets purchased /Sold i)Details of non performing financial assets purchased : ii)Details of non performing financial assets sold:	The Company has not purchased/sold any non performing financial assets.
5	Exposure i)Exposure to Real estate sector ii)Exposure to Capital Market.	The Company has no exposure to real estate and Capital Market directly or indirectly.
6	Details of Financing of parent company products: i)Details of single borrower limit (SGL) / Group Borrower limit(GBL) exceeded by NBFC ii)Unsecured Advances	i) Single borrower limit (SGL)/ Group Borrower Limit (GBL) has not exceeded by the Company. ii) Portfolio Loan of Rs.6,883,180,224/-
7	Miscellaneous i)Registration obtained from other financial sector regulators ii)Disclosure of Penalties imposed by RBI and other regulators iii)Rating assigned by credit rating agencies and migration of ratings during the year	i) Nil ii) Nil iii) BBB+Smera
8	Additional Disclosures i)Concentration of Deposits ii)Overseas Assets (for those Joint Ventures and Subsidiaries abroad as per accounting norms)	i) Not applicable as the Company is NBFC-ND ii) The NBFC has no any overseas Assets
9	Disclosure of Complaints	The company has not received any complaint during the Year.

2.28. Disclosure of SBN during demonetisation period from 08-11-2016 to 30-12-2016

During the year, RGVN (North East) Microfinance Limited had Specified Bank Notes(SBNs) or other denomination notes as defined in the 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 to December 30, 2016, the denomination wise SBNs and other notes as per the notification are as follows :

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	56,000	670,715	726,715
(+) Permitted receipts	-	923,618,999	923,618,999
(+) Non - Permitted receipts	33,256,000	-	33,256,000
(-) Permitted payments	-	2,571,713	2,571,713
(-) Amount deposited in Banks	33,312,000	920,189,975	953,501,975
Closing cash in hand as on 30.12.2016	0	1,528,026	1,528,026

North East Small Finance Bank Limited has not transacted in cash during the financials year.





<p>(i) Lease assets including lease rentals under sundry debtors :</p> <p>(a) Financial lease</p> <p>(b) Operating lease</p> <p>(ii) Stock on hire including hire charges under sundry debtors:</p> <p>(a) Assets on hire</p> <p>(b) Repossessed Assets</p> <p>(iii) Other loans counting towards AFC activities</p> <p>(a) Loans where assets have been repossessed</p> <p>(b) Loans other than (a) above</p>	<p>The company does not have any leased assets and stock on hire in the current and previous years.</p>
<p>(4) Break-up of Investments :</p> <p><u>Current Investments :</u></p> <p>1. <u>Quoted :</u></p> <p>(i) Shares : (a) Equity</p> <p>(b) Preference (ii) Debentures and Bonds (iii) Units of mutual funds</p> <p>(iv) Government Securities</p> <p>(v) Others (please specify)</p> <p>2. <u>Unquoted :</u></p> <p>(i) Shares : (a) Equity (b)Preference</p> <p>(ii) Debentures and Bonds</p> <p>(iv)Units of mutual funds</p> <p>(v)Government Securities</p> <p>(vi)Others (please specify)</p> <p><u>Long Term investments :</u></p> <p>1. <u>Quoted :</u></p>	<p>Nil</p>





(i) Shares : (a) Equity (b) Preference			
(ii) Debentures and Bonds			
(iii) Units of mutual funds			
(iv) Government Securities			
(v) Others (please specify)			
2. <u>Unquoted</u> :	Nil		
(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 classification of assets financed as in (2) and (3) above: Please see Note 2 below			
Category	Amount net of provisions		
	Secured	Unsecured	Total
1.Related Parties**			
(a) Subsidiaries	Nil	Nil	Nil
(b) Companies in the same group	Nil	Nil	Nil
(c) Other related parties	Nil	Nil	Nil
2.Other than related parties	Nil	6,883,180,224	6,883,180,224
Total	Nil	6,883,180,224	6,883,180,224
(6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted): Please see note 3 below Please see note 3 below			
Category	Market Value/Break Up or fair value or NAV	Book Value (Net of Provisions)	
1.Related Parties**	Nil	Nil	
(a) Subsidiaries	1,103,843,950	1,103,843,950	
(b) Companies in the same group	Nil	Nil	
(c) Other related parties	Nil	Nil	





	2. Other than related parties	Nil	Nil
	Total	Nil	Nil

**As per Accounting Standard of ICAI (Please see Note 3)

(7) Other information:		Amount
(i)	Gross Non-Performing Assets	
	(a) Related parties	Nil
	(b) Other than related parties	36,165,865
(ii)	Net Non-Performing Assets	
	(a) Related parties	Nil
	(b) Other than related parties	13,047,352
(iii)	Assets acquired in satisfaction of debt	Nil

Notes:

1. As defined in paragraph 2(1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
2. Provisioning norms shall be applicable as prescribed in Non-Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 or Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 whichever is applicable.
3. All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in (4) above.

As per our report of even date
for D. Patwary & Co.
Chartered Accountants

Deepak Patwary
Partner

M. No.: 060467
FRN No. 324523E

Place: Guwahati
Date: 20th May 2017

For and on behalf of the Board of Directors of
RGVN (NORTH EAST) MICROFINANCE LIMITED

Chairman

Managing Director

Company Secretary





D.PATWARY & CO.

Chartered Accountants

Independent Auditors' Report on Consolidated Financial Statements

To the Members of RGVN (North East) Microfinance Ltd. on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of RGVN (North East) Microfinance Ltd. ("the Holding Company") and its subsidiary (collectively referred to as "the Company" or "the Group"), comprising of the consolidated balance sheet as at 31 March 2017, the consolidated statement of profit and loss, the consolidated cash flow statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of the consolidated financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Companies Act, 2013 (hereinafter referred to as "the Act") read with relevant rules issued thereunder.

The respective Board of Directors of the Companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditors' Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those standards require that we comply with ethical



D.PATWARY & CO.

Chartered Accountants

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

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

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated financial position of the Group, as at 31 March 2017, its consolidated financial performance and its consolidated cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

1. As required by sub-section 3 of Section 143 of the Act, we report, to the extent applicable, that:

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

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.

(c) The consolidated balance sheet, the consolidated statement of profit and loss, and the consolidated cash flow statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

(d) In our opinion, the aforesaid consolidated financial statements comply with the





D.PATWARY & CO.

Chartered Accountants

Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2017 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditors of its subsidiary company incorporated in India, none of the Directors of the Group company incorporated in India is disqualified as on 31 March 2017 from being appointed as a Director of that company in terms of sub-section 2 of Section 164 of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; 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 Companies in the Group did not have any pending litigations to impact its financial position in the consolidated financial statement;

ii. the Companies in the Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and subsidiary company incorporated in India.

iv. the Company has provided requisite disclosures in its consolidated financial statements as to holdings as well as dealings in Specified Bank Notes (including non-permitted receipts in the form of SBNs amounting to Rs.3,32,56,000) 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 2.28 to the consolidated financial statements.

