



**SAMBANDH**  
FINSERVE PRIVATE LIMITED  
*"Enduring Relationships..."*



**ANNUAL** REPORT  
2017-18



*"Enduring Relationships..."*



# CONTENTS

4	<i>Board of Directors</i>
7	<i>Core Team Members</i>
10	<i>Financial Highlights</i>
14	<i>Product Development</i>
22	<i>Information Technology (IT) and Management Information System (MIS)</i>
24	<i>Human Capital</i>
27	<i>Social Performance Management and People's Engagement (SPM &amp; PE) at Sambandh</i>
30	<i>Internal Audit &amp; Controls (IA &amp;C)</i>
33	<i>Organization Development Programs</i>
34	<i>Our Staff, Our Strength</i>
35	<i>Voices from the Field</i>
36	<i>Director's Report</i>
44	<i>Annexures to Director's Report</i>
53	<i>Secretarial Audit Report</i>
57	<i>Auditor's Report &amp; Financials</i>



## THE YEAR THAT BROUGHT US LAURELS



Sambandh Finserve Pvt Ltd (SFPL) is awarded with Microfinance Organization of the Year 2017 (Small & Medium) at the Coveted Inclusive Finance India Summit. SFPL was shortlisted from a list of other established micro-lenders for demonstrating excellence, strong governance and best practices with efficient delivery of responsible microfinance services in the underserved Chhotanagpur region. Furthermore, SFPL is an institution with a difference because each member of the Board and employees has a unique sense of belongingness and ownership owing to its participatory leadership and distinctive organizational culture.

One of the other reasons Sambandh won the award was its focus on empowering Indigenous tribal women in Chhotanagpur. Chhotanagpur is home to about 40 per cent of India's Indigenous tribal population and 70 per cent of them live in poverty in the rural areas. Families in this area mainly live in forests and grow barely enough food to feed themselves. They lack access to safe shelter, clean water, toilets, health services and quality schools.

Sambandh also won the award because of its innovative use of technology to reach women in even the most remote areas. Sambandh is one of the first microfinance providers in India to partner with Vodafone M-Pesa to disperse loans via low-cost mobile phones, and women use them to repay their loans. Sambandh gives the women training in their local dialect to ensure they can confidently use the phones in their journey out of poverty.



**SAMBANDH**  
Wins IFI Award 2017  
MFO of the Year  
(Small & Medium)

## MISSION

To be a preferred provider of inclusive financial services that socially and economically transforms the lives and livelihood of our people.



## VISION

Sambandh envisages a socio-economically prosperous society.



## CORE PHILOSOPHY

To be a listening & caring partner to individuals & households in their journey to financial well-being & economic freedom.



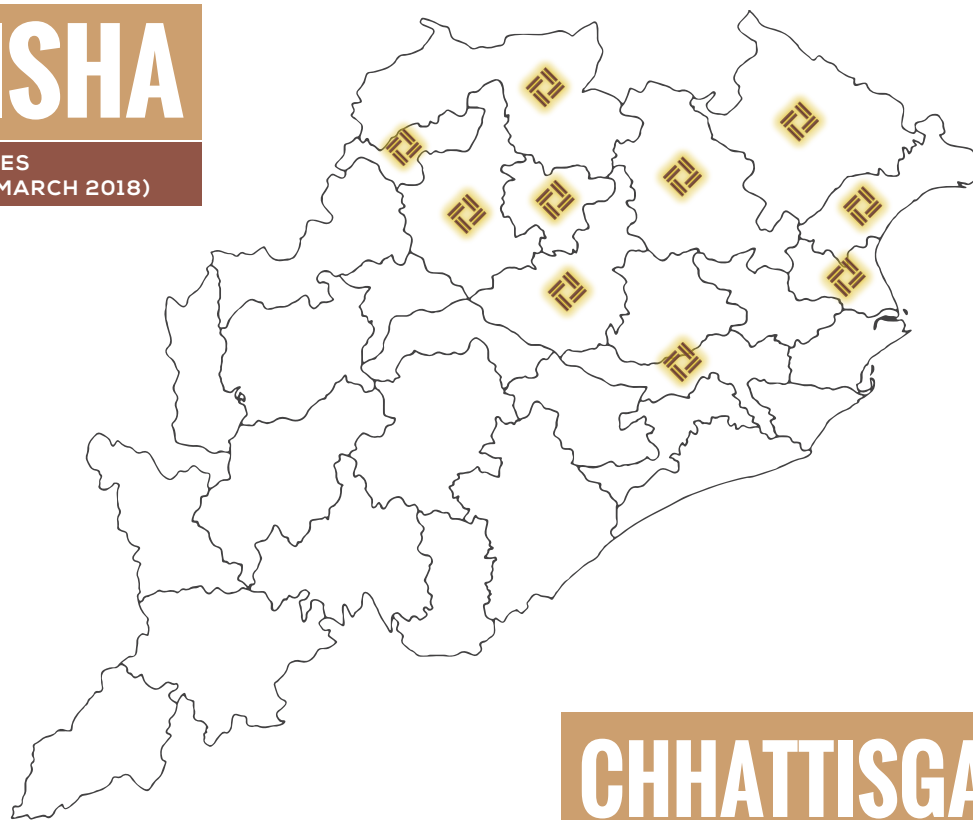
## VALUES

Sambandh Finserve Pvt. Ltd. strives for excellence in service quality through innovations in product design & simplicity in service delivery, by its committed employees who give utmost respect and empathy towards the target groups while being transparent in dealing and earning trust of the stakeholders which in turn brings recognition & rewards.

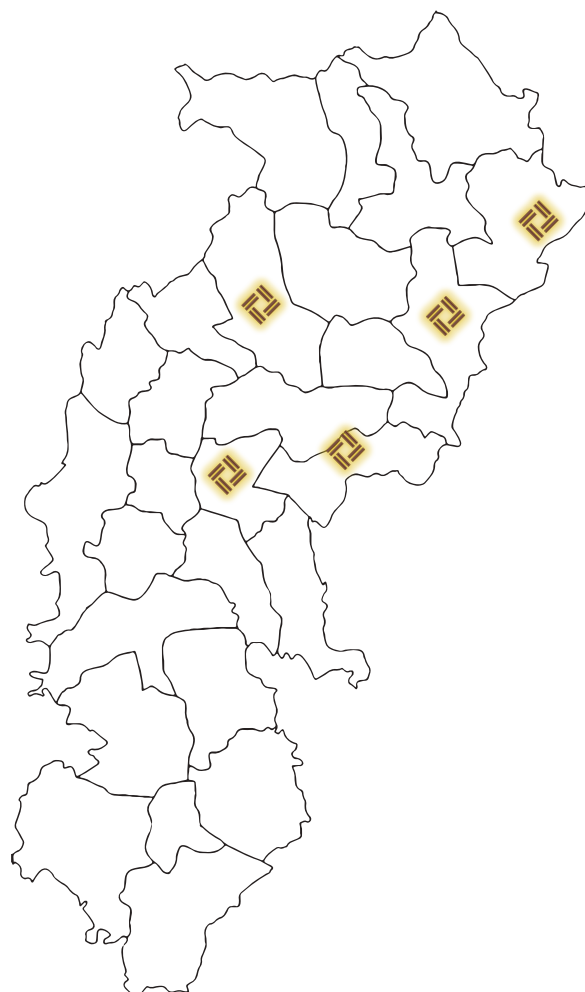


# ODISHA

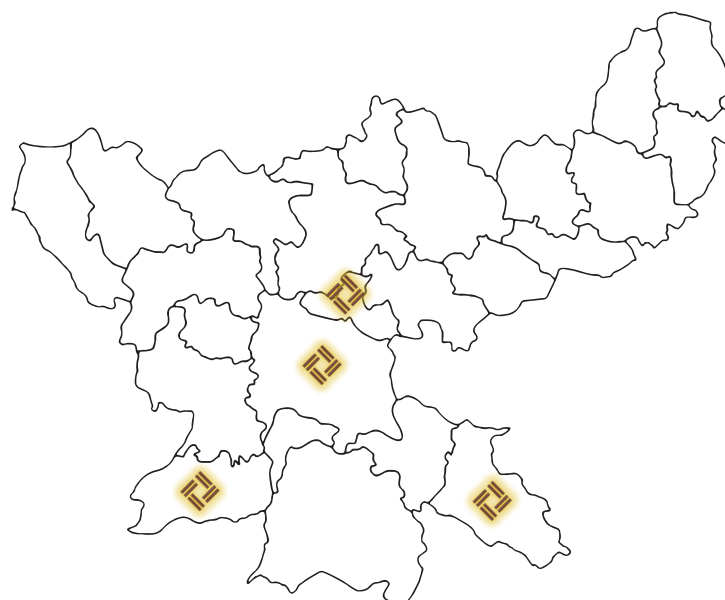
OUR BRANCHES  
(AS ON 31ST MARCH 2018)



# CHHATTISGARH



# JHARKHAND



**Mr. Livinus Kindo**  
IAS (Retd.) Chairman

## Dear Readers,

It gives me immense pleasure to present you this years' Annual Report that marks eventful on many scores. It's been an eventful year for Sambandh and brought in laurels to the organization. We won the MFO of the Year 2017 (Small & Medium) Award at the prestigious Inclusive Finance India Summit in Dec-2017. The faith and confidence bestowed upon us by our team mates, stakeholders, partners and well-wishers reinforced the "yes we can do" drive among us and reminded us that we're going in a right direction.

Let's talk about the core business of Sambandh - "micro lending & people connect". "People Connect", is the idea that has become ideology for us. We treat every client as the preferred client and no other leader does it. Sambandh as a team has never looked back on its commitment to treat the clients in service with a smile as the clients we serve are mostly indigenous. Business thought has not been in our thinking process and therefore providing trainings in financial literacy, organising health camps, interesting & engaging competitions for clients' children constitute our process management.

Our process management modicum of service delivery and continued strong lender-borrower relationship has attracted investors and our relations have been sustained. Our growth has become perceptible, and growth prospects hold bright future. We understand there is a long way to cover, but we're quickly shifting gears and adapting

ourselves to the fast changing and unpredictable environment.

Our work culture matching with client-culture is binding in unity. Our team reaches the clients periodically partaking in their tradition and culture. Celebration has become a part of company life. Here the culture of treating everyone equally and respectfully has every time inspired our employees to go that extra mile and solve many problems and achieve multiple feats in their respective roles. It's what drives performance and propel us towards excellence.

Women participation in the workforce has been significantly increased over the year, where in the decade old endeavour we have about 27% women employees working at various places and positions at the organization. We have constructive plans to take the figure near to 50% in the coming years. I feel proud to have such a balanced workforce, as increased participation of women in microfinance is necessary as the end-clients in majority are women and it helps building strong lender-borrower relationship.

I am of the strong view that matching of skill with values will make major part of our workforce gradually rise up from Status Quo to Dynamism and reach futuristic mental frame in coming years in perfecting the process, work culture and service delivery system.

**My congratulations to all.  
Thank you,**



## Sambandh Johar!!

At the outset, on behalf of the Board and Management of Sambandh it is indeed a pleasure to reach out to all our stakeholders with this edition of the Annual report. It has truly been a remarkable financial year 2017-2018 and we have strongly taken forward the baton since our decennary celebrations last year.

To start with, I feel especially proud to announce that Sambandh was awarded with MFO of the Year 2017 (in Small & Medium Category) and is true recognition to the deep rooted and untiring efforts of all team members across the organization. We also feel humbled by the fact that the Award also recognized our representation from the Chhotanagpur Region, as a strong regional player. This is indeed a proud moment!! Sambandhians take a bow!!

There has been other solid Organisation-developments that have shaped up this fantastic year, and supported us immensely in building a strong and sustainable financial institution.

**The Inclusive Finance India (IFI) Awards - (earlier Microfinance India Awards)** were instituted by ACCESS in 2009 with support from HSBC - India, to recognize individuals and institutions that have shown exemplary commitment towards promoting the cause of providing financial services and have made significant contribution to the growth of the sector. For the year 2017, Sambandh was declared a winner of the award under the Microfinance Organisation (MFO) of the Year (in Small & Medium Category). The award had 31 MFIs across the country competing on various parameters covering governance, operational processes, client engagement etc, Sambandh was shortlisted for the award for:

*"Demonstrating excellence, strong governance and best practices with efficient delivery of responsible microfinance services in the underserved Chhotanagpur region. It is an institution with a difference because each member of the Board and employees has a unique sense of belongingness*

*and ownership owning to its participatory leadership and distinctive organizational culture."*

**Portfolio Performance** - The overall operational efforts has been upto the mark in the current Financial year, the portfolio recorded a remarkable growth of over 80% compared to the previous year and our Assets under Management were at INR 2,365 Mn at the close of the FY. The quality of portfolio was also maintained at satisfactory levels and PAR>30 recorded at 0.48% for representing period. We have increased our branch presence to 48 overall and have also grown strongly with our BC operations as well.

**Odisha State Office** - To aid coordination efforts with external stakeholders, the Odisha State Office was established at Bhubaneswar. I take this opportunity to congratulate Mr. James Raj, CFO and the finance team in planning and setting up this impressive office. We have already seen the result of such an effort with visits has increased by multiple folds. During the year, International Agencies like Opportunity International, Base of Pyramid Asia (BOPA), Asian Development Bank among others have in different ways added value to the organisation and by and large a positive development with the establishment of this office.

**New Departmental Initiatives** - This year also saw the launching of new initiatives to further strengthen important aspects of Corporate Governance, Operational practices, risk management and Corporate Strategy to name a few.

**Corporate Strategy** - Headed by Mr. Sanjib Puan, is a veteran from the field of Rural Banking, Microfinance and Livelihood promotion in India and outside. Sanjib has over 22 years of experience working in planning and execution. This vertical also includes Corporate Communication, Product and Organisation Development Initiatives. The department is adding tremendous value to the organisation in terms of coordination, policy implementation, review and monitoring at the organisational level.

**IT and MIS** - As one of the key pillars of growth and expansion, we have further strengthened the department. with the addition of management level positions. To support the smooth implementation of the new CBS in PERDIX platform, the department is now headed by Mr. Dhiraj Sinha, who has 19 years of experience implementing core banking solutions in microfinance and BFSI space. The strengthened IT & MIS team will also look at critical aspect of automation of operational process thus enabling field officers to have a deeper client engagement.

**Social Performance Management & People Engagement:** Also known as SPM & PE in short, this unique initiative has an exclusive focus on working and monitoring on the critical aspect of Social Goals. The twin goals of the department is to have 'Happy Employees' attending to 'Happy Clients'. Various client welfare and employee engagement measures are being implemented under the department.

**Institutional Development under Asian Development Bank Project-** In the Financial year, Sambandh was chosen as one of the few MFIs across the country to receive capacity building assistance under an ADB Project. BASIX Consulting and Technology Services Ltd has been appointed as the lead in the project and will oversee many institutional strengthening initiatives across a three-year horizon.

As a way forward, under the aegis of the ADB project, and closely coordinated by the Corporate Strategy team, a five-year strategic business plan is being formalized. It is a critical document and will be prepared over many months and numerous rounds of meetings across the ranks of the organisation.

The Strategic Business plan will have many 'firsts' incorporated. For instance, the targets towards building the 'Sambandh Style of Leadership', which, will make Sambandh more future ready by incorporating detailed execution plans involving people, technology and resources to take it forward. Further, this become even more important, we step up the pace of growth and plan for raising Equity for funding the same.

Last but not the least, as we grow, our commitment to Sarvodaya and deepening of our services in the remote regions of Chhotanagpur is further strengthened with the planned geographical expansion. At the core of our work, are our employees who are the real 'Changemakers' and the real face of the organization. I thank each one again for all the hard work. I take the opportunity to wish everyone all the very best to inspire, walk and lead Sambandh into the future.

I am grateful and thankful to all our clients, investors, partners and well-wishers for their constant trust and support, without which we could not have achieved this feat.

The impressive layout & content development of this edition of the annual report is dedicated to the hard work put in forth by Corporate Communications and the Design team, I strongly believe that the readers will find it worthwhile and interesting.

I wish you and your family all good health and happiness as we proceed to the new financial year.