For, D PATWARY & CO
Chartered Accountants
(Firm's Registration No.324523E)


DEEPAK PATWARY
Partner
Membership No.060467



Place:Guwahati
Date:20.05.2017



D.PATWARY & CO.

Chartered Accountants

Annexure - A 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")**

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2017, we have audited the internal financial controls over financial reporting of RGVN (North East) Microfinance Ltd ("the Holding Company") and its subsidiary company which is company incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The Respective Board of Directors of the Holding Company and its subsidiary company, which is company incorporated in India, are 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") issued by ICAI 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 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 financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to





D.PATWARY & CO.

Chartered Accountants

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.

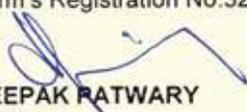
Inherent Limitations of Internal Financial Controls Over Financial Reporting

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 Holding Company and its subsidiary company, which is company incorporated in India, have, 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 ICAI.

For, D PATWARY & CO
Chartered Accountants
(Firm's Registration No.324523E)


DEEPAK PATWARY
Partner
Membership No.060467



Place:Guwahati
Date:20.05.2017



RGVN (NORTH EAST) MICROFINANCE LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDING 31ST MARCH 2017



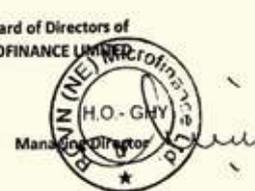
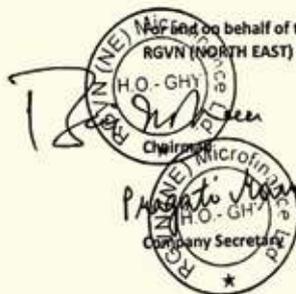
RGVN (NORTH EAST) MICROFINANCE LIMITED

Consolidated Balance Sheet as at 31st March 2017

Particulars	31-March-17
I. EQUITY AND LIABILITIES	Rs.
Shareholders' funds	
Share capital	595,127,800
Reserves and surplus	1,655,649,830
	<u>2,250,777,630</u>
Minority interest	6,001
Non-current liabilities	
Long-term borrowings	3,536,557,295
Long term provisions	78,741,456
	<u>3,615,298,751</u>
Current liabilities	
Current liabilities & Provisions	3,509,862,937
	<u>3,509,862,937</u>
Total	<u>9,375,945,320</u>
II. ASSETS	
Non-current assets	
Fixed assets	-
Tangible assets	11,728,892
Intangible assets	1,839,309
Capital Work In Progree	-
Loans and advances	-
Loans to Microfinance Customers	-
Due after One Year	1,616,417,527
Other Non-Current assets	51,395,018
	<u>1,706,742,795</u>
Investments	
Investment in North East Small Finance Bank (110384395 Equity Share @Rs10)	-
Deferred tax (Asset)	28,402,739
Current assets	
Cash and cash equivalents	2,071,044,771
Loans and advances	-
(a) Loans to Microfinance Customers	-
Due within One Year	5,266,762,697
(b) Other Loans and advances	25,000,971
Other current assets	277,991,348
	<u>7,640,799,787</u>
Total	<u>9,375,945,320</u>

As per our report of even date
for D. Patwary & Co.
Chartered Accountants

Deepak Patwary
Partner
M. No.: 060467
FRN No. 324523E
Place: Guwahati
Date: 20th May 2017





RGVN (NORTH EAST) MICROFINANCE LIMITED

Consolidated Statement of Profit and Loss for the period ended 31st March 2017

Particulars	31-March-17
Continuing Operations	
Revenue from Operation	1,439,589,449
Other Income	2,334,447
Total	1,441,923,896
EXPENDITURE	
Finance Cost	683,766,147
Employee Benefits Expenses	172,563,133
Other Operating Expenses	60,668,035
Depreciation	3,702,842
Provisions	20,173,784
Total	940,873,942
Profit/(Loss) before Prior Period/Exceptional Items	501,049,954
Expenses for Small Finance bank	49,648,220
Prior Period Expenses	-
Profit/(Loss) before tax	451,401,734
Tax expense:	
- Current Tax	182,778,712
- Deferred tax expense/(benefit)	(6,881,045)
Income Tax of Earlier Years	-
Total Tax Expense	175,897,668
Profit/(Loss) transferred to Balance Sheet	275,504,066

As per our report of even date
for **D. Patwary & Co.**
Chartered Accountants

Deepak Patwary, Partner
M. No.: 060467
FRN No. 324523E
Place: Guwahati
Date: 20th May 2017



For and on behalf of the Board of Directors of
RGVN (NORTH EAST) MICROFINANCE LIMITED

Pragati Prasad
Chairman
Pragati Prasad
Company Secretary

Pragati Prasad
Managing Director



Notes Forming Part of Consolidated Balance Sheet and Statement of Profit And Loss for the Year Ended March 31, 2017

1. NOTES ON BUSINESS ACTIVITIES

RGVN(North East) Microfinance Limited, incorporated in Guwahati, India on 18th July 2008 engaged in microfinance lending activities for providing financial services to poor specially Woman(referred as 'members') in the rural areas of North east who are organized as Self Help Group(SHG), Joint Liability Groups (JLG). The company provides small value collateral free loans for income generation to poor women in groups.

North East Small Finance Bank Limited ('NESFB' or 'the Bank'), incorporated in Guwahati, India is a banking company engaged in providing a range of small finance banking and financial services. The Bank is governed by the Banking Regulation Act, 1949 and the Companies Act, 2013.

The bank is promoted by RGVN (North East) Microfinance Ltd and incorporated on 25th July 2016 in compliance with the in-principle approval received from Reserve Bank of India vide letter DBR.PSBD.NBC.(SFB-RGVN).NO.4919/16.13.216/2015-16 dated October 7, 2015. The company has received license No. MUM : 132 from Reserve Bank of India to carry on small finance bank business on March 31, 2017.

2. SIGNIFICANT ACCOUNTING POLICIES:

2.1. Basis of Preparation of Financial Statements

The financial statements of RGVN (North East) Microfinance Limited have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The financial statements have been prepared to comply in all material respects with accounting standards notified under section 133 of the companies Act , 2013, read together with paragraph 7 of the companies (Accounts) Rules, 2014. The financial statements have been prepared under historical cost convention and on accrual basis. The accounting policies adopted in the preparation of financial statements are consistent with those used in the previous year.

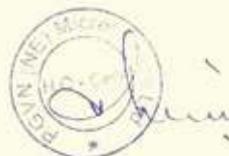
The financial statements of North East Small Finance Bank Limited have been prepared and presented under the historical cost convention and accrual basis of accounting, unless otherwise stated and are in accordance with Generally Accepted Accounting Principles in India ('GAAP'), statutory requirements prescribed under the Banking Regulation Act, 1949, circulars and guidelines issued by the Reserve Bank of India ('RBI') from time to time, Accounting Standards ('AS') specified under Section 133 of the Companies Act, 2013, in so far as they apply to banks and current practices prevailing within the banking industry in India.

Use of estimates for North East Small Finance Bank Limited

The preparation of financial statements in conformity with GAAP requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses for the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Any revision in the accounting estimates is recognised prospectively in the current and future periods.

2.2. Revenue Recognition:

1. Interest Income on loans given by RGVN (North East) Microfinance Limited is recognized under the accrual basis. Income on non-performing loans is recognized only when realized and any interest recognized and remaining unrealized on such loans becoming non-performing is reversed.





2. Interest Income on loans given by North East Small Finance Bank Limited is recognized under the internal rate of return method. Income on non-performing loans is recognized only when realized and any interest recognized and remaining unrealized on such loans becoming non-performing is reversed.
3. Interest income on fixed deposits with banks is recognized on a time proportion accrual basis taking into account the amount outstanding and the rate applicable.
4. All other income is recognized on an accrual basis.

2.3. Fixed Assets:

Fixed assets are stated at cost, less accumulated depreciation and impairment if any. The cost of acquisition comprises of purchase price inclusive of duties (net of cenvat), taxes, including expenses, erection/commission up to the date assets are ready for their intended use.

2.4. Retirement and other employee benefits:

The Details of Employee benefits are as given below:

Defined Contribution Plan

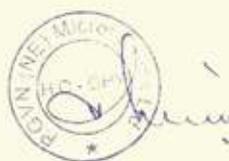
• Provident fund: Retirement benefits in the form of monthly contributions are made to the provident fund in accordance with the fund rule and the contribution are charged to the profit & loss account. During the year company have contributed Rs.99,21,789.

Defined Benefit Plans

• The Company has a funded gratuity scheme for its employees and the Gratuity liability has been made based on the actuarial valuation done as at the year end. The details of actuarial valuation as provided by the Independent Actuary are as follows and during the year company have Contributed Rs.89,67,512/- as gratuity premium:

Changes in the Present Value of Obligation:

Particulars	As on
	31-Mar-17
Present Value of Obligation as at the beginning	16,492,715
Acquisition Adjustment	-
Interest Cost	1,318,478
Past Service Cost	-
Current Service Cost	2,730,176
Curtailment Cost	-
Settlement Cost	-
Benefits Paid	(479,827)
Actuarial (Gain) / Loss on the Obligation	888,104
Present Value of Obligation as at the end	20,949,646





Changes in the Fair Value of Plan Assets:

Particulars	As on
	31-Mar-17
Fair Value of Plan Assets as at the beginning	12,805,1699
Acquisition Adjustment	-
Expected Return on Plan Assets	1,023,685
Employer's Contributions	8,967,512
Employee's Contributions	-
Benefits Paid	(479,827)
Actuarial Gain / (Loss) on the Plan Assets	(98,959)
Fair Value of Plan Assets as at the end	22,217,580

Expenses Recognised in the Profit and Loss Account:

Particulars	As on
	31-Mar-17
Current Service Cost	2,730,176
Past Service Cost	-
Interest Cost	1,318,478
Expected Return on Plan Assets	(1,023,685)
Curtailment Cost	-
Settlement Cost	-
Net Actuarial (Gain) / Loss recognised in the period	987,063
Expenses Recognised in statement of Profit and Loss	4,012,032

Notes

- a) The estimate of future salary increase takes into account inflation, seniority, promotion and other relevant factors. Further, the Management revisits the assumptions such as attrition rate, salary escalation etc., taking into account, the business conditions, various external/internal factors affecting the Company.
- b) The discount rate is based on the prevailing market yields of Indian government bonds at the valuation date for the expected term of the obligation.

2. Compensated Absences

Particulars	Ason
	31-Mar-17
Charge in statement of Profit & Loss	53,58,009
Liability as at the period end	(11,177,588)
Actuarial Assumptions	
Discount rate(per annum)	7.50%
Salary growth rate(per annum)	7.00%
Expected rate of return on plan assets(per annum)	-





2.5. Taxation:

Tax expenses comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the income – tax Act, 1961. Deferred taxes reflect the impact of current year timing difference between taxable income and accounting income for the year and reversal of timing difference of earlier years.

Deferred tax is measures based on the tax rates and the tax law enacted or substantively enacted at the balance sheet date. Deferred tax asset and deferred tax liabilities are offset. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax asset can be realised. In situation where the company has unabsorbed depreciation or carry forward tax loses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

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

2.6. Cash and Cash Equivalents:

Cash and cash equivalents for the purpose of cash flow statement comprise cash in hand and cash at bank.

2.7. Earnings Per Share

Basic Earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by weighted average number of equity shares outstanding during the period.

Diluted Earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by weighted average number of equity shares outstanding during the period by adjusting for the effects of all dilutive potential equity shares.

2.8. Provisions

Provisions are recognized when the company has present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation and are liable estimate can be made for the amount of the obligation.

2.9. Prior Period and Extra Ordinary Items

Prior Period items and extra Ordinary items having materials impact on the financial statements of the company are disclosed separately.

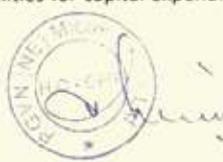
2.10. Segment information

The company operate in a single reportable segment for the purpose of As 17 on “Segment Reporting” notified under the companies (Accounting Standard) Rules, 2006. The Company operates in North Eastern India.

2.11. Contingent Liabilities

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

‘Capital commitments’ are future liabilities for capital expenditure in respect of capital contracts having penalty disproportionate to the benefits.



2.12. Classification of Loan Portfolio

The Company follows Prudential Norms of the Reserve Bank of India (RBI) with regard to classification in respect of all loans extended to its customers. Loans where the instalment is overdue for a period of 90 day or more or on which interest amount remained overdue for a period of 90 days or more is treated as Non-performing assets.

Classification of Loans and provision made for Standard / sub-standard / NPA assets are as given below:

Classification of Assets	As at March 31, 2017
Standard (Default: 0 Days)	6,745,238,217
Sub-Standard (Default:1-90 Days)	101,776,142
Non-Performing Assets (Default: beyond 90Days)	36,165,865
Total	6,883,180,224

Provision / Write off for Non- Performing Assets

Provision for Non-performing assets is made in accordance with the following guidelines.