Sambandh Johar once again and warm regards on behalf of the entire Sambandh Family.

Sincerely,  
**Deepak Kindo**  
MD & CEO



## BOARD OF DIRECTORS



**Mr. Livinus Kindo**  
Chairman

Founding member of RRDC, former bureaucrat, philanthropist, eminent socio-economist with rich and varied experience in the area of Co-operatives. He is credited with having intensive working knowledge in the areas of rural and agriculture finance. Mr. Kindo's keen interest area lies in economic development and he has been closely associated with Sambandh since its inception. He pursued Post Graduate in Economics (Gold Medalist). He has experience of 20 yrs in the Micro-Finance sector.



**Mr. Deepak Kindo**  
Managing Director & CEO

Mr. Deepak Kindo is the Founder and Managing Director of SFPL and has extensive experience in the microfinance sector. He is a Post Graduate Diploma in Forest Management from the Indian Institute of Forest Management and has attended numerous courses and training in Rural Finance, Management, Strategy etc. He has also earned a Certificate in Microfinance from the Boulder Institute of Microfinance, USA and recently has been selected to participate in the Harvard Business School - ACCION Program on Strategic Leadership on Inclusive Finance, Boston, USA.



**Mr. Saurabh Baroi**  
Nominee Director, Dia Vikas Capital Pvt Ltd

Mr. Baroi holds a postgraduate degree in Rural Management and has over 19 years of experience in Microfinance. Prior to his current engagement with Dia he has worked with both international and national organisations like CARE India, Access Development Services and CAPART. Saurabh represents Dia in the boards of many Microfinance Investee Companies. Saurabh is primarily engaged in identifying suitable investment opportunities, institutional assessments, negotiate equity and debt transactions, research business risks and opportunities, analysis of financial statements, monitoring of investee organisations, valuations, mentoring and capacity building of MFI personnel and partnership management with the Investee Companies.



**Prof. Prabal Sen**  
Independent Director

Prof. Sen has to his credit has over 41 years of experience in teaching, training, research and corporate management. He has been Professor of Economics and Founder Chairperson, Entrepreneurship Development Centre (EDC) at XLRI, Jamshedpur till September 30, 2017, when he superannuated. Prior to his association with XLRI since March 2007, Prof. Sen worked for the Institute of Rural Management, Anand (IRMA) as a Chair Professor for six years (2001-2007) and served a Public Sector Bank for over 23 years (1978 -2001), where he occupied senior management positions in fields related to economic research, planning & development, general management and priority sector credit including rural and small business finance and credit planning.



**Mr. Santanu Sarma Barua**  
Nominee Director, SIDBI

A Post Graduate in Economics from Delhi School of Economics with an MBA (Finance) from NMIMS University, Mumbai, and has over 20 years of work experience in financial sector encompassing commercial banking, housing finance and development banking. He currently serves as Deputy General Manager in SIDBI.

## CORE TEAM MEMBERS



**Mr. Kuchibhatla Prasad**

Independent Director

Mr. Prasad has a wide experience of 33 years with Reserve Bank of India in various capacities and retired as Chief General Manager. His experience covers the areas of Supervision and examination of Non-Banking Financial Institutions, Banks & Development Financial Institutions. Prior to his association with RBI, he worked as a Senior Breeder at USAID and Rockefeller Foundation in developing disease resistant & high yield rice varieties.



**Mr. Vinod Jha**

Independent Director

Mr. Jha is an experienced professional providing strategic business advisory solutions in the areas of finance, marketing and business development. A Science Graduate from Mumbai University, he has rich and varied experience in this field for the past 16 years. He is also closely associated with premier organizations like Carbon Minus India in the area of renewable energy and environment protection and is a supporter and advisory for championing the vision of “Zero defect- zero effect” of the Hon'ble Prime Minister.



**Mr. James Dinesh Raj**

Chief Financial Officer

Mr. Raj is an MBA in Finance from the Loyola Institute of Business administration, Chennai. He has rich experience of the retail consumer financial industry in personal loans, mortgage and insurance with various capacities in sales, credit and branch operations. He also has prior experience in logistics and accounting with in depth knowledge of whole function. Apart from domain expertise he has considerable experience in delivering trainings on soft skill development. In his current role as Chief Financial Officer he is instrumental in the day to day activities of the company. He also heads all the functions of the organization and takes forward its future expansion.



**Mr. Sanjib Puhan**

Head - Corporate Strategy

Mr. Puhan is an MBA from Utkal University and a LLB graduate and also has done his M. Com (Finance & Management) from Utkal University. He has a rich experience of 22 years and has been working at key strategic positions in his vast career span with organisations like Accion, ICICI Bank, CARE India and NABARD. Mr. Puhan is instrumental in designing key strategies that supplements the expansions plans the team have in mind in the coming years.



**Mr. Krishna Chandra Mohanta**

Company Secretary

Mr. Mohanta is a qualified Company Secretary from the Institute of Company Secretaries of India and an LLB graduate. His looks after Legal and Secretarial Compliance and also a part of the risk management team of the company. He has more than 7 years of experience in the field and has earlier worked in the private sector.



**Mr. Dhiraj Kumar Sinha**

Head - IT & MIS

Mr. Dhiraj Sinha has a rich and vast experience of almost two decades working in the corporate and not for profit sector. For the previous 12 years he has been employing his skills in banking and microfinance sectors. Mr. Sinha has been instrumental in managing the IT and non -IT projects in and around Asian and African countries in the domains of retail banking, CBS, internet banking and Anti Money Laundering. His prior experiences in IT management and implementation are helping Sambandh automate critical and non-critical IT & MIS processes in the operations.



**Mr. Felix Xess**  
Manager – Accounts

Mr. Xess is a Bachelor of Commerce and has in-depth understanding and knowledge in accounting. He has drawn a rich experience from his past service in Christian Missionary organizations at Bangalore and Ranchi. He has an extensive working experience in Tally and supervises the entire book keeping and accounting processes at Sambandh.



**Mr. Manoj Kumar Ekka**  
Head - Credit

Mr. Ekka has done his Masters in Computer Science from Utkal University. He has handled software development and has focused on implementation of assignments. He was heading the MIS department for some years and was at forefront of institutionalizing the department and the IT functions there. He commands extensive knowledge and vast experience in the microfinance operations. He is responsible for adding value to the organization by playing a critical role in ensuring effective execution of the core operational duties. Mr. Ekka currently looks after the Credit Functions of Sambandh.



**Ms. Rita Kiro**  
Manager – HR

Ms. Kiro has 10 years of experience in Human Resource Management. Her last assignment was with a renowned Hotel Chain as a Human Resource Manager and was part of the pre-opening team. She has completed her PGDPM from XISS, Ranchi. She has joined SFPL with focus to strengthen the HR functionalities, trainings, statutory HR compliances and reporting to Board, Investors/Funders and Employees. Her current role also involves setting up the Learning & Development department at Sambandh.



**Mr. Arjun Pagal**  
Manager – Corporate Communications

Mr. Arjun Pagal holds a PGDMN from EDII Ahmedabad, Gujarat. He has about 10 years of experience in PR, developing communication materials, creative design, social marketing and event promotional activities in the areas of Financial Inclusion, Financial Literacy, SHG Banking and Microfinance. Along with the excellent skills that he possesses, he has also demonstrated his expertise in documentation & content development while working with a variety of organizations that supports the widening outreach of financial inclusion in the country. He is currently looking after the overall communication & branding initiatives of Sambandh.



**Mr. Manoj Felix Ekka**  
Head - Operations

Mr. Manoj Felix Ekka is an M.Phil. in Mathematics from Sambalpur University, Odisha. He has a wealth of academic experience working as a lecturer of Mathematics in one of the Colleges in Sundargarh District of Odisha. He joined SFPL since its inception and acquired hands-on experience working at the grass-root level. He has strong communication and people management skills and this has helped SFPL in policy formulation and in team building.



**Mr. Elias Lugun**  
Manager – Internal Audit & Controls

Mr. Lugun is an MBA in Marketing from Sambalpur University. Before Internal Audit he had prior experience in the Field Operations department at Sambandh since inception. He is very familiar with the organizational policy and procedures and was part of policy formulation during the early stages of the organization. In his current role as head of Internal Audit and Control, he is accountable for review of internal control system, checking compliance of organizational policy and detection of frauds in the organization. He reports to the audit committee of the board.



**Mr. Rohit Kujur**  
Dy. Manager - SPM & PE

Mr. Kujur is a Masters in Social Work specializing in Labour Welfare & HR. He has worked as an Asst. Professor and has an experience of more than six years in varied functions across the organization. His earlier association with the teaching field helps him proficiently handle the training vertical under his disposal. Presently, he leads the SPM & PE team at the organisation.



**Mr. Budhnath Oram**  
Dy. Manager – MIS

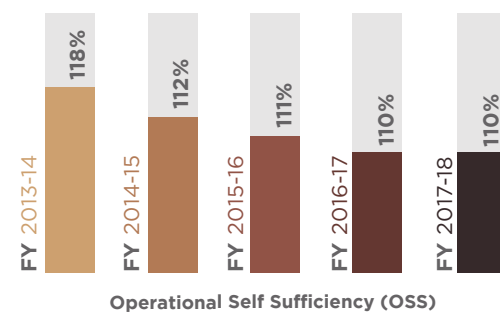
Mr. Budhnath Oram has done his MCA from Utkal University, Odisha. He has extensive knowledge and experience in software development and implementation. He is in-charge of MIS at SFPL and has helped develop a fitting & convenient Information System, currently being used in the organisation. He manages the Information Technology enhancement and its implementation at the organization.



## FINANCIAL HIGHLIGHTS

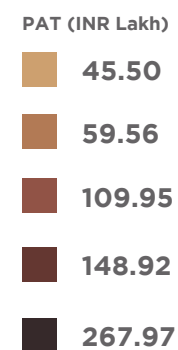
### Operational Self Sufficiency (OSS)

Sambandh was in the expansion mode in the FY 2014-15, that's why the Branch Establishment Expenses shoot up so affecting the OSS; subsequently in the next year though the OSS reduced by 1 basis point, as the income increased from the Operation, the OSS was under check. In the following years, the branches continued to grow due to expansion in two other states, correspondingly the income from operations has grown to give a controlled OSS as shown in the diagram.



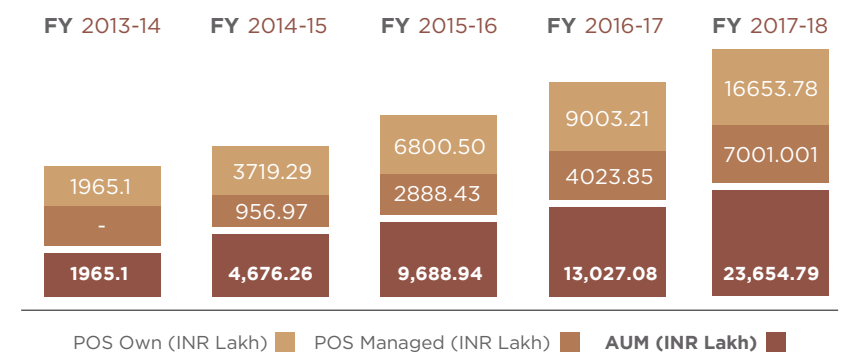
### Profitability (INR Lakh)

In contrast to the above graph, as the income grew from the business Y-O-Y, the PAT likewise on the rise in the 5 year period.

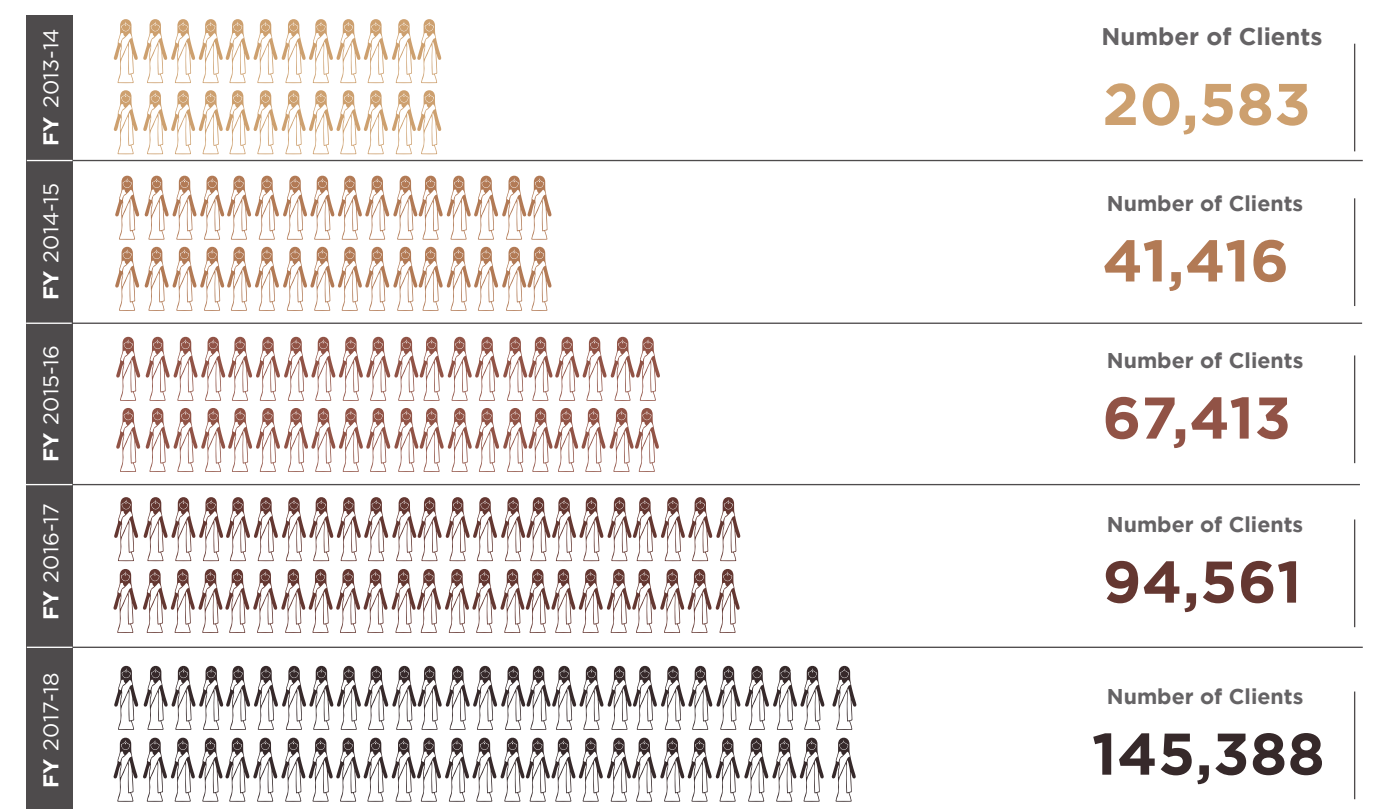


### Growth in Portfolio

The Company through these five year has been able to raise funds from various sources for on-lending to its target clients, on the otherhand the BC business with the partnering banks also grew as shown in the graph. Besides operation-wise, the company spread its business in two other states that helped in the increase in the size of the portfolio as well.