Classification of Assets	Portfolio	Provision %	Provision for Loans
Standard	6,745,238,217	Minimum 0.35% upto maximum of 1%	45,713,289
Sub-Standard	101,776,142		
Non-Performing Assets (91 to 180 days)	26,094,704	50%	13,047,352
Non-Performing Assets (More than 180 days)	10,071,161	100%	10,071,161
Total	6,883,180,224		68,831,802
Provision higher of the following			
(a) Provision on NPA			23,118,513
(b) 1% of Portfolio			68,831,802
Total Provision Created			68,831,802

Particulars	2016-17
Provision Balance as on 31-03-2017	48,754,300
Provision made	20,077,502
Provision Balance	68,831,802

Loans are provided for as per management's estimates, subject to the minimum provision required as per Non-Banking Financial (Non-Deposit Accepting or Holding Companies Prudential Norms (Reserve Bank) Directions, 2007 as amended from time to time

The following loans/debts are expected to liquidate during the FY2017-18:

Bank/Financial Institutions	Original Amount	Balance as on 31-03-2017	Termination Date
Small Industries Development Bank of India	80,000,000	17,777,000	10.09.2017
	100,000,000	15,154,353	31.08.2017
North Eastern Development Finance Corporation Ltd.	100,000,000	15,455,166	31.08.2017
	20,000,000	6,060,749	31.01.2018
IDBI Bank Ltd.	300,000,000	142,854,000	01.01.2018
Assam Gramin Vikas Bank	60,000,000	3,60,449	07.04.2017





State Bank Of India	300,000,000	79,991,096	30.11.2017
Hero FinCorp Ltd	80,000,000	3,822,452	08.10.2017
Axis Bank	50,000,000	12,500,000	31.07.2017
	150,000,000	85,714,286	24.02.2018
IFMR Capital Finance Pvt. Ltd.	100,000,000	32,236,838	02.10.2017
	80,000,000	25,789,472	09.10.2017
	20,000,000	6,448,263	30.10.2017
Yes Bank	200,000,000	86,956,521.79	22.01.2018
	100,000,000	47,826,086.93	12.02.2018
	200,000,000	104,347,826.13	03.03.2018
TOTAL	1,940,000,000	682,934,110	

2.13. Additional information as far as applicable pursuant to part II of schedule III of the Companies Act, 2013

	2016-17
(i) Value of Imports	NIL
(ii) Expenditure in Foreign Currency	NIL
(iii) Earning in Foreign Currency	NIL

2.14. **Deferred Tax:**

Deferred tax asset for the year was calculated Rs.28,402,739 which includes the following

Components	2016-17
(a) Difference in Written Down value of Fixed assets as per Income Tax 1961 & Companies Act 2013	1,151,896
(b) Disallowance of provision on loan assets	23,821,310
(c) Disallowance of Provision for Gratuity	(438,807)
(d) Disallowance of Provision for Leave Encashment	3,868,340
Total	28,402,739

2.15. **Earnings per Share**

Particulars	2016-17
Net Profit after tax as per Profit and Loss A/c	275,504,066
Weighted average equity -Basic (nos.)	40,019,038
Weighted average equity -Diluted (nos.)	40,019,038
Basic earnings per share	6.88
Diluted earnings per share	6.88





2.16. Statutory Reserve

RGVN (North East) Microfinance Limited has transferred 20% of its Profit after tax to Statutory Reserve in compliance with Sec 45-IC of the RBI Act, 1934.

North East Small Finance Bank Limited has transferred 20% of its Profit after tax to Statutory Reserve in compliance with section 17 of BR Act 1949.

2.17. Related Party disclosure

1. List of Related Parties is Given Below:

Key Management Personnel Ms. Rupali Kalita, Managing Director

2. Transactions with Related Parties during the period:

Ms. Rupali Kalita

Particulars	2016-17
Gross Salaries	2,549,673
Allowances and incentives	1,555,000

2.18. Disclosure Pursuant to Reserve Bank of India Notification DNBS.200/CGM (PK)-2008 dated 1st August 2008.

1. Capital to Risk Asset Ratio

Particulars	2016-17
Tier I Capital	1,313,719,662
Tier II Capital	45,713,289
Total	1,359,432,951
Total Risk Weighted Assets	7,236,719,089
Capital Ratios:	
Tier I Capital as a percentage of Total Risk Weighted Assets (%)	18.15%
Tier II Capital as a percentage of Total Risk Weighted Assets (%)	0.63%
TOTAL CRAR (%)	18.79%

2. Exposure to Real Estate Sector, Both Direct & Indirect

The Company does not have any direct or indirect exposure to the Real Estate Sector as at March 31, 2017.

2.19. Concentration of Advances

Total Advances to twenty largest borrowers	1,000,000
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	0.015%

2.20. Concentration of NPAs

Total Exposure to top four NPA accounts	239,866
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2.21. Disclosure as required under DNBS (PD) CC. No. 300 / 03.10.038/2012-13 dated August 3, 2012.

The Financial Margin of the Company as on 31 March 2017 is below 10%

2.22. Disclosure under section 22 of Micro, Small and Medium Enterprise Development Act 2006

There are no Micro and Small Enterprises, to whom the company owes dues.

2.23. RBI Circular No. DNBR.CC.PD.No.027/03.10.01/2014-15, dated April 8, 2015

- The company has disbursed the loan with a rural household annual income not exceeding Rs.1,00,000/- or urban and semi-urban household income not exceeding Rs. 1, 60,000/-
- The maximum loan provided to the borrowers is Rs. 50,000/-
- The tenure of the loan is more than 24 months for loan amount in excess of Rs.35,000/- with prepayment without penalty.
- Loans are collateral free.
- 99% of the loan given for the income generating activities
- 81.86% of the Net Assets are qualifying in nature.

2.24. Previous year figures have been re-grouped / re- arranged/ re-casted whenever necessary to make them more comparable with Current Year's figures.

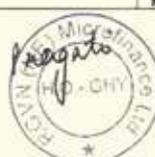
2.25. There were 5 instances of fraud detected by the management; total amount involved being Rs.1.64 Lacs and the same have been recovered.

2.26. Corporate Social Responsibility

Particulars	FY17
Net Profit as per Audited Financials	451,401,734
CSR expenditure to be made by the company during the financial year	2,687,025
CSR Expenditure made by the company during the financial year	3,374,865

2.27. Additional Disclosure pursuant to Reserve Bank of India Direction vide Circular no. RBI/2014-15/299, DNBR (PD) CC.No.002/03.10.001/2014-15 dated November 10,2014

SL.NO	PARTICULARS	REMARKS
1	Investment	Nil
2	Derivatives i) Forward Rate Agreement/ Interest Rate Swap ii) Exchange Traded Interest Rate (IR) Derivatives iii) Disclosure of Risk Exposure in Derivatives iv) Forward rate agreement / interest rate swap	The company has not entered into any derivative transactions in the current and previous years.
3	3. Disclosure relating to Securitisation i) Information duly certified by the SPV'S Auditors obtained by the originating NBFC from the SPV. ii) Details of financial assets sold to securitisation/Reconstruction company for asset reconstruction. iii) Details of Assignment transactions undertaken by NBFCs	The Company has not sold financial assets to securitization or reconstruction company for the assets reconstruction for the year





4	Details of non performing financial assets purchased /Sold i)Details of non performing financial assets purchased : ii)Details of non performing financial assets sold:	The Company has not purchased/sold any non performing financial assets.
5	Exposure i)Exposure to Real estate sector ii)Exposure to Capital Market.	The Company has no exposure to real estate and Capital Market directly or indirectly.
6	Details of Financing of parent company products: i)Details of single borrower limit (SGL) / Group Borrower limit(GBL) exceeded by NBFC ii)Unsecured Advances	i) Single borrower limit (SGL)/ Group Borrower Limit (GBL) has not exceeded by the Company. ii) Portfolio Loan of Rs.6,883,180,224/-
7	Miscellaneous i)Registration obtained from other financial sector regulators ii)Disclosure of Penalties imposed by RBI and other regulators iii)Rating assigned by credit rating agencies and migration of ratings during the year	i) Nil ii) Nil iii) BBB+Smera
8	Additional Disclosures i)Concentration of Deposits ii)Overseas Assets (for those Joint Ventures and Subsidiaries abroad as per accounting norms)	i) Not applicable as the Company is NBFC-ND ii) The NBFC has no any overseas Assets
9	Disclosure of Complaints	The company has not received any complaint during the Year.

2.28. Disclosure of SBN during demonetisation period from 08-11-2016 to 30-12-2016

During the year, RGVN (North East) Microfinance Limited had Specified Bank Notes(SBNs) or other denomination notes as defined in the 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 to December 30, 2016, the denomination wise SBNs and other notes as per the notification are as follows :

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	56,000	670,715	726,715
(+) Permitted receipts	-	923,618,999	923,618,999
(+) Non - Permitted receipts	33,256,000	-	33,256,000
(-) Permitted payments	-	2,571,713	2,571,713
(-) Amount deposited in Banks	33,312,000	920,189,975	953,501,975
Closing cash in hand as on 30.12.2016	0	1,528,026	1,528,026

North East Small Finance Bank Limited has not transacted in cash during the financials year.



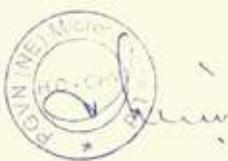


2.29 Schedule to the Balance Sheet of an on-deposit taking non-banking financial company

As required in terms of Paragraph 9BB of Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998

(Rs)

Particulars		2017	
Liabilities side :			
(1)	Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:	Amount out-standing	Amount Overdue
	(a) Debentures : Secured	892,600,000	Nil
	: Unsecured	Nil	Nil
	(other than falling within the meaning of public deposits*)		
	(b) Deferred Credits	Nil	Nil
	(c) Term Loans	5,905,897,489	Nil
	(d) Inter-corporate loans and borrowing	Nil	Nil
	(e) Commercial Paper	Nil	Nil
	(f) Other Loans (specify nature)	Nil	Nil
	* Please see Note 1 below		
Assets side:			
		Amount outstanding	
(2)	Break-up of Loans and Advances including bills receivables [other than those included in (4) below] :		
	(a) Secured	Nil	
	(b) Unsecured	6,883,180,224	
(3)	Break up of Leased Assets and stock on hire and other assets counting towards AFC activities		



<p>(i) Lease assets including lease rentals under sundry debtors :</p> <p>(a) Financial lease (b) Operating lease</p> <p>(ii) Stock on hire including hire charges under sundry debtors:</p> <p>(a) Assets on hire (b) Repossessed Assets</p> <p>(iii) Other loans counting towards AFC activities</p> <p>(a) Loans where assets have been repossessed (b) Loans other than (a) above</p>	<p>The company does not have any leased assets and stock on hire in the current and previous years.</p>
<p>(4) Break-up of Investments :</p> <p>Current Investments :</p> <p>1. Quoted :</p> <p>(i) Shares : (a) Equity (b) Preference (ii) Debentures and Bonds (iii) Units of mutual funds (iv) Government Securities (v) Others (please specify)</p> <p>2. Unquoted :</p> <p>(i) Shares : (a) Equity (b) Preference (ii) Debentures and Bonds (iv) Units of mutual funds (v) Government Securities (vi) Others (please specify)</p> <p>Long Term investments :</p> <p>1. Quoted :</p>	<p>Nil</p>





(i) Shares : (a) Equity (b) Preference			
(ii) Debentures and Bonds			
(iii) Units of mutual funds			
(iv) Government Securities			
(v) Others (please specify)			
2. <u>Unquoted</u> :	Nil		
(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 classification of assets financed as in (2) and (3) above: Please see Note 2 below			
Category	Amount net of provisions		
	Secured	Unsecured	Total
1. Related Parties**			
(a) Subsidiaries	Nil	Nil	Nil
(b) Companies in the same group	Nil	Nil	Nil
(c) Other related parties	Nil	Nil	Nil
2. Other than related parties	Nil	6,883,180,224	6,883,180,224
Total	Nil	6,883,180,224	6,883,180,224
(6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted): Please see note 3 below Please see note 3 below			
Category	Market Value/Break Up or fair value or NAV	Book Value (Net of Provisions)	
1. Related Parties**	Nil	Nil	
(a) Subsidiaries	1,103,843,950	1,103,843,950	
(b) Companies in the same group	Nil	Nil	
(c) Other related parties	Nil	Nil	



2. Other than related parties	Nil	Nil
Total	Nil	Nil

**As per Accounting Standard of ICAI (Please see Note 3)

(7) Other information:		Amount
(i)	Gross Non-Performing Assets	
	(a) Related parties	Nil
	(b) Other than related parties	36,165,865
(ii)	Net Non-Performing Assets	
	(a) Related parties	Nil
	(b) Other than related parties	13,047,352
(iii)	Assets acquired in satisfaction of debt	Nil

Notes:

1. As defined in paragraph 2(1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
2. Provisioning norms shall be applicable as prescribed in Non-Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 or Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 whichever is applicable.
3. All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in (4) above.