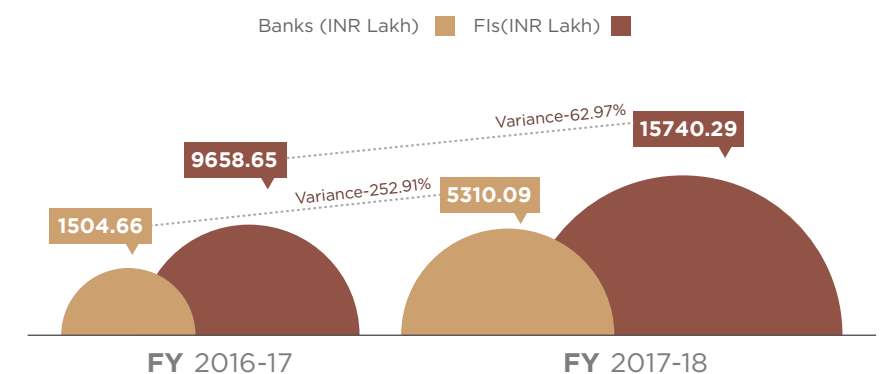


### Growth in Client-base



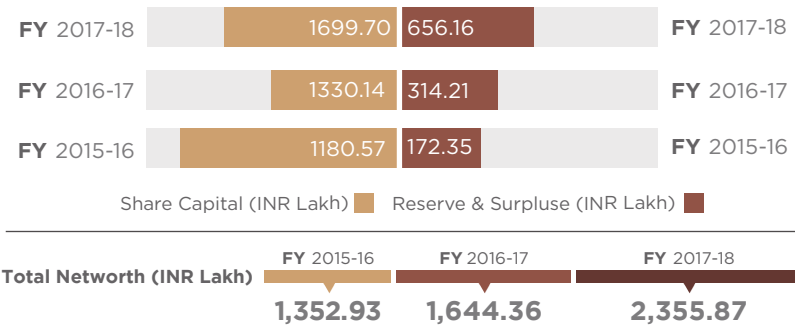
### Funding Mix

To achieve the 5 year business targets, the team like-wise planned to raise funds from diversified sources - that included TLs, PTCs, NCDs and raised Equities from Institutional Investor as well as from Promoters. Moreover, Sambandh was able to raise preference shares & Sub-Debts to boost the capitalisation structure of the company.



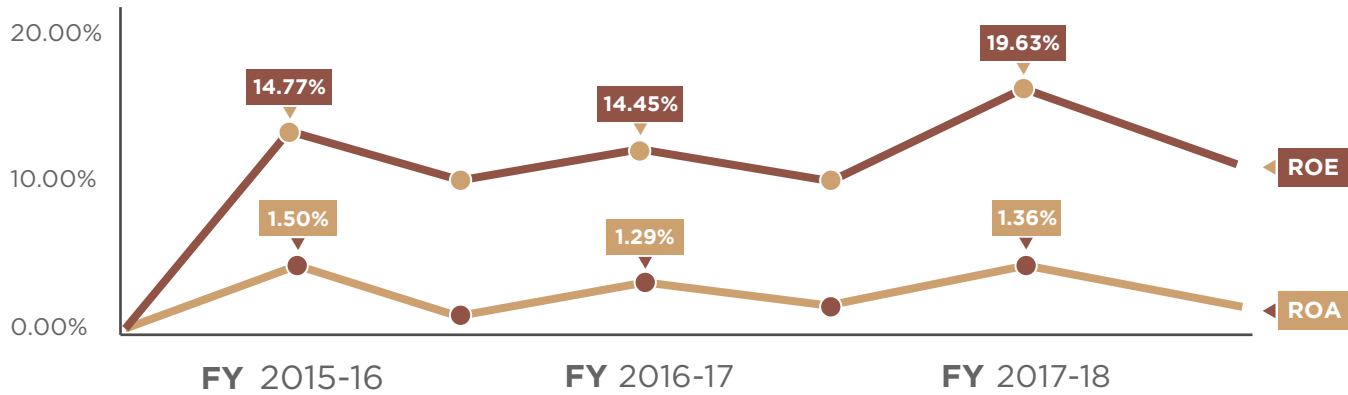
Networkh

The Company through these five year has been able to raise funds from various sources for on-lending to its target clients, on the otherhand the BC business with the partnering banks also grew as shown in the graph. Besides operation-wise, the company spread its business in two other states that helped in the increase in the size of the portfolio as well.

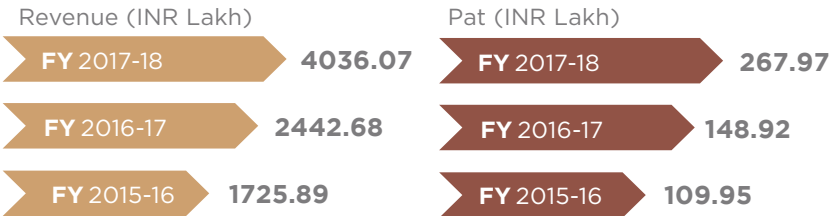


Return on Assets and Return on Equity

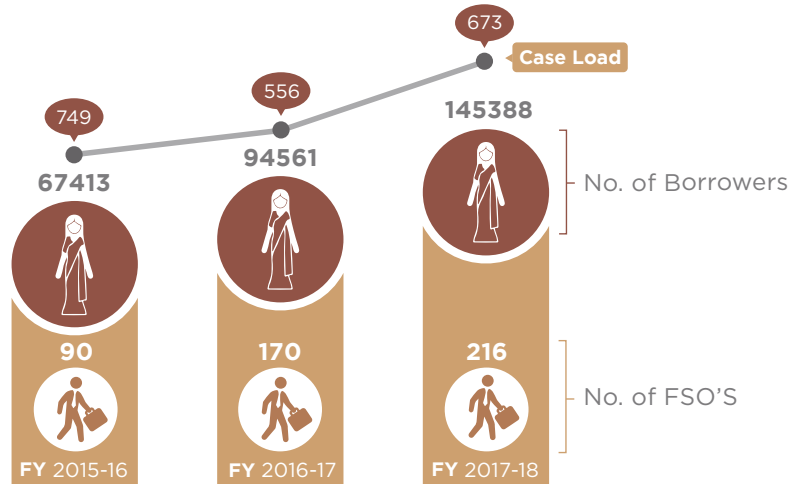
The ROE slightly gone down in 2016-17 due to the inflow of equity, but the next FY.



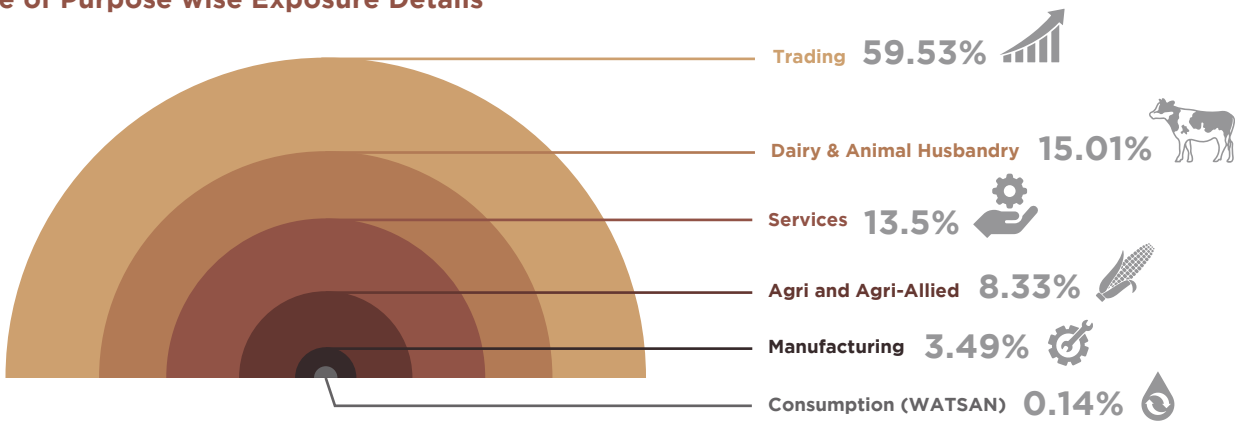
Revenue Vs. PAT



Case Load (FSO Vs. Borrower)



% Age of Purpose wise Exposure Details



Credit Linked Life Insurance (CLLI)

Through the partnership with PNB MetLife, LIC of India, Exide Life and DHFL Pramerica, Sambandh offers Credit Linked Life Insurance (CLLI) to its clients and optionally for their spouses. We advise all our borrowers and their spouse to avail the benefit of insurance. Availing insurance product through Sambandh Finserve Pvt Ltd is optional and is subject to sole discretion of customer/spouse. Policy tenure will be 1 year/ 2 years depending on the loan tenure. In the unfortunate event of natural or accidental death of client or spouse, the insurance premium helps the nominee to cover the outstanding loan and the earlier paid installment amount is then directly transferred to the nominee. A snapshot of the claim status is provided below:

FY	Total Claim Lodged		Total Claim Amount (INR)		No. of Claims Settled		Total Settled Amount (INR)	
	Member	Spouse	Member	Spouse	Member	Spouse	SFPL	Nominee
2017-2018	48	87	935,000	1,760,000	43	79	1,809,376	587,624



## PRODUCT DEVELOPMENT

The products of Sambandh Finserve Pvt Ltd are developed with a vision to uplift the livelihood of it's clients by providing different range of loan products suiting to their needs to envisage a socio-economically prosperous society. The tailored loan products are targeted to the rural, semi-urban as well as urban masses. As majority of women face difficulties in getting access to a proper source of finance to run or establish their business due to lack of necessary documents and collateral, loan products like SARAL, SUVIDHA, SAMRUDDHI are provided to the low-income women entrepreneur to make them independent in their respective fields. Individual loan products like WATSAN loan is designed to combat the sanitation issues faced by the rural and urban slums and to provide financial support for the construction of toilet. Su-griha (HIL) loan is designed with the purpose of renovating one's dream home. The loan has helped numerous clients in transforming their thatched house to pucca house with

appropriate sanitation facilities in it. Loan products like Consumer durable loan and Solar loan are designed with a view to provide an aid to the basic household needs and to have an alternative source for the erratic power supply condition. Saksham (MSME) loan is designed for micro-entrepreneurs to enable them to develop small business activities and earn a dignified living. The forthcoming loan products like Sahaj Krishi (Agriculture) loan, Siksha kalyan (Education) loan and Safal Vahan (Two-wheeler) loan are designed focusing our women clients to give a morale boost to women entrepreneur. As development of a country relies on the development of the women, if more of women come forward and start or run small business activities, they can get financial independence and will have the equal rights in making decisions for their households with the male members of the house. SFPL aims to design all the products in a way that can convert the client's need to a reality-based solution.



## WATSAN LOAN

Access to safe water and sanitation is a necessity for every household, and it's a challenge in major part of the country to get hold of that. Access to sanitation and clean water has been the biggest challenge. Mass population in rural India suffers the indignity of defecating in the open. Girls and women have to venture out before dawn or after dark, leaving them vulnerable to harassment. Providing the vulnerable communities safe water and hygienic environment is a challenge. To combat the issues faced by the rural as well as the urban communities, WATSAN loan was introduced. The motive behind introduction of the loan was to provide financial support for the construction of toilet in urban slums for the low-income households. The loan facility is

extended to the clients who have successfully completed their 1st loan cycle with the organization, having their own land documents and willing to take loan for construction of toilet. The loan amount ranges from 15,000 INR - 20,000 INR. Various positive feedbacks have been received from the clients who have availed the WATSAN loan. Many clients were not aware of the importance of toilet in a household. When proper training and orientation was provided to the clients during the meeting, the clients came to know about the importance of having a toilet and the health hazards caused due to open defecation. Few clients being aware about the benefits of having a toilet and sanitation facilities, were unable to construct toilet, due to financial

constraints. So, when the sanitation program was introduced, every client was able to avail the sanitation facility and they could feel the changes in their living style after having a toilet in their house. At the same time, the other people who reside in the neighborhood of the client also felt that having a toilet facility is necessary. So, they also started constructing toilet in their house. They started keeping their locality neat and clean as they realized that cleanliness of society is as important as having a toilet in their home. They are thankful to SFPL for introducing and providing a kind of loan that will foster their health and livelihood.

## STATUS AS ON MARCH 2018



**Total Disbursement amount** 19,272,000 INR



**Total portfolio outstanding** 3,288,057 INR



**Total number of clients** 360



## SUVIDHA LOAN

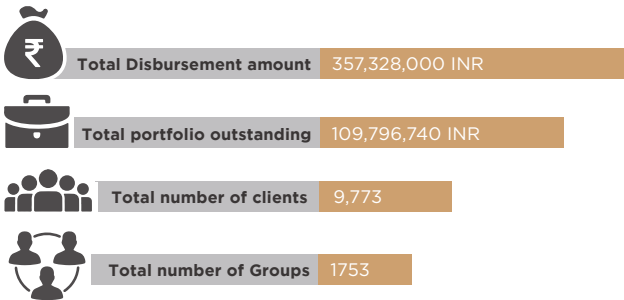
‘Suvidha’ as the name indicates means easy. Getting easy access to finance has always been a huge task for women, especially in village areas. Majority of women face difficulties in getting access to a proper source of finance to run or establish their business due to lack of necessary documents and collateral. Suvidha loan is designed in a way that it will be easily

accessible to the target client group. Suvidha is a group loan which follows both SHG and JLG lending model through business correspondence by IDBI bank and YES bank. The loan comes under the managed portfolio category. Managed portfolio by IDBI bank follows the SHG lending model, where the loan amount ranges from 10,000 INR - 40,000 INR. Whereas,

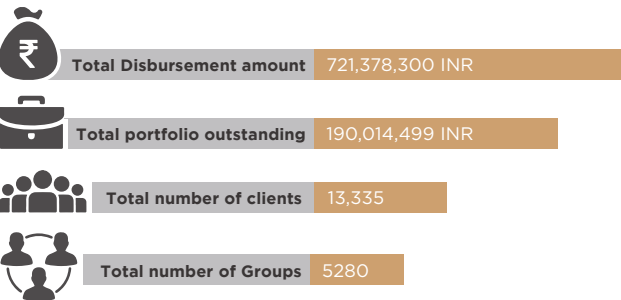
managed portfolio by YES bank follows the JLG lending model, where loan amount ranges from 12,000 INR - 36,000 INR. The loan facility is extended to low income women entrepreneur and to women who are engaged in agriculture, allied and other small economic activities to grow their business modestly.

## STATUS AS ON MARCH 2018

### SUVIDHA IDBI



### SUVIDHA YBL



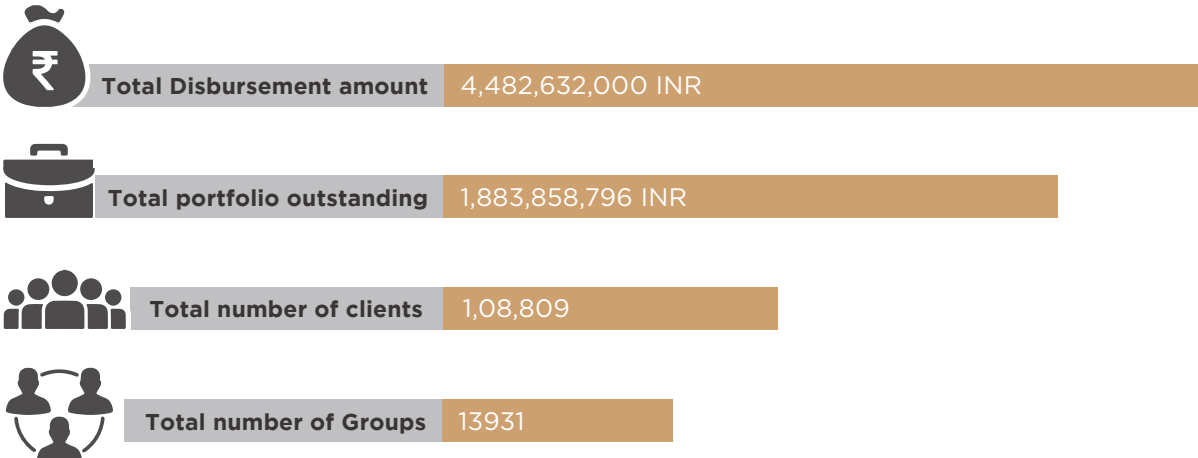
## SARAL LOAN

The name of the loan “Sara” means simple. The loan is designed to provide a simple solution to the business problems faced by low income women entrepreneurs. The loan follows the Joint Liability Group (JLG) lending model. Saral loan was introduced by SFPL to provide a simplified solution to the problems faced by the clients in running their

business due to lack of capital. The purpose of providing the loan is to meet the working capital requirements for running small and micro-enterprises. Women clients who are engaged in income generating activities but lack in finance to grow their business or add stocks to their business or sustain their existing business, after availing

Saral loan, have countered exponential growth in their business with increased stock and increased sale. The size of the loan ranges from 10,000 INR-50,000 INR depending upon the loan requirement and size of the business.