As per our report of even date
for D. Patwary & Co.
Chartered Accountants

Deepak Patwary
Partner

M. No.: 060467
FRN No. 324523E

Place: Guwahati
Date: 20th May 2017

For and on behalf of the Board of Directors of
RGVN (NORTH EAST) MICROFINANCE LIMITED

Chairman

Managing Director

Company Secretary





LIST OF BRANCHES WITH ADDRESS

SL	BRANCH NAME	BRANCH CODE	ADDRESS
A			
1	AMGURI	48	Ward No-02, P.O-Amguri, Dist-Sivsagar, Assam, Pin-785680
2	AGARTALA	132	Vill: Natun Nagar, PO –Natun Nagar, Co-operative, P.s- Narasingha, West Tripura, Pin:-799005
3	AHATGURI	111	Village: Dagaon, PO: Ahatguri, Morigaon, PIN:782412, Assam
B			
4	BAIHATA CHARIALI	52	Nagaon,Baihata chariali.p.s-Baihata Chariali,Dist -Kamrup Pin-781380
5	BALIPAPA	56	Baligaon Balipara , P.O Balipara, P.s-Rangapara, Dis-Sonitpur-784101
6	BANDERDEWA	129	Address: Banderdewa, Main Road-N.H. 52, Near SBI, Pin: 791123, Lakhimpur, Assam,
7	BARBARUAH	126	Borboruah Gaon, P.O & P.S: Borboruah, Dist: Dibrugarh, Assam, Pin: 786007
8	BARBHAG	116	Vill/PO: Kalag, Dist. Nalbari, PIN: 781351, Assam
9	BARPATHAR	114	Borpathar Town, Ward No.2, P.O-Barpathar, Dist-Golaghat, Pin:785602, Assam
10	BARPETA ROAD	15	Milan nagar,Barpeta road, Dist-Barpeta,Pin-781315,Assam
11	BARPETA TOWN	12	Ambari hati,ward no-5, P.o & P.s-Barpeta, Assam, Pin-781 301
12	BELSOR	19	Belsor P.O Belsor, P.s.Belsor, Dist-Nalbari,pin-781338 Assam,
13	BELTOLA	36	Survey,PO-Beltola, District:-Kamrup,PIN:-781028
14	BEZERA	3	Vill & P.O. Bezera, Dist: Kamrup, Assam, Pin: 781121
15	BIHPURIA	65	Jamuguri,P.o Japjup & P.s-Bodoti,Dist-Lakhimpur, Assam,Pin-784162
16	BIJNI	35	Bijni Town, P.o-Bijni, P.s-Bijni, Dist-Chirang, Pin-783390
17	BIJOYNAGAR	17	Uparhali,(Bijoynagar)P.o-Uparhali, Kamrup, Pin-781122, Assam
18	BILASIPARA	44	Bilasipara, ward no -6,P.o & P.s -Bilashipara, Dist- Dhuburi, Pin-783348, Assam
19	BIRUBARI	41	Luturna,4 APBN Road, P.S-Fatasil Ambari,Guwahati-781018
20	BISWANATH CHARIALI	29	Bamgaon,PO:Biswanath Chariali, Dist:Sonitpur,Assam,PIN:784176
21	BOGINODI	121	Vill: Boginodi, PS:-Boginodi, Dist:-Lakhimpur, Assam, PIN:-787030
22	BOHORI	7	Chenga,BG Road(Near Chenga PO) Barpeta,PIN:781305
23	BOKAKHAT	120	Ms. Deepali Borah C/O. Mridul Borah, Bokakhat Ward No.2, Golaghat Assam Pin: 785612
24	BOKO	6	Village- Borpara, P.O & P.S: Boko, Dist: Kamrup, Assam, Pin: 781123
25	BONGAIGAON	27	Bageswari Para,Ward No.3,Bongaigaon, P.O & P.S: Bongaigaon, Pin-783380, Assam
26	BORGANG	119	Vill: borgang, PO:-Borgang, PS:-Borgang, Dist Sonitpur, Pin:784167, State:Assam
27	BORHOLLA	99	Vill: Borholla, P.O-Borholla, P/s-Borholla, Dist-Jorhat, Pin-785631, Assam
28	BORIHAT	66	Amaranga(Barihat)P.o-Amaranga,P.S-Palashbari,Dist -Kamrup,Pin-781130
29	BORJHAR	49	VIP(Jogipara),P.O Airport, Dist: Kamrup(Metro) Assam, Pin: 781015
30	BORKA	72	Bhuktabari (Dhulia tol, College Road), P.o Pub Borka, P.s-Kamalpur, Kamrup, Pin-781101, Assam
31	BIRPARA	142	Birpara, P.O: Birpara , Dist: Alipurduar, West Bangal, Pin: 735204,
32	BYRNIHAT	45	Byrnihat,PO:- Byrnihat, Dist.:-Ri-bhoi,Meghalaya-793121
C			
33	CHALANTHAPARA	5	Chalantapara, P.O-Chalantapara, P.s-Jogighopa, Dist-Bongaigaon, Assam, Pin-783388
34	CHANDRAPUR	73	Chandrapur, P.O Chandrapur, P.S-Pragjyotishpur, Dist-Kamrup, Pin.781150, Assam
35	CHAPAR	51	Debodipi,Ward no.7, Vill: Rawmari, P.o-Chapar, Dist-Dhuburi, Assam,Pin-783371
36	CHABUA	139	Vill: Kadamani, PO & Ps.-Chabua, Dist=Dibrugarh, (Assam), Pin:-786184
37	CHAYGAON	84	1No Balasiddhi Gaon, Alejari PO & PS:- Chaygaon, Dist:- Kamrup Assam, Pin:-781124
D			
38	DARRANGIRI	21	Thekasu-I,Dudhnoi,Goalpara,PIN:783124
39	DEMOW	86	Demow, P.o- Demow, P.s-Demow, Dist-Sivsagar, Pin-785662,Assam
40	DERGAON	74	Ward no-4, House No-278, P.o-Dergaon, P.S-Dergaon, Dist-Golaghat, Pin-785614, Assam
41	DHAKUWAKHANA	122	Baligaon, Ward No:-2, opposite Image Auto Service (Dhakuwakhana), Dist:- Lakhimpur(Assam), Pin:- 787055
42	DHEKIAJULI	26	Ward no-6,Bhanujyoti Guest Houuse Road(Near weekly market) Dhekiajuli,Dist -Sonitpur,Pin-784110,Assam
43	DHEKIAL	137	Malia Gaon, Dhekial Chariali, Opposite: Dhekial Higher Secondary School Golaghat, Assam, PIN:-785662
44	DHEMAJI	88	Ward no-2, Station Road, P.O Dhemaji, P.s. Dhemaji, Dist-Dhemaji, Pin-787057, Assam
45	DHUPDHARA	85	Vill:Dhupdhara, Goalpara,Pin-783123, (Near Bikali College,Dhupdhara)Assam
46	DIBRUGARH	82	Milan Nagar, (Jiban Phukan nagar), P.O-C.R Building,Dist & P.s-Dibrugarh, Pin-786003, Assam
47	DIMAPUR	107	Duncan Bosti, P.O. Dimapur, P.s. Dimapur, Dist-Dimapur, Pin-797112, Nagaland
48	DIPHU	146	Diphu Main Bazar Road Opp Jayanta Rangpi Residence Diphu, Karbialong , Assam, 782431
49	DWARKUCHI	93	Village –Darkuchi, P.O Darkuchi, P.s. Darkuchi, Dist-Baska (BTAD), Pin-78137,Assam