## STATUS AS ON MARCH 2018





## SAMRUDDHI LOAN

Samruddhi loan product follows the JLG (Joint Liability Group) lending model under the group lending methodology. The loan amount ranges from 15,000 INR- 35,000 INR. Through business correspondence model of RCFL (Reliance Capital Finance Limited), loan is extended to low income women entrepreneurs to invest the loan amount in income

generating activities and in enhancing their business for a better living standard. Samruddhi loan is intended to provide financial support to women entrepreneurs to make them financially independent, self-reliant and help them to lead a dignified life.

## STATUS AS ON MARCH 2018



**Total Disbursement amount** 293,090,000 INR



**Total portfolio outstanding** 163,282,767 INR



**Total number of clients** 12585



**Total number of Groups** 2343



## HOME IMPROVEMENT LOAN (SU- GRIHA)

Home is one of the basic needs and an indicator of quality of life an individual enjoys, it also helps in creating conditions conducive to the achievement of crucial goals in matters pertaining to education, health, sanitation and the living standards of the people. Better housing facilities will mean improved productivity. Adequate shelter implies more than a roof over one's head, which includes adequate privacy, adequate security, space, adequate ventilation, lightening, adequate basic infrastructure and location with regards to work and basic facilities at reasonable cost. Home Improvement Loan is designed with the purpose of renovating one's dream home. It is a short-term loan advanced for improvements in a residential

property, such as additions and alterations, maintenance and repairs, or replacement of structural parts. The loan amount ranges from 50,000 INR - 80,000 INR. The pilot test was started with operational areas of Sundergarh and Jharsuguda with the existing clients of SFPL (Sambandh Finserve Private Limited). The loan has helped many of our clients in re-fixing their dreams by renovating and making additions in their homes and helping them lead a quality life. The loan product follows individual lending methodology and is extended to those clients of SFPL who have a permanent residential facility. The impact of Home Improvement Loan (HIL) is such that homes of many clients have been transformed from thatched house to pucca house with

appropriate sanitation facilities in it. The clients who have availed Home Improvement Loan (Su- griha) not only have upgraded their standard of living but have been able to live a life with dignity with improved housing structure.

## STATUS AS ON MARCH 2018



**Total Disbursement amount** 6,40,000 INR



**Total portfolio outstanding** 6,27,148 INR



**Total number of clients** 8



## ENERGY LOAN

Darkness looms with the setting sun in several households in remote parts of India. Apart from power-outages through the day, there are often several hours in the evenings when the households in the rural villages need to make do with the light from a dim kerosene lamp, which is hazardous to health as they emit toxic smokes on burning. Keeping the erratic power supply condition that prevails in the rural households

in view, Energy loan was introduced. The loan amount ranges from 2,399 INR – 3,199 INR. The product offers various benefits, including reduced air pollution, safety from kerosene lighting led accidents and is cost effective. The product is radically simple to use, of high material quality and is ultra-affordable. There is no maintenance required, the water, heat and impact resistant product compete directly with the

recurring cost of Kerosene. The product also has chargeable ports where mobile phones can be charged, and the light provides battery backup up to 36 hours. The product is a complete package indicating Value for Money.

## STATUS AS ON MARCH 2018



**Total Disbursement amount** 3,366,685 INR



**Total portfolio outstanding** 468,006 INR



**Total number of clients** 366



## FORTHCOMING PRODUCTS

### SAHAJ KRISHI LOAN (AGRI LOAN)

The name of the loan product indicates Simplified and Timely Agriculture loan for the target group engaged in agriculture, farming and allied activities. A farmer is a magician who produces money from mud. As agriculture is the main occupation in almost all Indian villages, enhancement of the farmers is a must to help them sustain their

livelihood. If the farmer is rich, then so is the Nation. The loan product is designed to follow individual lending methodology to ensure a quick turnaround time as agriculture involves perishable items, time factor needs to be properly taken care off. Small and Marginal farmers are the target groups for the Sahaj Krishi loan product. The loan product in its

initial stage is designed focusing on maize cultivation, as maize is grown in large scale in Nabarangpur district of Odisha, Sahaj Krishi loan will be steered in Umerkote branch of Nabarangpur district.

### SAKSHAM LOAN (MSME LOAN)

The name of the loan product Saksham means “Be Able”. It is a loan product designed for micro-entrepreneurs to enable them to develop small business activities and be self-reliant in their respective fields. Clients having petty business-like; grocery or variety store, hardware shop, mobile repairing store, hotels/dhabas, tailoring business etc. will be extended the loan facility. Saksham loan will follow the Individual lending

methodology. The loan is designed to give a morale boost to women entrepreneur who run businesses to earn livelihood for themselves and for their family. As development of a country relies on the development of the women, if more of women come forward and establish or run small business activities, they can get financial independence and will have the equal rights in making decisions for their households with the male members of the house.

The loan amount will depend upon the cash flow of individual trade a client undertakes. Saksham loan in its initial phase will be targeted to the urban clients rather than the rural clients. The scheduled pilot branches for the loan product are Rourkela, Jharsuguda and Bhubaneswar. Existing clients of Sambandh Finserve Private Limited (SFPL) will be provided with the loan facility.

### SIKSHA KALYAN LOAN (EDUCATION LOAN)

Siksha Kalyan means education can bring welfare to self as well as to the society. The loan product will be granted to financially assist eligible/deserving candidates to pursue basic school and college level education. In many regions of India,

quality education is a distant dream, where the constraint of money exists. This financial support motivates the students to pursue their career choices as it unloads the burden of arranging amount of money required for tuition fees,

books, admission fees, etc. The loan will also cover the candidates who want to pursue education in sports. The pilot test will be conducted in the branches falling under the Chotanagpur region.

### SAFAL VAHAN LOAN (TWO WHEELER LOAN)

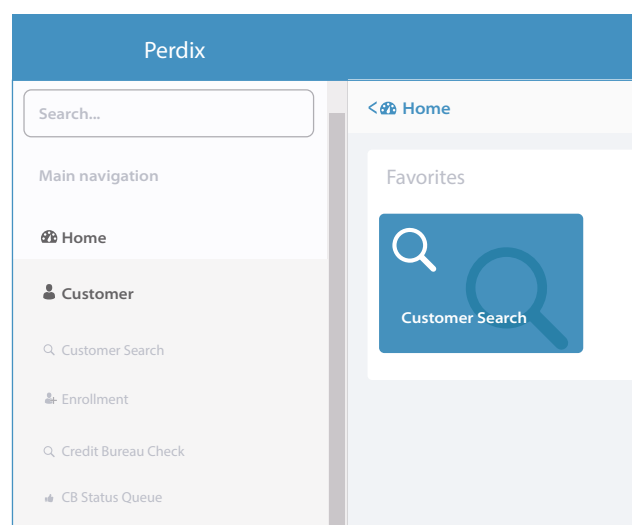
The title of the product indicates that owning a vehicle would help our clients reach their destination at ease and enjoy numerous attributes and success, a person can cherish while having a vehicle. With mounting costs of public transport and increasing traffic, owning a

vehicle of own has become more of a necessity than luxury. When compared to cars, a two-wheeler is easier to maintain and consumes less fuel. If one is worried about the unexpected expenses that will be incurred if a motorbike is purchased, applying for a two-wheeler loan

with Sambandh is the best thing to do. One can not only get the vehicle of his/her dreams in no time but can also pay back the loan without any financial stress through easy installments. The loan will be extended to the existing clients of SFPL.



## INFORMATION TECHNOLOGY (IT) AND MANAGEMENT INFORMATION SYSTEM (MIS)



### Digitalization of Operational Process

The IT implementation plan is to first get the Core Banking System (CBS) implemented successfully in all the branches so that the core microfinance business and the accounting module could be managed completely through the system. Sambandh started the migration and implementation with PERDIX in January 2018 and have done the pilot with 4 Branches. The 4 branches are live, and the implementation at rest of the branches is in full-swing.

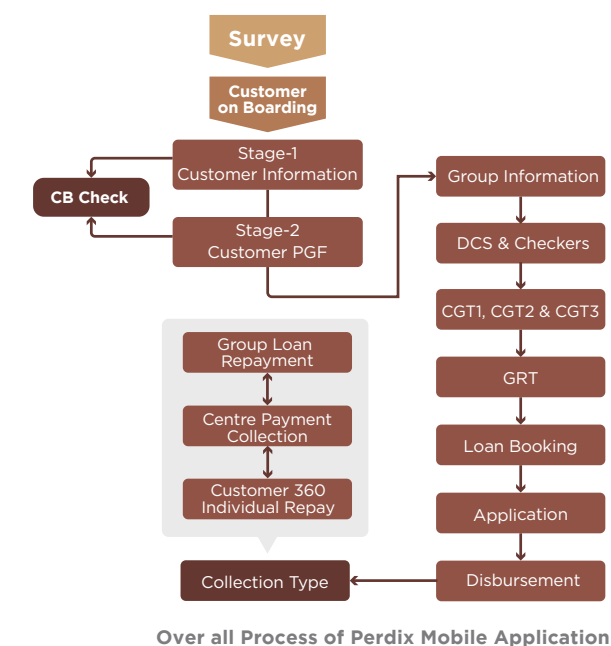
Sambandh is migrating from Jayam (e-Fimo) to PERDIX, an updated ERP software designed by Dvara Solutions and funded by Technology Infusion Fund of SIDBI-PSIG. PERDIX will be more adept at handling the future growth and traffic of operational demands.

PERDIX provides a single unified platform to cater to all the needs of Sambandh. Implementation of the software is expected to result in reduction in the operating expenditure, better tracking system, field-force automation, elimination of paperwork, enhanced operational controls and overall increase in the efficiency in the operations. The suite is designed to be integrated with multiple credit bureaus and provide back-end support to BC operations by linking with CBS of banks.

Once the core banking is fully implemented, Sambandh will focus on implementing 'branchless banking' to facilitate online and cashless transaction, for both loan disbursement and collection of the loan. The Core Banking System will be available at the Branch level over the internet and will be managed by each and every branch independently. Sambandh is ready to deploy Mobile Banking and 'Credit Bureau Check' depending on the availability of infrastructure.

Sambandh has deployed another Core Banking System called 'Transform', to manage the BC operations. Some of the BC branches are now integrated with this system and are being managed by the MIS team.

Post this integration of all the branches, Sambandh will work on developing Mobile Application to manage its field operations. The modules which the team is currently working to bring to the field level are - Quick Client On-Boarding, eKyc Validation, Credit Bureau Check, Online Transaction (for both Disbursement and Repayment Collection), Credit Scoring System which would help in immediate disbursement and reducing the Turn Around Time (TAT) to serve the client in a much better way. The integration with Mobile and Tab will be taken up and completed in 2019, so that the Field Officers can conduct on-line transactions in the field.



### Near Future Plans

#### Integration of other systems with CBS



Sambandh plans to deploy and implement the CRM (Customer Relationship Management) suite and Support System (Call Centre), closely integrated with the Core Banking System. The CRM will help manage the Field Officers and the clients more diligently, making the process more efficient and transparent. Simultaneously, Sambandh will have in place a support system where a client can call to the given support number and the system would recognise the client and let the support executive respond with full client details in front of his/her desktop. This will help establish instant connect with the client and it would be a positive experience for the client to cherish.

#### Integration of SMS/Calls Banking

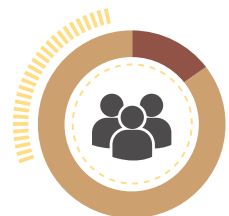


The implementation of IVRS based customer communication mechanism has been initiated with an IT Enabler. The idea is to get connected with all the clients at every major event of the business and operation process. Right from Group Recognition Test (GRT), to client on-boarding to Loan Application to Disbursement and Repayment Collection, Loan Closure etc. Additionally, Sambandh would be communicating with its clients at every event. This system will be functional in a full-fledged manner and the communications with all of the clients to be done by the end of December 2018. Going on this deepening the client relationship approach, the team would be introducing various kinds of content to empower the clients so that they are digitally and financially literate.



## HUMAN CAPITAL

### HIGHLIGHTS



**Manpower**  
**80%**  
of the total staff are recruited locally



**Gender balance**  
**27%**  
female staff



**All Women Branch**  
**4**  
branches are managed by Women staff only

Sambandh is widely known for its open workplace culture and maintaining a balanced gender ratio at the organization. This culture encourages people to come out with new ideas and solutions for problem solving; on the other hand, it ensures that everyone is treated equally and respectfully.

The Sambandh Centre for Leadership Excellence (SCLE) persuades its employees to come forward and express themselves on different platforms targeting the soft skill development. The major focus of SCLE has been to ascertain that the organization produces a pool of leaders than just managers. It is a custom at Sambandh that every day should start with a morale boosting story or case studies at its branch and at all offices. People are periodically reminded to read books that develops personality and leadership abilities. And the management never skip a chance to send their staff to important training programs, workshops so that they learn something new and interact with new people of their domain.

### Manpower Growth

#### Support Function

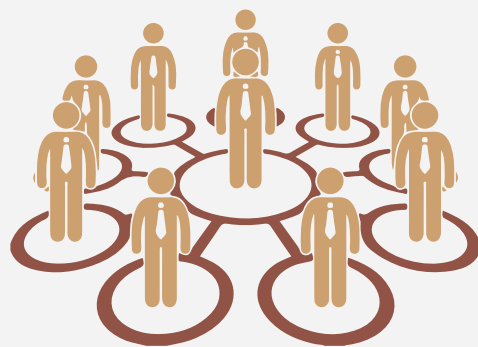
2016-17	108
2017-18	163

#### Field Operations

2016-17	232
2017-18	288

#### Total Staff

2016-17	340
2017-18	451



### Recruitment

There was an increased focus on recruitment to keep pace with the rapid growth of the microfinance business. To meet the talent needs of the organization due to the business expansion, the team on boarded 267 new employees during the FY 17 -18. The organization took care of the manpower requirement of each department to make sure that the right candidate joins at the right time. Even during the year under review, the organization established a new vertical as Corporate Strategy, headed by a seasoned professional having more than 2 decades of experience in development finance. The department will assist in devising strategies, simultaneously execute the strategies to achieve the desired goals within the stipulated time-frame, ensure effective coordination among all the departments while ensuring good service delivery for the target clients. Another major recruitment happened under the Corporate Strategy team was of setting up of the Corporate Communication, that's currently been fully functional with different internal and external communication being standardized at Sambandh. Other two aspects which are being incorporated in the Corporate Strategy department were of Product Development and Organisation Development.

For the first time during the year under review, Sambandh participated in the campus recruitments to hire Management Trainees to be posted in different departments. Students doing professional courses at the well known Universities like Ravenshaw, Utkal & Sambalpur Universities are targeted and subsequently recruited. A total of 15 young professionals were recruited as Management Trainees from these Universities.



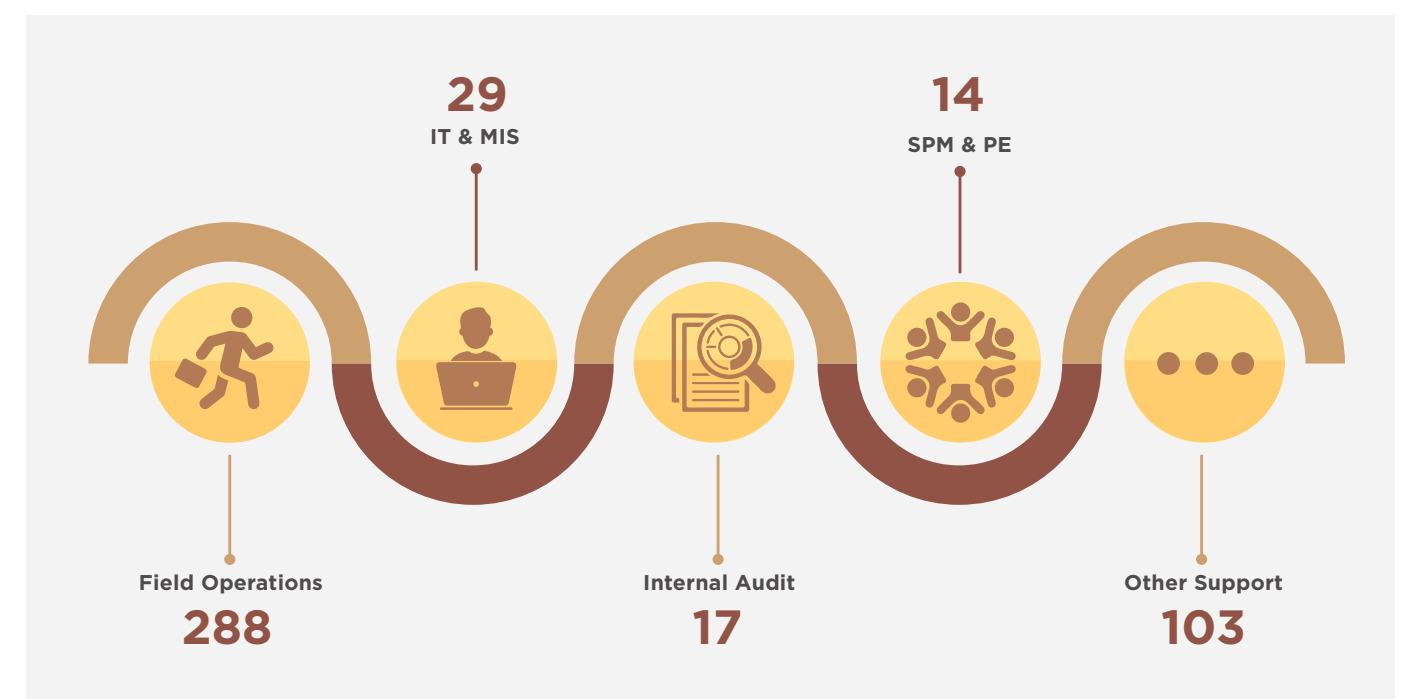
#### Recruitment Sources

- 40% Employee Reference
- 24% Job fair (District Employment Exchange)
- 21% Direct (Advertisement)
- 15% Skill Development Center

Besides, the HR team participated in the district level job fairs through invitation from District Employment Exchange & Odisha Skill Development Authority, the districts covered during the recruitment drive include Angul, Dhenkanal, Sambalpur, Bargarh, Sonepur, Bolangir, Jajpur, Kendrapara, Jagatsinghpur, Mayurbhanj and Khurda.



### Manpower Distribution



## Internal Job Postings (IJPs)

Sourcing and promoting employees internally many a times reduces the training & onboarding time - in the microfinance sector it is important the candidates have good knowledge about your products and the brand image of your company. Hence the IJP becomes a fruitful option to internally encourage the talented employees to come forward and take leadership roles in the respective domains. At Sambandh, IJPs during the year have been a vital source of recruitment and have helped in sourcing talent for several key positions especially in the Field Operations department. To ensure competent candidates are selected, a comprehensive evaluation process was developed which included the employees' past performance in the organization, written test scores, feedback of the line-manager and interviews.

## Other Notable Initiatives



Responsive Employee Helpline Number, for quick & on-time Grievance Redressal



Policy on Prevention of Sexual Harassment & POSH Committee at Workplace



Weekly health checkups for the employees

## Employee Benefits & Wellbeing

Sambandh believes that in order to succeed and achieve organization-wide targets it is important that the employees get motivated through different monetary and non-monetary benefits. If someone loves what s/he is doing then success is inevitable, and when employees succeed in their respective field the organization directly get the benefit out of it. Allowances of different nature are provided to the eligible staff as and when the time arises.

Sambandh provides its staff with comprehensive benefits which ensure that all employees are supported at every stage of life and help plan for the future as well.



## SOCIAL PERFORMANCE MANAGEMENT AND PEOPLE'S ENGAGEMENT (SPM & PE) AT SAMBANDH

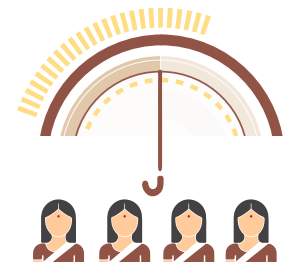
Going forward microfinance shall be increasingly measured by how much difference an Institution has made in the lives of the target people instead of how much profit the institution has made in a particular period. From (with) the evolution of microfinance institutions - the very essence of the customized small loans was to make a change in the lives of the people having limited or no access to formal financial avenues. And the social performance attached to the lending business is being adjudged while tracking the attainment of the set social goals of a microfinance service provider. In this regard, Sambandh has given special emphasis on deepening of the client relationship with a variety of initiatives apart from designing & delivering (socially) responsible financial products. The Management and the Team closely monitor the activities that coincide with the organization's social goals and core philosophy.

Being a double bottom line company, it is imperative for Sambandh to be financially and socially responsible towards its clients. Other than providing credit facilities for income generating purposes, Sambandh constantly engages itself with clients with the provisions of different value-added services and responsible financial products. It also organizes financial literacy trainings for the clients to inform them about the benefits of being a part of a group (JLG/SHG), on maintaining cashbook and encouraging internal lending and develop a culture of regular and timely repayment of their monthly instalments.

Sambandh integrates credit with that of social responsible services like WATSAN (Water & Sanitation) - it is a complete package of services given to our clients that includes the awareness building on the use of safe sanitary uses, and

building a well trained locally available masons who can build affordable lavatories. The clients are offered financial assistance to construct toilets at close quarters of their households through this product.

The Credit Linked Life Insurance is a cover for the loan amount given to the clients, and the client can take the insurance for herself and spouse. In any unfortunate incidents of death of the client or the spouse, the family gets the instalments back that were already been paid to Sambandh, and on the other hand Sambandh gets back the remaining outstanding amount.



Apart from engaging with clients, the organisation takes the client-MFI relationship to the next level and provides "Get Well Soon" service. Under this service, in case of any unfortunate accidents of the spouse or the client, the field staff rush to the hospital or to the client's place and present them with health-drinks, assorted fruits and a "Get Well Soon" card signed by the staff in vernacular language. Similarly, in the incident of unfortunate demise of the client or her spouse, funeral ex-gratia amount of Rs 500 or Rs 1000 is provided to the family.

Once in two months Health Camps are organised by inviting its clients to take the benefits like expert advices from the visiting physicians on communicable diseases, developing daily healthy habits, usual check-ups and getting general medicines without any charge.



The clients are also up skilled in managing their expenses and are given technical input on individual's/group's economic activities to scale up and diversify their sources of income. Another important aspect of regular savings is demonstrated to help them be self-sustainable. Financial operational branches spread across the operational states. Literacy Trainings are organized every month in all our operational branches spread across the operational states. This has been taken upon more systematically with the success of the following SIDBI-PSIG program.

During the year 2016-17 Sambandh piloted Financial Literacy and Women Empowerment program along with ACCION Technical Advisor India, under SIDBI-PSIG (Poorest States Inclusive Growth) program supported by DFID to improve understanding on financial services of the poor. About 6000 clients were benefited through trainings provided by the Master Trainers in Odisha. These master trainers were provided trainings on application of Information Communication Technology to train the SHGs/JLGs through digital media, interactive games, mass awareness camps, role plays etc by ACCION in partnership with Sambandh. As earlier note, the pilot was a huge success and the clients and their families been benefited from the initiative, hence Sambandh has decided to scale up the FL&WE initiative targeting 12000 clients and, in the process, recruited 12 Master Trainer for the accomplishing the objective. It is found that the 2nd phase has helped the clients to gain knowledge, women's capacity to address financial and gender issues, enrolling themselves into several govt. schemes beside many other financial planning aspects.

#### Forthcoming Initiatives (for the Clients)



##### Awaaz.De

Sambandh has gone into a partnership with Awaaz.De, an Ahmedabad based innovator which develops concepts that target the rural and difficult terrains to send need-based pushed messages and voice-over calls that can be received even from a feature phone. Awaaz.De is developing story-based modules (in Hindi & Odia languages) to enhance the understanding on financial planning, household budgeting, developing savings/banking habit, benefits of investment and insurance for all of Sambandh's clients in phase-wise manner. The pushed call/message would also include a confirmation on the receipt of the monthly instalment amount as well, which would avoid incidences of misappropriation of cash at the field level.



## EMPLOYEE ENGAGEMENT & LEADERSHIP DEVELOPMENT

Sambandh has developed such employee-friendly culture that there is always a scope for someone to take the situational leadership roles in the organization. This culture has been imbibed in the DNA of the organization, where a constant monitoring and due care is taken up so that the objective of the promoters to create a pool of leaders not managers, doesn't go in vain. Sambandh Centre of Leadership Excellence (SCLE) has taken a good shape with

the evolution of a full-fledged SPM & PE team since last year. The team going by the original agenda of encouraging the youngsters to come forward and have devised a set of activities centering around soft skill development. It takes a great deal of effort to persuade the minds of the per say field staff to express themselves while taking part in a group discussion on certain topics of their choice.

#### Human Skill Day (HSD)



This activity entirely focuses on the development of soft skills of the field level staff. It is one of those areas where Sambandh believes each one of its employees should be well groomed to interact with the team-mates as well as with visitors. While facilitating on organising this activity the SPM & PE team coordinates with the FO department and comes out with a topic and schedule.

#### Funtastic Friday



This is again another form of employee engagement initiatives that aims to break the complacency and any monotony at work. It is organized in the second half of every Friday. Here a number of team-building and fun-filled games are being played that brings in the lighter side of every participant. While participating in these games/exercises the employees get an opportunity to interact with their colleagues from other departments.

#### Appreciation Week



This is an interesting way of creating a platform where every employee gets a chance to share an appreciative note to someone who has brought in joy and happiness in his/her personal or professional life in the preceding year. It is observed in the month of June every year. Here many of the employees find it so surprising and overwhelming to get a good note on them sent by someone they haven't thought of. The SPM & PE team take the lead in this initiative and send across all those notes to the addressees.

#### Brain Train



How good you're in quizzes?? In this exercise, people are randomly visited and a quick-fire of questions are asked to them. Whosoever answers all the questions they're presented with surprise gifts. The SPM & PE team carries out this activity by visiting the departments and arbitrarily select someone to be bombarded with a set of questions.



## INTERNAL AUDIT & CONTROLS (IA & C)

Internal audit in Sambandh evaluates the company's internal controls, including its corporate governance and accounting processes. The important vertical also ensure compliance with policies and regulations and accuracy of financial reporting and data collection, as well as helping to maintain operational efficiency by identifying problems and correcting lapses.

### Scope of Internal Audit

The basic idea of IA & C at Sambandh is to check any kind of policy deviation or identify any situation, which can be a risk for the organization. Internal Audit's role in the organization is not limited to just checking the books of accounts and vouchers. Rather it has a wider scope and it covers:

- Financial reports and records: receipts, vouchers, cashbooks, ledgers, Client Repayment Card, cash balances etc.
- Loan documents: Loan applications, promissory notes, KYC and other documents required as per policy.
- Client visits: Cross-checking meeting discipline, timing, conduct, staff and client discipline; reviewing repayment records, interacting with clients to inspect whether the Loan Utilization Check (LUC) has been conducted properly or not.
- To check and report whether the company operations are transacted in accordance with sufficient internal controls, good business judgment, and high ethical standards.
- Auditing Support Departments.
- Other observation: staff discipline, hygiene, files arrangements and cataloguing



### Board Approved Audit Plan

The Department does an extensive and umbrella audit of the branches, field and the support functions while following the Board Approved Plan. IA & C Department then prepares a quarterly audit plan on that basis. The plan discloses how the department will go about carrying the audit exercise. It says about which branch will be audited when, resource allocation or manpower that has to be allocated, Audit Budget, number of days of audit and tentative date of submission of report.

**Branch Audit:** For a branch inspection, the audit team takes between 3 - 5 days depending on branch size and risk identified during last visit. Here the designated IA & C team inspects branch processes, loan documentation & branch-level records, statutory compliances and undertakes random client visits as well.

**Observations in last Audit Visit:** The last audit report provides an idea about which areas should be focused during the current audit.



**Rotation of Auditors:** To avoid any biasness in reporting, the Internal Audit Manager responsible for preparing the Audit schedule, shuffles his auditors each quarter. He ensures that no same auditor visits a branch in consecutive quarters.

**Audit dates:** Audit visit schedule is prepared keeping in mind that the schedule does not tally with the last audit visit dates of a branch. This is to avoid visiting same groups or clients repeatedly and to have a better coverage of audit.

### Post Audit Actions

The observations by IA & C during each month are summarized and discussed with the Filed Operation Department (after audit visit). The reasons for the prevailing issues are briefly examined and effective solutions for the issues are also discussed during the meeting.

**Internal Audit Rating:** The internal audit rating system at Sambandh is a tool to gauge the performance of audited branches against expectations set and achieved. The purpose of rating on the audit findings is to provide management with a clear picture of the significance of control deficiencies as an aid to prioritize corrective actions. The Branch is graded in terms of effectiveness to adhere to the set audit standards and how the branch is able to follow it. The overall rating system is based on:

- Compliance with loan process.
- Effectiveness of register and file maintenance.
- Client attendance at regular group meetings
- Client awareness about Interest rate, Insurance Benefits and other benefits attached with the loan.
- Field Officers' knowledge on the loan process.
- Loan Utilization Check.
- Regional / Assistant Managers monitoring of the branch etc.

**Internal Audit Committee Meeting:** The Board Internal Audit Committee meeting is held at the end of each quarter, and they meet at least 4 times in a year. The committee reviews the internal auditors' audit plan and the scope and activities of the internal auditors for the last period considering the following:

- Operational business and financial risks identified by management and the auditors
- Risks and Internal Controls
- Management overview.
- Industry scenario.
- Problem areas noted during the audit.
- Any sensitive issues.
- Internal auditors' report.

### Responsive Grievance Redressal Mechanism (GRM) & Client Protection Principles

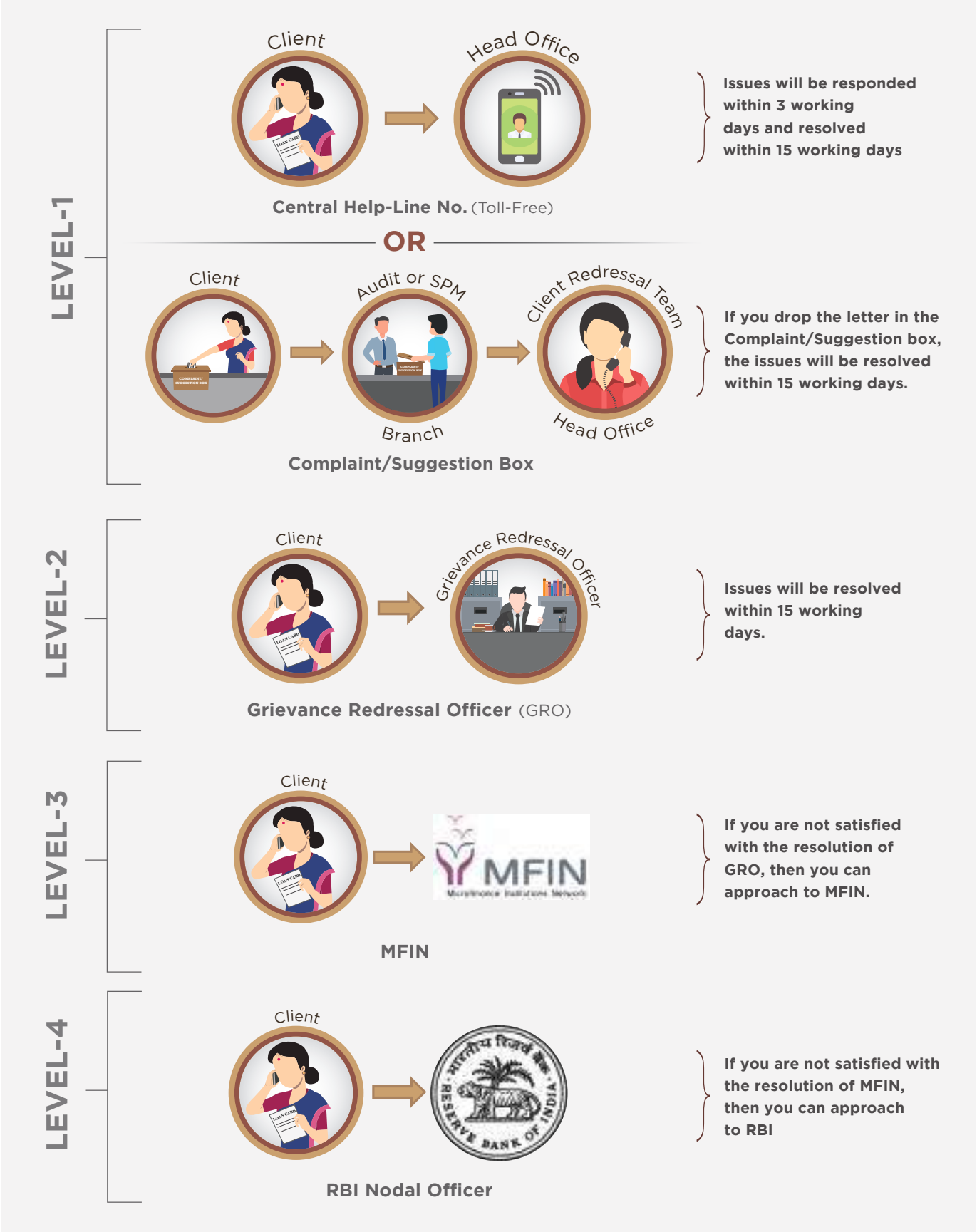
Sambandh has put in place a well-responsive GRM for its clients, where the organized process gives clarity to its client on the time of need to lodge a complaint or give feedbacks on the services offered. The GRM process in vernacular language, is designed in such a manner that the clients find it easy to access, and they get a fair & on-time resolution from the dedicated team in place for this purpose. Sambandh ensures that the process is prominently displayed at each of its branches, and the clients are periodically reminded about the toll-free number (for grievance redressal) is being written in their respective loan cards. A Grievance Redressal Officer (GRO) is in place to provide quick resolutions to the complaints that couldn't be resolved at the branch level.