LIST OF BRANCHES WITH ADDRESS

SL	BRANCH NAME	BRANCH CODE	ADDRESS
G			
50	GANGTOK	103	Tashi Building, Lower Pani House, Indira bye pass, P.O-Tadong, Gangtok-737102
51	GAURIPUR	81	Ward No.3, P.O & P.S: Gauripur, Dist:- Dhubri, Assam, Pin: 783331
52	GAURISAGAR	96	Dikhowmukh Road, Gaurisagar. P.O & P.S: Gaurisagar, Dist: Sivasagar (Assam) Pin: 785664
53	GOALPARA	16	Bhalukdubi Tilapara, PO-Badalmari, Goalpara, Pin: 783121, Assam
54	GOGAMUKH	62	Moinapara Chetia, Mouza -Bardoloni, P.o-Gogamukh, P.s-Gogamukh, Dist-Dhemaji
55	GOHPUR	32	Vill: Niz Gohpur, ward no-2, P.o-Gahpur, Dist-Sonitpur, Pin-784168 Assam
56	GOLAGHAT	55	Amolapatty, Ward No-4, P.o & Ps.Golaghat, Dist -Golaghat, Assam, Pin-785621
57	GEYZING	144	Vill: Middle Kyongsa , P.o- Gaysing, P.S- Gaysing , Dist -West Sikkim
58	GORESWAR	25	Robindra Nagar, Goreswar, Dist -Kamrup, Assam
H			
59	HOJAI	80	Dakhin Vidya Nagar, PO: Amtola, PS-Hojai, Nawgaon, Pin: 782345
I			
60	ITANAGAR	92	Oppsite SBI, Itanagar Bank Tinali, Itanagar, Pin 791111, Arunachal Pradesh
J			
61	JAGIROAD	22	Vill: Markangkuchi, P.O Jagiroad, P.S Jagiroad, Dist: Morigaon, Assam, PIN:-782410
62	JAKHLABANDHA	38	Gomotha gaon, P.O. Kuwaritol, P.S-Kaliabar, Dist-Nagaon, Pin-782137, Assam
63	JALAH	54	Vill: Jalah, P.O & P.S-Jalahghat, Dist-Baksa(BTAD), Pin-781327, Assam
64	JAMUGURIHAT	91	Vill Hatbor, P.O-Jamugurihat, Dist-Sonitpur, Pin-784180
65	JIRANIA	133	Vill: Jirania , Jaynagar , P.o & P.s-Birendra nagar, Jirania, Dist= West Tripura, PIN:-799045
66	JONIA	135	Vill: 1 no Murkonselek PO & P.S- Jonai, Dist=Dhemaji (Assam), PIN:-787060,
67	JORETHANG	110	Daragaon, P.o & P.s - Jorethang, Dist- South Sikkim
68	JALPAIGURI	140	Address : Tupamari, Pharpur Jalpaiguri, Dist: Jalpaiguri , West Bangal,
69	JORHAT	60	Tarajan Brahmin Gaon, P.o & P.s-Jorhat, Dist Jorhat, Assam , Pin-785001
K			
70	KAKI	104	Kaki No-1, P.o-Kaki, P.s-Kaki, Dist-Nagaon, Pin-782442 Assam
71	KALAIGAON	117	Kalaigaon, Near Ramkrishna Krishna Seva Ashram, Kalaigaon, PIN:784525, Dist: Udalguri, Assam
72	KAMPUR	33	Kampur pasanijar, P.O-Kampur, P.s-Kampur Dist-Nagaon, Pin-782426, Assam
73	KHARUPETIA	8	Vill:Nimtoli,(Khataswar)Mouza-Panchim Sialmari, P.s-Dalgaon,P.o-Ghansimuli, Kharupetia, Pin-784115, Assam
74	KHETRI	70	Ulubam(Khetri), P.o-Khetri, P.s-Khetri, Dist_Kamrup, Pin-782403, Assam
75	KHOIRABARI	118	VILL/PO: Khoirabari, Dist:Udalgari, Pin:784522,BTAD Area, Assam
76	KHOWNG	124	Khowang Sonowal Gaon, P.O & P.S: Khowang Ghat, Dist: Dibrugarh (Assam), Pin: 785676,
77	KIMIN	136	Address: Vill: Kimin, P.O & P.S: Kimin, Dist: Papumpare, Pin: 791123, Arunachal Pradesh,
78	KONIHA	24	Dimu- Dubok Chariali, P.o- Dubak, P.s-Rangiya, Dist- Kamrup, Assam ,Pin-781380
79	KAMALABARI	147	Kamalabari Chariali, Bongaon Road, Majuli, Pin-785106, Assam
80	KOTHIATOLI	71	Niz Kathiatoli, Kathiatoli, Nagaon, PS and PO: Kathiatoli, PIN:782427 Dist:Nagaon(Assam)
L			
81	LALUK	112	Vill:Laluk, District:Lakhimpur, Pin:784160
82	LANKA	40	Station Road, ward no-4, P.O-Nagaon, P.S-Nagaon, Pin-782446, Assam
83	LICHUBARI	101	Vill: Bangal pukhuri Na-ali, P.O & P/s-Jorhat, Dist-Jorhat, Pin-785001, Assam
84	LUMDING	130	Ward No. 1, College Road, Opposite Lumding college, Dist : Nagaon(Assam), Pin-782447
M			
85	MALIGAON	37	Boripar, Pandu, PS-Jalukbari, Guwahati-781012
86	MANGALDOI	11	Vill Ward No-2, Begamukh, opposite of city hospital, ,P.O & P.s- Mangaldoi, Pin-784125
87	MARGHERITA	127	Segunbari Gaon, P.O & P.S: Margherita, Dist: Tinsukia (Assam), Pin: 786181,
88	MARIANI	63	Address: Dodhar Ali Path, P.O: Mariani P.S: Mariani, Dist: Jorhat, Assam, Pin: 785634
89	MATIA	2	Near AGBV, Maia, P.O-Matia, Dist-Goalpara, pin-783125
90	MIKIRVITA	98	Vill: Nakhandia (Teteliital), PO:- charaibahi, Dist:-Mikirbheta, Dist.Morigaon, pin:-782106
91	MISSAMARI	57	Patidoi Bherala, (Garubandha) P.o-Missamari, Sonitpur-784506
92	MORAN	64	Lachit Nagar Moran hat, Dibrugarh(Assam) PIN:-785670
93	MAYNAGURI	141	Address: Maynaguri, P.O: Maynaguri, Dist: Jalpaiguri, West Bangal,
94	MORIGAON	4	Morigaon Town(Near Central Bank), Morigaon, Pin-782105, Assam
N			
95	NAGAON	30	Vill-Moricolon Chariali, P.B-Road, Dist-Nagaon, Pin-782001
96	NAGARBERA	9	Vill: Dokushi, P.O & P.S. Nagarbera, Dist: Kamrup, Assam, Pin: 781127