At the time of induction and on refresher trainings, the field staff are given a thorough orientation about the key aspects of "Fair Practice Codes". They are periodically guided on following the code of conduct laid down by MFIN, besides these key areas are even given place in the Compulsory Group Trainings (CGT) for the Clients. Sambandh believes it is equally important that the clients should know about how the staff of Sambandh follow these code of conducts throughout the loan cycle.

The Management also ensures that the Fair Practice Code and Code of Conduct are noticeably displayed in each of its branches that to in the clearly visible vernacular language.

Grievance Redressal Mechanism (GRM)



ORGANIZATION DEVELOPMENT PROGRAMS

**SIDBI-PSIG:** (CB Support) Sambandh has received grant of Rs.70.80 Lakh for the purpose of Capacity Building and implementation of different CB initiatives at the organisation. This has given much need momentum to undertake the following activities:

- Hired a full time professional for raising equity and debt.
- Training on Responsible Lending Practices to 50 employees across field operations
- Support for setting up of a dedicated Client Grievance Redressal Mechanism
- Training & Policy Formulation on Gender Sensitivity in the organization
- Hired a full time professional for managing Risk & Compliance
- Creation, Formulation & Updating of various policies required for smoother operations.
- Support for developing a new housing renovation microfinance product for low income households.
- Support for opening of five branch locations in the Keonjhar & Mayurbhanj districts with branch established at Anandpur, Karanjia, Baripada, Udala and Keonjhar.
- Salary Support for two staff in five branches of Rajgangpur, Brajrannagar, Jharsuguda, Rourkela, Sundergarh.

**SIDBI-PSIG (TIF)** Sambandh has received grant sanction of Rs.55.00 Lakh from SIDBI-PSIG for the purpose for a new software system. The total cost of the project is Rs. 69.40 lakh of which 20% is to be borne by Sambandh. This software will be a comprehensive ERP solution and it will capture and solve many aspects of service delivery and data updation at the field level. The software has been piloted in four branch locations Ranchi, Simdega, Raipur and Bhubaneswar.

**SIDBI-PSIG (Sa-Dhan):** We are also currently receiving grant support through the SRO Sa-Dhan. This support is being implemented through Nimbus Consulting Pvt. Ltd. We have successfully completed this project effective Mar 2018. The following are the deliverables under the project:

- Salary support for a senior microfinance professional.
- Training & Capacity Building in the areas of finance, risk and audit.
- Support for policy advocacy for responsible lending practices & good governance practices.

**Asian Development Bank (ADB) Technical Assistance:** Sambandh is one of six institutions from India to have received technical assistance from ADB. The total quantum of assistance is of \$0.75 million. The ambitious grant advocates institutional support in the areas of capacity building and technical assistance in the areas of risk management, governance, business planning, growth management, risk management, credit processes, monitoring and reporting. The grant also aims to integrate or improve client protection principles through helping in the formulation of necessary policies and procedures. This project is to benefit 10,000 clients through financial literacy programs. More importantly the project will help Sambandh in developing a comprehensive 5-year Strategic Business Plan, which is expected to be ready by the end of Q1 FY 2018-19. The project is being mentored by Senior Consultants Basix Consulting & Technology Services Ltd., Nimbus Consulting Pvt. Ltd, Ankuram Social Ventures Pvt. Ltd and Samavit Vikas.



## OUR STAFF, OUR STRENGTH



## VOICES FROM THE FIELD



### Client Name: Ms. Basanti Majhi

Khush Group, Rourkela

Basanti Majhi has been a member of Khush for the last 3 years. She is a woman having a clear objective in mind to do some sort of economic activities apart from doing daily household chores. She says that "she is so happy that microfinance came into the picture and providing the much-needed money at their neighborhood; though there are multiple entities working here we find Sambandh a unique entity for their approach". She runs a small grocery store and contributes in the household expenses out of the money that she earns from the shop.



### Client Name: Ms. Jhunubala Sahu

Group: Radheshyam, Rourkela

She has been a true example in her village to other women. She says "whatever I earn, I always try to be happy and keep my family happy as well. And the microfinancing has helped her immensely in letting her voice heard in her family as well as in the village. I'm thankful for the last 4 years that I have been associated with Sambandh and getting the required amount to run her petty stationary shop out of her home."



### Client Name: Ms. Shama Perwin

Group: Kaikasha, Sundargarh

The young lady feels so proud of herself and the work she does. Her parents so happy about her daughter being able to do such impressive embroidery work, as her father (who sells the clothes/dresses that his daughter makes) says customer even give advance orders for some particular designs. Shama took a loan from a Pvt Bank's micro-credit program but didn't take the 2nd loan as it takes her time to go to the branch and wait for all the formalities. Here from Sambandh she doesn't find any difficulty as she currently into her 3rd cycle and borrowed INR 50,000 to purchase raw materials for her embroidery works.



### Client Name: Ms. Rina Ray

Group: Satii

Rina has bought 2 cows out of the loan she took from Sambandh. Her elder son even helps in the household occupation of rearing cows, and they sell their milk in other affluent localities of Rourkela. Sometimes the neighbors even drop by to buy milk as she is been known for giving pure milk without tampering. Rina opines that she has been enjoying the time with the group that she is being part of formed by Sambandh and that keeps her engaged. And she can now feel that though she is a lady but she can earn money without going anywhere and manage the family of 6 as well.

# DIRECTOR'S REPORT

To  
The Members,  
SambandhFinserve Private Limited,  
Jubilee villa, 1st floor, Plot No 7,  
Sindhi colony, Mission Hata,  
Rajgangpur, Orissa,  
India - 770017.

Dear Members,

The Directors have pleasure in presenting before you the Twenty Second Annual Report of the Company together with the Audited Statements of Accounts for the year ended 31st March, 2018.

## 1. FINANCIAL HIGHLIGHTS

Particulars Year Ended 31st March 2018	(Amount in Rupees)	
	FY 2017-18	FY 2016-17
Gross Income	403,607,992	244,268,208
Profit Before Interest and Depreciation	278,300,102	162,601,756
Finance Charges	238,623,588	138,400,985
Gross Profit	36,091,334	21,552,789
Provision for Depreciation	3,585,181	2,647,982
Net Profit	26,797,816	14,892,978
Proposed Dividend on Preference Shares	2,585,194	2,700,000
Tax on proposed Dividend	526,285	549,656
Transfer to General Reserve	5,359,563	2,978,596
Surplus carried to Balance Sheet	18,326,774	8,664,726

## 2. PRESENT INDUSTRY SCENARIO

The Micro Finance Industry during the year 2017-18 consolidated a bit after the negative impact of Demonetization. The entire Industry faced the problem of cash crunch to some extent and repayment limping back to almost normalcy. The industry started consolidating mainly due to inflow of Private Equity, Bank Credit and the Government's continued thrust on financial inclusion. The Micro Finance Industry has a tremendous growth potential in rural dominated India and will change the rural livelihood by empowering marginalized people with the provision of need-based and affordable financial services at the doorstep.

### Highlights:

- As of 31st Mar 2018, 2.53 Cr clients have loan outstanding from NBFC-MFIs, which is an increase of 25% over FY 16-17.
- The aggregate gross loan portfolio (GLP) of MFIs stood at Rs.48,094 Cr as on 31st March, 2018. This represents a YOY growth of 50% as compared to 31st March, 2017 and 14% in comparison to 31st December, 2017.
- Loan amount of Rs 59,629 Cr was disbursed in FY-17-18, representing an increase of 49% as compared to FY 16-17.
- NBFC-MFIs disbursed 268 Lakh loans during FY 17-18, an increase of 25% over FY 16-17.
- Average loan amount disbursed per account during FY 17-18 was Rs 22,273, an increase of 19% from FY 16-17.
- During FY 17-18, NBFC-MFIs received a total of Rs 20,695 Cr in debt funding, growth of 20% compared to FY 16-17. In the corresponding period NBFC-MFIs raised a total of Rs.9,631 Cr as equity, up by 40% from FY 16-17.
- Portfolio at Risk (PAR) >30 as on 31st March, 2018 is 4.44%. This does not include BFIL data. This is a significant improvement from 11.05% as on 31st March, 2017.
- MFIs now cover 30 states/union territories.
- In terms of regional distribution of portfolio (GLP), East and North East accounts for 44% of the total NBFC MFI portfolio, South 20%, North 14%, West 11% and Central contributes 11%.

## 3. SHARE CAPITAL

As on March 31, 2018 the Authorized Capital of SFPL was Rs. 27,00,00,000/- (Rupees Twenty Seven Crores only) divided into 1,90,00,000 (One Crore Ninety Lakh Only) equity shares of Rs. 10/- (Rupees Ten Only) each, and 80,00,000(Eighty Lakh Only) Preference Shares of Rs. 10/- (Rupees Ten Only) each.

The paid up share capital of SFPL is Rs. 16,99,70,810/- (Rupees Sixteen Crore Ninety Nine Lakh Seventy Thousand Eight Hundred Ten Only) divided into 1,54,97,081 (One Crore Fifty Four Lakh Ninety Seven Thousand Eighty One) nos. of equity shares of Rs. 10/- (Rupees Ten Only) each, and 15,00,000 (Fifteen Lakh Only) paid up Non-Convertible Redeemable Preference Shares of Rs. 10/- (Rupees Ten Only) each.

### Issue of non convertible redeemable preference share

During the year the Company has issued 15,00,000 nos of Non-Convertible Redeemable Preference Shares of Rs.1,50,00,000/- to Scient Capital Pvt Ltd. The issue was made through private placement.

### Allotment of equity shares to promoters

During the year your company allotted 5,00,000 nos. of equity shares to Mr. Deepak Kindo, one of the promoters of the company. The issue was made through private placement.

### Allotment of compulsorily Convertible Preference Shares (CCPS) to Dia Vikas Capital PVT LTD.

During the year your company has allotted 25,00,000 nos of Compulsorily Convertible Preference Shares (CCPS) to Dia Vikas Capital Pvt Ltd amounting to Rs.2,50,00,000/- (Rupees Two Crore Fifty Lakh only). The issue was made through private placement.

### Conversion of CCPS of Dia Vikas Capital PVT LTD in to equity shares

During the year your company received the request letter from Dia Vikas Capital Pvt Ltd for conversion of their CCPS into Equity shares. The CCPS amounting Rs.2,50,00,000 converted into Equity shares at 1.1 time of the book value of the last audited annual accounts and issued 18,58,736 nos of Equity shares.

### Conversion of Optionally Convertible Preference Share (OCPS) of SIDBI along with the dividend thereon as on 31st March, 2018 in to equity shares.

During the year your company received the request letter from SIDBI for conversion of their remaining 15,00,000 no of OCPS along with the Dividend accrued thereon as on 31st March, 2018 in to Equity Shares. The company considered the matter and converted the OCPS at the book value of the last audited financial of the company and allotted 13,36,877 nos of Equity shares. The allotment is made through private placement.

## 4. BOARD OF DIRECTORS

During the year, Mr. Dibya Lochan Jena, (DIN No. 02541689) had tendered his resignation due to his pre-occupation and the Board of the Directors of the company approved it in their meeting held 15th December, 2017 due to his pre-occupation. The present Board of the Directors of the company are:

DIN/PAN	FULL NAME	PRESENT RESIDENTIAL ADDRESS	DESIGNATION	DATE OF APPOINTMENT
02541650	MR.LIVINUS KINDO	JUBILEE VILLA, PLOT NO.7, SINDHI COLONY, MISSION HATA, RAJGANGPUR, ORISSA-770017, INDIA.	CHAIRMAN	21/04/2009
01502243	MR.DEEPAK KINDO	PLOT NO.7, SINDHI COLONY, RAJGANGPUR, ROURKELA, RAJGANGPUR, ORISSA-770017, INDIA	MANAGING DIRECTOR & CEO	12/03/2009
02255028	MR.KUCHIBHATALA PRASAD	FLAT NO.21,11 MIDDLETON ROW, NEW ASIATIC MANSIONS, KOLKATA-700071, WEST BENGAL INDIA	INDEPENDENT DIRECTOR	17/09/2010

02594965	MR. PRABAL KUMAR SEN	QTRS 103, XLRI CAMPUS, CH AREA(EAST), JAMSHEDPUR, 831001, JHARKHAND, INDIA	INDEPENDENT DIRECTOR	17/09/2010
06723830	MR.VINOD KUMAR JHA	303, TULSI SHYAM HIGHWAY JUNCTION, WAGLE, PO: THANE-400604, MAHARASTRA.	INDEPENDENT DIRECTOR	04/12/2015
02723687	MR.SAURABH BAROI	HOUSE NO.S-303, SISPAL VIHAR, AWHO SOCIETY, SECTOR-49, GURGOAN-122018, HARYANA-INDIA.	NOMINEE DIRECTOR	14/04/2010
07351144	MR. SANTANU SARMA BARUA	4/A001, KALYANI APARTMENTS UNIT -8, NEAR POWER HOUSE BHUBANESWAR 751012 ORISSA INDIA	NOMINEE DIRECTOR	04/12/2015

## 5. NUMBER OF BOARD OF DIRECTOR'S MEETING

During the year the Board of Directors held 07 meetings. The details of their meetings mentioned below:

SL. NO.	DATE OF BOD'S MEETING	DIRECTOR'S PRESENT
01	09/06/2017	1. Sri. Livinus Kindo I.A.S (Rtd.) Chairman, SFPL 2. Sri. Deepak Kindo, MD & CEO , SFPL 3.Sri. Santanu Sarma Barua , Nominee Director, SIDBI 4.Sri. Prabal Kumar Sen, Independent Director, SFPL 5.Sri. Saurabh Baroi, Nominee Director, DIA VIKAS 6.Sri. Kuchibhatla Prasad, Independent Director, SFPL 7.Mr. Vinod Kumar Jha, Independent Director
02	20/07/2017	1. Sri. Livinus Kindo I.A.S (Rtd.) Chairman, SFPL 2. Sri. Deepak Kindo, MD & CEO , SFPL 3.Sri. Saurabh Baroi, Nominee Director, DIA VIKAS 4.Sri. Kuchibhatla Prasad, Independent Director, SFPL
03	08/09/2017	1. Sri. Livinus Kindo I.A.S (Rtd.) Chairman, SFPL 2. Sri. Deepak Kindo, MD & CEO , SFPL 3.Sri. Prabal Kumar Sen , Independent Director, SFPL 4.Sri. Saurabh Baroi, Nominee Director, DIA VIKAS 5.Sri. Kuchibhatla Prasad, Independent Director, SFPL 6. Sri. Dibya Lochan Jena- Director 7.Sri. Vinod Jha -Independent Director
04	15/12/2017	1. Sri. Livinus Kindo I.A.S (Rtd.) Chairman, SFPL 2. Sri. Deepak Kindo, MD & CEO , SFPL 3.Sri. Prabal Kumar Sen, Independent Director, SFPL 4.Sri. Saurabh Baroi, Nominee Director, DIA VIKAS 5.Sri. Kuchibhatla Prasad, Independent Director, SFPL 6. Sri. Vinod Jha- Independent Director
05	24/02/2018	1. Sri. Livinus Kindo I.A.S (Rtd.) Chairman, SFPL 2. Sri. Deepak Kindo, MD& CEO, SFPL 3.Sri. Prabal Kumar Sen, Independent Director, SFPL 4.Sri. Saurabh Baroi, Nominee Director, DIA VIKAS 5.Sri. Kuchibhatla Prasad, Independent Director, SFPL 6. Sri . Vinod Jha -Independent Director

07	31/03/2018	1. Sri. Livinus Kindo I.A.S (Rtd.) Chairman, SFPL -Through Audio Visual Mode. 2. Sri. Deepak Kindo, MD& CEO, SFPL 3.Sri. Santanu Sarma Barua , Nominee Director, SIDBI - Through Audio Visual Mode. 4.Sri. Prabal Kumar Sen, Independent Director, SFPL - Through Audio Visual Mode 5.Sri. Saurabh Baroi, Nominee Director, DIA VIKAS - Through Audio Visual Mode. 6.Sri. Kuchibhatla Prasad, Independent Director, SFPL 7.Mr. Vinod Kumar Jha, Independent Director - Through Audio Visual Mode.
----	------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

## 6. DIRECTOR'S RESPONSIBILITY STATEMENT

### (a) Adherence to applicable Accounting Standards:

In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.

### (b) Selection and Application of Accounting Policies.

The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period.

### (c) Safeguarding the assets of the company.

The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.

### (d) Going concern basis.

The directors had prepared the annual accounts on a going concern basis.

## 7. RESERVATION AND QUALIFICATION ON AUDITOR REPORT

There is no qualification reservation made by the Auditors in their report which is self explanatory and attached to this report.

## 8. LOANS AND GUARANTEE UNDER SECTION 186

The Company has not given any loan nor provided any guarantee to any entity coming under the purview of provisions of Section 186 of the Companies Act, 2013.

## 9. PARTICULAR OF CONTRACT AND ARRANGEMENT UNDER SECTION 188

Details of contracts or arrangements or transactions not at arm's length basis		Details of material contracts or arrangement or transactions at arm's length basis	
Name(s) of the related party and nature of relationship	Nil	Name(s) of the related party and nature of relationship	NA
Nature of contracts/ arrangements/transactions	Nil	Nature of contracts/ arrangements/transactions	NA
Duration of the contracts/ arrangements/transactions	NA	Duration of the contracts/ arrangements/transactions	NA
Salient terms of the contracts or arrangements or transactions including the value, if any	NA	Salient terms of the contracts or arrangements or transactions including the value, if any	NA
Justification for entering into such contracts or arrangements or transactions	NA	Date(s) of approval by the Board, if any	NA
Date(s) of approval by the Board	NA	Amount paid as advances, if any	NIL
Amount paid as advances, if any	Nil		
Date on which the special resolution was passed in general meeting as required under first proviso to section 188	NA		

## 10. STATE OF THE COMPANY'S AFFAIRS

The company is a registered NBFC-MFI with Reserve Bank of India with a grading of M2 by SMERA Ratings Limited and SMERA comprehensive grading as M2C2. The company operates in three States namely Odisha, Jharkhand and Chhattisgarh.

Your Company during FY 2017-18, consolidated its operations which remained robust in terms of operational outreach, processes, technology and human resources. This has resulted in steady and stable growth and improvement in operating efficiencies. The Company, during the year added around 93,939 new borrowers and also opened 10 new branches in the States of Odisha, Jharkhand and Chhattisgarh. While the employee strength increased to 451 from 341 during the year, that mainly account increase in the frontline field level staff due to expansion in operations and on the other hand there were additions in the senior management team of the company.

The Company has put in place a strong system of thoroughly scrutinizing all loan applications so as to ensure that loan sanctions are given only to such clients who do not have multiple borrowings from MFIs, are not over indebted and are not defaulting borrowers. The Company thus has ensured to be compliant as per RBI guidelines. Your Company has maintained high asset quality throughout the year. The Company's IT system continues to evolve under the online e-FIMO software and PERDIX introduced and implemented in pilot phase in four branches at Bhubaneswar, Simdega, Raipur and Ranchi to provide live operational information. After the successful pilots, PERDIX will be implemented in all of the branches.

Your Company's organizational highlights for FY 2017-18 are as follows:

Year Ended	FY 2017-18	FY 2016-17
Branches	48	38
Districts	20	16
Centers	4,498	2,999
Active Borrowers	1,45,388	94,561
Loans Disbursed (In Rs. Cr)	185.72	87.27
Asset Under Management (In Rs. Cr)	236.55	130.27
Portfolio Outstanding - Own (In Rs. Cr)	166.54	90.03
Portfolio Outstanding - Managed (In Rs. Cr)	70.01	40.24
Total Employees	451	341

## 11. RESERVE

The Company has adequate Reserve and Surplus and total Reserve at the beginning of the year was Rs. 141.86 Lakhs and during the year an amount of Rs.369.45 Lakhs was transferred to reserve account making the total Reserve Rs. 683.66 Lakhs.

## 12. DIVIDEND

Keeping in mind the future projections of the company and as also the company has made a marginal profit, the directors of your company do not recommend any dividend on equity shares. However, the preference dividend of Rs. 13,50,000.00 is declared on the OCPS invested by SIDBI. The said payout of dividend is in accordance and compliance with the Share Holders Agreement signed with SIDBI on 07 December, 2012, and the terms and conditions of sanction vide letter SIDBI/337/SFPL/IMEF dated 21 September, 2012 and subject to provisions of Companies Act, 2013.

## 13. MATERIAL CHANGES

There are no significant material changes between the end of the financial year and the date of signing of this report except that the borrowing of Rs. 225.18 crores made by the company in the intermittent Period.

## 14. EXTRACT OF ANNUAL RETURN

An extract of the Annual Return in the form of MGT-9 is annexed herein as Annexure-1 which form part of this Board Report.

## 15. CONSERVATION OF ENERGY. TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

**Conservation of energy:** Since the company is not in energy intensive industry the particulars as prescribed the Companies Act, 2013, read with the rules made there under are not set out in the report. Nevertheless, the company is taking adequate steps to conserve energy.

**Technology Absorption:** The Company has put in all efforts to use the latest technology.

**Foreign Exchange earnings and outgo:** During the year under review there was no earning or expenses in foreign exchange.

## 16. RISK MANAGEMENT POLICY

Your company is guided by its mission to deliver financial and credit services to women from low income households in urban and rural areas. Your vision is to be a financially sustainable microfinance institution for the poor.

The Risk Management framework lays down the governance structure supporting the identification, assessment, monitoring, reporting and mitigation of risk throughout the organisation. The Risk management framework also comprises high level implementation guidelines which would form the basis for individual risk specific policies detailing implementation of risk management practices in detail.

## 17. CORPORATE SOCIAL RESPONSIBILITY POLICY AND ITS IMPLEMENTATION

Even though CSR is not applicable to the company, we have taken active initiative through our corporate objective to highlight development of social sector, which are like.

- The Company initiated programs on financial literacy, client awareness on health and sanitation in the field operations with support from RRDC. These programs have had a strong impact in generating awareness among the customer segment.
- Water and sanitation: lot many households were supported by way of loans to construct sanitation units which has ensured a safe and hygienic facilities available for them and at their households.
- Life Insurance: the loan members and non-loan members are insured with micro life and health insurance policies. National Pension Scheme: members are enrolled under the universal pension scheme NPS Swavalamban Lite of the Government of India.

## 18. DIRECTORS/KMP APPOINTED/RESIGNED DURING THE YEAR

During the year under review, Mr. Dibya Lochan Jena, (DIN No. 02541689) resigned from Board of Directors with effect from 15th December, 2017.

## 19. DETAILS OF SUBSIDIARY/ JOINT VENTURES/ ASSOCIATE COMPANIES

The Company neither has any subsidiary nor any Associate company as on date.

## 20. DEPOSITS

The company has not accepted any deposits as defined under the provisions of the companies Act and rules made there under from the public and hence there are no unclaimed or unpaid deposits.

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

As per the requirement of The Sexual Harassment of Women at Workplace (Prevention, Prohibition &Redressal) Act, 2013 ('Act') and Rules made there under, your Company has adopted a Sexual Harassment Policy for women to ensure healthy working environment without fear of prejudice, gender bias and sexual harassment.

The list of the Committee Members are mentioned below:

S.N	Name	Designation	Position
1	Ms. Mina Kerketta	Sr. Executive, Grievan ce Cell	Chairman
2	Ms. Stella Toppo	Sr. Executive, HR	Committee Member
3	Ms. Suchita Dungdung	Sr. Executive, SPM	Committee Member
4	Mr. P. Elias Lugun	Head, Internal Audit & Control	Committee Member
5	Mr. Rohit E. Kujur	Dy. Manager SPM & CE	Committee Member
6	Ms. Hema Ekka	Independent Committee Member	External Committee Member

## 22. SIGNIFICANT AND MATERIAL ORDERS PASSED

There is no significant material order passed by any Authority under any law affecting the affairs of the company. There is also no litigation pending against the company as on date.

### 23. ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The Company has adequate internal control system commensurating it's size and Business. The International Audit Department of the company takes care of internal control system and reports to Audit Committee about deviation, if any, and remedial measure for improvement. The System is also monitored by the Board regularly.

### 24. ESTABLISHMENT OF VIGIL MECHANISM

The Company is not coming under purview Vigil Mechanism as defined under the Companies Act, 2013 and hence not implemented it. However, the internal audit department is careful about any possible wrongdoing and always ready to report it to the top management.

### 25. REVISION OF FINANCIAL STATEMENT OR BOARD REPORT

There is no need of any financial statement revision as prescribed under Income Tax Act during the last financial year.

### 26. AUDIT COMMITTEE

The Board of Directors has constituted one Audit Committee even though it was not mandatory for the company. The members of the Committee for the year include:

SL No	Name	Designation	Position in the Committee
1	Mr. Kuchibhatla Prasad	Independent Director	Chairman
2	Prof. Prabal Kumar Sen	Independent Director	Member
3	Mr. Vinod Jha	Independent Director	Member
4	Mr. Saurabh Baroi	Nominee Director - Dia Vikas Capital Pvt Ltd.	Member

The Committee sits regularly and reviews the Audit Programme and its findings. The Committee also forms policies and guidelines for implementation of Internal Audit. The committee submits it's report to the Board of Directors. During the year the Committee met 04 times on dated 08/06/2017, 07/09/2017, 14/12/2017 and 23/02/2018.

### 27. NOMINATION AND REMUNERATION COMMITTEE

During the year under review, the details of Nomination and Remuneration Committee is mentioned below:

SL No	Name	Designation	Position in the Committee
1	Mr. Vinod Jha	Independent Director	Chairman
2	Prof. Prabal Kumar Sen	Independent Director	Member
3	Mr. Kuchibhatla Prasad	Independent Director	Member

The committee meets in the regular interval and discuss the related matter and provide the report to the Board. However, the company has a HR Department which takes care of all appointment and remuneration matters. During the year Committee met 03 times on dated 07/09/2017, 14/12/2017 and 23/02/2018.

### 28. ALM AND RISK COMMITTEE

During the year under review, the details of ALM & Risk Committee is mentioned below:

SL No	Name	Designation	Position in the Committee
1	Mr. Kuchibhatla Prasad	Independent Director	Chairman
2	Prof. Prabal Kumar Sen	Independent Director	Member
3	Mr. Vinod Jha	Independent Director	Member
4	Mr. Saurabh Baroi	Nominee Director - Dia Vikas Capital Pvt Ltd.	Member

The Committee meets regularly and provide the report to the Board of Directors. During the year, the Committee met 04 times on dated 08/06/2017, 07/09/2017, 14/12/2017 and 23/02/2018.

### 29. CORPORATE GOVERNANCE

Your Company is committed to best practices in corporate governance and recognizes that transparency, ethical behaviour, integrity and protection of the interests of all the Stakeholders form the keystones of the Governance. As per the Guidelines on Corporate Governance for Non-Banking Financial (Non - Deposit Accepting or Holding) issued by the RBI, the Company has had an Audit Committee to ensure strong internal controls and corporate reporting systems including financial reporting in pursuance with provisions of Companies Act, 2013.

To facilitate better corporate governance the Board is constituted with Independent Directors with diverse experience and constituted various committees for timely compliance.

Internal Control System: The Company's internal control system comprises audit and compliance by in-house Internal Audit Division. The Internal Auditors independently evaluate the adequacy of internal controls and concurrently audit the majority of the transactions in value terms. Independence of the audit and compliance is ensured by the direct reporting of Internal Audit Division and Internal Auditors to the Audit Committee of the Board.

### 30. SECRETARIAL AUDIT

The Board appointed Gopinath Nayak & Associates, Practising Company Secretaries Firm to conduct the Secretarial Audit for the financial year 2017-18 in terms of Section 204 of the Companies Act,2013.

Secretarial Audit Report for the year ended March 31, 2018 provided by Gopinath Nayak & Associates, Practicing Company Secretaries Firm, Plot No.186, District Centre, Chandrasekharpur, Bhubaneswar, Odisha-751016, is annexed to this Report as Annexure-2

### 31. STATUTORY AUDITOR & THEIR REPORT

M/s N. Gahan, Chartered Accountants, Bhubaneswar will retire at the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment. For greater Corporate Governance independency, the Board has decided to rotate the Auditors by appointing a New Firm as Statutory Auditors of the Company. Members are requested to consider the recommendation of the Board in this regard and fix the remuneration of New Auditors.

The observations of the auditors in their report are self-explanatory and therefore, in the opinion of the Directors, do not call for further comments.

### 32. COST AUDITORS

The Cost audit of the Company has not been conducted for the financial year 2017-18 as provisions of Section 148 of the Companies Act, 2013 are not applicable to the Company.

### 33. LISTING WITH STOCK EXCHANGES

The Debt instrument of the Company is listed with Bombay Stock Exchange.

### ACKNOWLEDGEMENT

SFPL Directors thank the clients, vendors and bankers for their support to the company's growth. SFPL Directors also wish to place on record their sincere appreciation of the devoted and efficient services rendered by all the concerned people of the company. We are also thankful to the Government of Odisha and local Authorities for their continued co-operation and support at all times.