LIST OF BRANCHES WITH ADDRESS

SL	BRANCH NAME	BRANCH CODE	ADDRESS
97	NAHARKATIA	89	Naharkatia Seujnagar, Naharkatia, Dist: Dibrugarh(Assam) PIN:-786610
98	NAHARLAGUN	108	B Sector (Ward No.25), Civil Hospital Road, P.O & P.S. Naharlagun, Dist: Papumpara, Pin: 791110
99	NAKACHARI	100	Vill: Tiruwal Veta, Na Kachari, P.O-Na Kachari, Dist-Jorhat, Pin-785635, Assam
100	NALBARI	18	Santipur, ward no-7, Nalbari, Assam (Near Agreeculture office) Pin-781335
101	NAMSI	109	Kazitar Namchi South Sikkim, P.O-Namchi, P.S-Namchi, Dist-South Sikkim,
102	NARAYANPUR	113	Jakhria (ward no.1) po:-digrong, ps:narayanpur, dist.lakhimpur, pin:784160
103	NARENGI	50	Santa Monica Housing Complex Narengi, House No.72, PO Narengi, PS Noonmati, Guwahati-781026
104	NAZIRA	95	C/O Ganadhar Bordoloi, Nazira Main Road, Ward No:-3, TVS Showroom, PS:-NAZIRA, Pin:-785685
105	NELLIE	78	Nellie, house no -4, P.O Nellie, P.s. Jagiroad, Dist-Morigaon, Pin-782410, Assam,
106	NONGPOH	46	Nongpoh, p.o & P.S-Nongpoh, Dist-Ri-bhoi, Meghalaya, pin-793102
107	NORTH GUWAHATI	39	Abhaypur, P.o-College Nagar, P.o-North ghy, Dist-Kamrup, Pin-781031
108	NORTH LAKHIMPUR	42	Bormuria Tiniali, Ward no-5, K.B Road, P.O-Japisajia, North Lakhimpur, Pin-7871001, Assam
P			
109	PANIGAON	128	Vill : Panigaon, P.O & P.S-panigaon, Dist -Lakhimpur, Pin- 787052, Assam
110	PASIGHAT	143	Vill: Passighat Bazar, PO+PS: Passighat, Dist: East Siang Arunachal Pradesh, PIN- 791102,
111	PATHSALA	20	Mr. Dinesh Deka Village. Sundarpur, (Ward no 10), PO. Pathsala, Dist: Barpeta Pin: 781325
R			
112	RAMPUR	1	Babumbari, P.o-Rampur, P.s- Mukalmua, Dist-Nalbari, Assam, Pin-781312
113	RANGIA	31	Murara, Dharampur, Rangiya, P.O-Rangia, P.S-Rangia, Dist-Kamrup, Pin-781354
114	RANGPO	106	Chantar, Rangpo Bazar, P.O-Rangpo, P.S-Rangpo, Dist-East, Pin-737132, Sikkim
115	ROHA	28	Vill: Tupakuchi, P.O & P.s. Raha, Dist: Nagaon (Assam), Pin: 782103
S			
116	SAMAGURI	125	Vill: Samaguri (Auniati), P.O & P.S. Samaguri, Dist: Nagaon (Assam), Pin: 782140
117	SARTHEBARI	14	Sarthebari Saptahik Bazar, P.o-Sarthebari, P.S-Sarthebari, Dist-Barpeta, Assam, Pin-781307
118	SARUPATHAR	53	Sarupathar, Ward no-4, P.o-Saupathar, Dist-Golaghat-785601
119	SENCOWA	102	Vill: Sensowa, PO: Sensowa, p/s: Nagaon (Sadar), Dist. Nagaon, PIN: 782010
120	SHILLONG	90	Nongthymmai, Lumbasuk, Shillong-14, Nongthymmai, Dist-East Khasi hills, Meghalaya, Pin-793014
121	SILAPATHAR	115	Jonaki Nagar (Silapathar), PO & PS:-Silapathar, Dhemaji (Assam)
122	SIMALUGURI	58	Sonari Road, Ward No-2 Simaluguri, Sivasagar (Assam), Pin: 785686
123	SINGTAM	105	Shanti Nagar, P.o-Singtam, P-s-Singtam, Dist-South, Pin-737134, Sikkim
124	SIPAJHAR	67	Bhuktabari, (Dakanpara) P.o & P.s-Sipajhar, Dist-Darrang, Pin-784145
125	SIVASAGAR	83	Vill/Ward: NA-ALI, P.O & P.S: Sivasagar, Dist:- Sivasagar, Assam, Pin: 785640
126	SONAPUR	43	Vill: Sonapur, 2 no jyotinagar, P.o & P.s -Sonapur, Dist-kamrup, Pin-6782402,
127	SONARI	123	Ward No: 11, P.O & P.S: Sonari, Dist: Sivasagar (Assam), Pin: 785690,
128	SORBHOG	131	Vill: Uttar Ganakgari, P.O. & P.S-Sorbhog, Dist: Barpeta, Assam, Pin: 781317,
129	SUALKUCHI	61	Suwalkuchi, (Hospital Road) Near Angel school, P.o- & P.s-Suwalkuchi, Kamrup, Assam, Pin-781103
T			
130	TAMULPUR	76	Charangbari, P.O & P.S-Tamulpur, Baska, (BTAD), Pin-781367
131	TANGLA	34	Ward no -4, Tangla town, Mouza-Dakua, Dist - Udalguri, BTAD, Assam
132	TELIAMURA	134	Vill: Netaji Nagar, Teliamura, PO -Teliamura, Khowai, (Tripura), PIN:-799205
133	TENGAKHAT	138	Address : Vill: Niz Tengakhhat, PO & Ps.-Tengakhhat, Dibrugarh, (Assam), PIN:-786103
134	TEOK	75	Teok Goalgaon tiniali, (Near SDC office) Teok, Jorhat, Pin-785112, Assam
135	TEZPUR	13	Vill- Da Dhara, Bamun Chuburi, P.O-Mazgaon, P.S-Tezpur, Dist-Sonitpur, Pin-784001, Assam
136	TIHU	77	Vill: Tihu, ward no-4, Block-Tihu, P.O Tihu, P.s. Tihu, Dist-Nalbari, Pin-781371, Assam
137	TINSUKIA	87	Bordoloi Nagar, Arunodoi path (Near Civil Hospital), Tinsukia, Assam, Pin: 786125
138	TITABOR	47	Titabar Tiniali, Ward No-2, Titabar, Dist -Jorhat, Pin-785630,
Z			
139	ZOO ROAD TINIALI	10	House No-21 Bye lane no-11, Near HDFC Bank, Zoo Road Tiniali, P.O-Zoo Road, P.S-Geetanagar, Pin-781024



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Shawn Doyle



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