**For and on behalf of the Board of Directors**

Date:  
Place: Rourkela

**Chairman**

# ANNEXURES TO DIRECTOR'S REPORT

## ANNEXURE-I EXTRACT OF THE ANNUAL RETURN IN THE FORM MGT-9

<p align="center"><b>Form No. MGT-9</b>  <b>EXTRACT OF ANNUAL RETURN</b>  <b>As on the financial year ended on 31/03/2018</b>  <b>[Pursuant to Section 92(3) of the Companies Act, 2013</b>  <b>and</b>  <b>Rule 12(1) of the Companies (Management and Administration) Rules, 2014]</b></p>
------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

### I. REGISTRATION & OTHER DETAILS

i)	<b>CIN:</b>	U67120OR1996PTC011931
ii)	<b>Registration Date [DDMMYY]</b>	03/07/1996
iii)	<b>Name of the company</b>	SAMBANDH FINSERVE PRIVATE LIMITED
	<b>Category/ Sub Category of the Company</b>	1. Public Company 2. Private Company <input checked="" type="checkbox"/>
iv)	<b>ADDRESS OF REGISTERED OFFICE OF COMPANY:</b>	
	<b>Company Name</b>	SAMBANDH FINSERVE PRIVATE LIMITED
	<b>Address</b>	
	<b>Town/City</b>	JUBILEE VILLA, 1ST FLOOR, PLOT NO 7, SINDHI COLONY, MISSION HATA, RAJGANGPUR
	<b>State</b>	ODISHA
	<b>Pin Code:</b>	770017
	<b>Country Name :</b>	INDIA
	<b>Country Code</b>	IN
	<b>Telephone(With STD Area Code Number)</b>	+91 6612664108
	<b>Fax Number :</b>	+91 6612664108
	<b>Email Address</b>	<a href="mailto:contactus@sambandhfin.com">contactus@sambandhfin.com</a>
	<b>Website</b>	<a href="http://www.sambandhfin.com">www.sambandhfin.com</a>
	<b>Vii) Whether listed Company Yes/No</b>	Listed Company - Debt instrument listed in Bombay Stock Exchange.
	<b>Name of the Police Station having jurisdiction where the registered office is situated</b>	RAJGANG PUR
	<b>Address for correspondence, if different from address of registered office :</b>	PLOT NO.O - 4/9, AREA 7 &8, CIVIL TOWNSHIP, ROURKELA, ODISHA -769004

### 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)

SN	Name and Description of main products / services	NIC Code of the Product/service	%to total turnover of the company
1	Activities Auxiliary to Financial Intermediation- NBFC MFI	671	100

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

(No. of Companies for which information is being filled)

S. NO	Name and Address of the company	CIN/GLN	Holding/ Subsidiary / Associate
1	NA		

### IV. SHARE HOLDING PATTERN

(Equity Share Capital Breakup as percentage of Total Equity)

#### A) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2017]				No. of Shares held at the end of the year [As on 31-March-2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoter s</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	-	73,22,999	73,22,999	62.05	-	78,22,999	78,22,999	50.49	-11.56
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks / FI	-		-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
<b>Total shareholding of Promoter (A)</b>	-	73,22,999	73,22,999	62.05	-	78,22,999	78,22,999	50.49	-11.56
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	15,00,000	15,00,000	12.71		28,36,877	28,36,877	18.30	+5.59
c) Central Govt	-	-	-	-	-	-	-	-	-

d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>	-	15,00,000	15,00,000	12.71		28,36,877	28,36,877	18.30	+5.59
<b>2. Non-Institutions</b>									
a) Bodies Corp.	-				-				
i) Indian	-	29,78,469	29,78,469	25.24	-	48,37,205	48,37,205	31.21	+5.97
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)	-	-	-	-	-	-	-	-	-
Non Resident Indians	-	-	-	-	-	-	-	-	-
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	-	-	-	-	-
Trusts	-	-	-	-	-	-	-	-	-
Foreign Bodies-DR	-				-	-	-	-	-
<b>Sub-total (B)(2):-</b>	-	29,78,469	29,78,469	25.24	-	48,37,205	48,37,205	31.21	+5.97

Total Public Shareholding (B)=(B)(1)+(B)(2)	-	-	-	-	-	-	-	-	-
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	-	1,18,01,468	1,18,01,468	100		1,54,97,081	1,54,97,081	100	

#### B) Shareholding of Promoter-

SN	Shareholder's Name	Shareholding at the beginning of the year			Share holding 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	Mr. Deepak Kindo	2248636	19.05	-	2748636	17.74	-	-1.13
2	Mr. L ivinus Kindo	1352670	11.46	-	1352670	8.73	-	-2.73
3	Mr. Dibyalochan Jena	60000	0.51	-	60000	0.39	-	-0.12
4	Mrs. M. M. Kindo	1411693	11.96	-	1411693	9.11	-	-2.85
5	Mr. Alok Tirkey	2250000	19.06	-	2250000	14.52	-	-4.54

#### C) Change in Promoters' Shareholding (please specify, if there is no change)

SN	O1	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	73,22,999	62.05	78,22,999	50.49
	Date wise Increase / 24/02/2018	14,95,726		5,00,000	
	Decrease in Promoters				
	Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	At the end of the year	73,22,999	62.05	78,22,999	50.49

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

SN	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 the company	No. of shares	% of total shares of the company
	At the beginning of the year	2978469	25.24	4837205	31.21
	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):				
	At the end of the year	2978469	25.24	4837205	31.21

**E) Shareholding of Directors and Key Managerial Personnel:**

SN	Shareholding of each Directors and each Key Managerial Personnel DEEPAK KINDO	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	2248636	19.05	2748636	17.74
	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):				
	At the end of the year	2248636	19.05	2748636	17.74

SN	Shareholding of each Directors and each Key Managerial Personnel LIVNUS KINDO	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	1352670	11.46	1352670	8.73
	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):				
	At the end of the year	1352670	11.46	1352670	8.73

SN	Shareholding of each Directors and each Key Managerial Personnel DIBYA LOCHAN JENA	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	60000	0.51	60000	0.39
	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):				
	At the end of the year	60000	0.51	60000	0.39

**F) INDEBTEDNESS -Indebtedness of the Company including interest outstanding/accrued but not due**

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	1,112,147,829	80,571,428	-	1,192,719,257
ii) Interest due but not paid				
iii) Interest accrued but not due				
<b>Total (i+ii+iii)</b>	<b>1,112,147,829</b>	<b>80,571,428</b>	<b>-</b>	<b>1,192,719,257</b>
<b>Change in Indebtedness during the financial year</b>				
<b>* Addition</b>	1,051,946,725	7,142,856	-	1,059,089,581
<b>* Reduction</b>				
<b>Net Change</b>	<b>1,051,946,725</b>	<b>7,142,856</b>	<b>-</b>	<b>1,059,089,581</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	2,164,094,554	87,714,284	-	2,251,808,838
ii) Interest due but not paid				
iii) Interest accrued but not due				
<b>Total (i+ii+iii)</b>	<b>2,164,094,554</b>	<b>87,714,284</b>	<b>-</b>	<b>2,251,808,838</b>

## V. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL -

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

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager Mr. Deepak Kindo	Total Amount
	Managing Director's Remuneration		
1	Gross salary		2124503.00
	(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		-
2	Stock Option		-
3	Sweat Equity		-
4	Commission - as % of profit - others, specify...		-
5	Others, please specify		
	Total (A)		-
	Ceiling as per the Act		2124503.00

### B. Remuneration to other directors

SN	Particulars of Remuneration	Name of Directors				Total Amount
		-----	----	----	--	---
					-	
1	Independent Directors	Mr. Kuchibhatla Prasad	Prof. Prabal Kumar Sen	Mr. Vinod Jha		
	Fee for attending board committee meetings	150,000	150,000	114,000	-	-
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total (1)	-	-	-	-	-
2	Other Non-Executive Directors	Mr. Saurabh Baroi	Mr. Santanu Sarma Barua			
	Fee for attending board committee meetings	1,14,000	-	-	-	-
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total (2)	-	-	-	-	-

	Total (B)=(1+2)	-	-	-	-	-
	Total Managerial Remuneration	-	-	-	-	-
	Overall Ceiling as per the Act	-	-	-	-	-

### C. Remuneration to key Managerial Personnel other than MD/Manager/WTD

SN	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS	CFO	Total
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2,124,503	480,000	1,043,691	3,648,194
	(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	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	others, specify...	-	-	-	-
5	Others, please specify	-	-	-	-
	Total	2,124,503	480,000	1,043,691	3,648,194

## VI. 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)
<b>A. COMPANY</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>B. DIRECTORS</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

**For and on behalf of the Board of Directors**

Date:  
Place: Rourkela

**Chairman**

## SECRETARIAL AUDIT REPORT

To  
The Members,  
Sambandh Finserve Private Limited  
Jubilee Villa, 1st Floor, Plot No 7,  
Sindhi Colony, Mission Hata,  
Rajgangpur, Orissa,  
India - 770017.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Sambandh Finserve Private Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon. Based on our verification of the 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, we hereby report that in our opinion, the Company has, during the audit period ended on 31.03.2018, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the period ended on 31.03.2018, according to the provisions of:

- I.** The Companies Act, 2013/1956(the Act) and the Rules made thereunder;
- II.** The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder;
- III.** The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- IV.** Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder 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') to the extent applicable to the Company :-
  - a)** The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b)** The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - c)** The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - d)** The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - e)** The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
  - f)** The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
  - g)** The requirements under the Debt Listing Agreements entered into with BSE Limited and The SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.
  - h)** The Memorandum and Articles of Association.
- VI.** RBI Act, 1934 and Rules & Guidelines made there under.

**We have also examined compliance with the applicable clauses of the following:**

The Listing Agreements entered into by the Company with the BSE Limited for its debt instruments. During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, Listing Agreements etc mentioned above subject to the following observations:

- i.** Minutes of Board, Committees of Boards, Annual General Meeting and Extra Ordinary General Meeting have been drafted in due time and signed.
- ii.** In terms of Regulation 57(1) of the LODR the company need to submit a certificate to the Stock Exchange within two days of payment of interest or principal or both about timely payment. As per the representation made by management, the submission was made on quarterly basis in consultation with BSE.in due time and signed.
- iii.** Some of the Statutory Returns filed with the ROC were beyond the prescribed date and filed with additional fee.

#### We 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.

Adequate notice was given to all directors to schedule 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.

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

We 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.

We further report that during the audit period, the company has issued shares on right basis as detailed herein below;

SL No.	Date of Allotment	Amount of Share Capital	Name of Allottees	Date of Filing of Return of Allotment.
1	24/02/2018	Rs. 50,000,000	Mr. Deepak Kindo	03/04/2018

We further report that during the audit period, the company has issued Compulsorily Convertible Preference Shares (CCPS) through private placement as detailed herein below;

SL No.	Date of Allotment	Amount of Share Capital	Name of Allottees	Date of Filing of Return of Allotment.
1	26/03/2018	25,000,000	Dia Vikas Capital Pvt Ltd	16/04/2018

We further report that during the audit period, the company has converted the Compulsorily Convertible Preference Shares (CCPS) into Equity Shares and allotment made as detailed herein below;

SL No.	Date of Allotment	Amount of Share Capital	Name of Allottee	Date of Filing of Return of Allotment.
1	26/03/2018	18,587,360	Dia Vikas Capital Pvt Ltd	07/06/2018

We further report that during the audit period, the company has issued shares on conversion of Optionally Convertible Preference Shares (OCPS) into equity as detailed herein below;

SL No.	Date of Allotment	Amount of Share Capital	Name of Allottees	Date of Filing of Return of Allotment.
1	31/03/2018	13,368,770	SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA	28/04/2018

We further report that during the audit period, the company has issued Non- Convertible Redeemable Preference Shares on private placement as detailed herein below;

SL No.	Date of Allotment	Amount of Share Capital	Name of Allottees	Date of Filing of Return of Allotment.
1	20/07/2017	15,000,000	Scient Capital Pvt Ltd	12/08/2018

We further report that during the audit period, the company has borrowed from Banks/FI's as detailed herein below;

S. No.	Bank Name /FI's	Amount of Loan (in Rs.)	Date of Filing Of Charge Documents
1.	MAS FINANCIAL SERVICES LIMITED	50,000,000	31/05/2017
2.	VISU LEASING AND FINANCE PRIVATE LIMITED	100,000,000	17/07/2017
3.	CENTRUM FINANCIAL SERVICES LIMITED	50,000,000	26/07/2017
4.	RELIANCE COMMERCIAL FINANCE LIMITED	75,000,000	31/07/2017
5.	RELIANCE COMMERCIAL FINANCE LIMITED	50,000,000	31/07/2017
6.	IFMR CAPITAL FINANCE PRIVATE LIMITED	50,000,000	31/07/2017
7.	MAS FINANCIAL SERVICES LIMITED	20,000,000	31/07/2017
8.	MAS FINANCIAL SERVICES LIMITED	30,000,000	31/07/2017
9.	MAS FINANCIAL SERVICES LIMITED	50,000,000	25/09/2017
10.	HINDUJA LEYLAND FINANCE LIMITED	70,000,000	27/09/2017
11.	UCO BANK	800,000	21/10/2017
12.	HABITAT MICRO BUILD INDIA HOISING FINANCE COMPANY PRIVATE LIMITED	30,000,000	25/10/2017
13.	MANAPPURAM FINANCE LIMITED	55,000,000	26/10/2017
14.	MAS FINANCIAL SERVICES LIMITED	20,000,000	31/10/2017
15.	UCO BANK	250,000,000	03/11/2017
16.	YES BANK LIMITED	30,000,000	18/11/2017
17.	MAHINDRA AND MAHINDRA FINANCIAL SERVICED LIMITED	60,000,000	29/11/2017
18.	CENTRUM FINANCIAL SERVICES LIMITED	75,000,000	29/11/2017
19.	BANDHAN BANK LIMITED	15 0,000,000	29/11/2017
20.	MAS FINANCIAL SERVICES LIMITED	50,000,000	30/11/2017
21.	NABARD FINANCIAL SERVICES LIMITED	30,000,000	04/01/2018

22.	IFMR CAPITAL FINANCE PRIVATE LIMITED	100,000,000	30/01/2018
23.	ANANYA FINANCE FOR INCLUSIVE GROWTH PRIVATE LIMITED	100,000,000	12/02/2018
24.	CANARA BANK	100,000,000	28/02/2018
25.	CAPITAL FIRST LIMITED	150,000,000	22/03/2018
26.	HINDUJA LEYLAND FINANCE LIMITED	60,000,000	22/03/2018
27.	MAHINDRA AND MAHINDRA FINANCIAL SERVICED LIMITED	50,000,000	24/03/2018
28.	MAS FINANCIAL SERVICES LIMITED	75,000,000	26/03/2018
29.	MAS FINANCIAL SERVICES LIMITED	75,000,000	26/03/2018
30.	AVANSE FINANCIAL SERVICES LIMITED	75,000,000	26/03/2018
31.	CANARA BANK	2,142,000	28/03/2018

The Company has a overall Borrowing Limit of Rs. 400.00 Crores (Rupees Four Hundred Crores) as approved by the Shareholders in their meeting on 8th September, 2017 and out of which the company has borrowed Rupees 225.18 Crores as on 31st March, 2018.

During the period of Audit, the company has filed all statutory returns with Income Tax Authority, ROC, RBI, Service Tax, Authorities under Labour Law and Stock Exchange.

Place: Bhubaneswar  
Date: 03.09.2018

**CS Bharat Chandra Das Partner**  
**For Gopinath Nayak & Associates**  
ACS No: 25843  
CP No: 9834

## AUDITOR'S REPORT & FINANCIALS



*Ms. X. Sahan & Associates*  
*Chartered Accountants*

Sri Jagannath Homes  
Flat No 8/302 Shree Vihar, Post - Patia,  
Bhubaneswar - 751031  
Ph : 0674 2742725  
E-mail : gahanassociates@yahoo.co.in

### Auditor's Report

[Pursuant to the Non-Banking Companies Auditor's Report (Reserve Bank) Direction, 2008]

To  
The Board of Directors  
Sambandh Finserve Private Limited  
Jubilee Villa, Plot No- 7,  
Mission Hata, Rajgangapur-750017,  
Sundergarh.  
Orissa

1. We have audited the accompanying financial statements of Sambandh Finserve Pvt Ltd. ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March 2018, the statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.
2. As required by the paragraphs 3 and 4 of Non Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2008, issued by the Reserve bank of India ("The RBI") vide Notification No. DNBS.201/DG(VLI-2008 dated 18<sup>th</sup> September 2008 (amended from time to time) and Based on our audit, we report on the matters specified in paragraphs 3 and 4 of the said directions :
  - a. The Company is engaged in the business of Non-Banking Financial Institution (without accepting or holding public deposits) and pursuant to the provisions of Section 45(1A) of the Reserve Bank of India Act, 1934 (as amended); it has obtained a Certificate of registration vide certificate no. 04.00023 dated 22<sup>nd</sup> October 2013





*M/s. N. Gahan & Associates*  
*Chartered Accountants*

- b. In our opinion, and in terms of the Company's assets and income pattern for the year ended and as at 31<sup>st</sup> March 2018, the Company is entitled to continue to hold the certificate of registration issued by the RBI.
- c. The Company is not an assets finance company as defined under the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
- d. In our opinion, during the year ended 31<sup>st</sup> March 2018, the Company has complied with the criteria set forth by the RBI in the Notification 'Non-Banking Financial Company-Micro Finance Institution (Reserve Bank) Direction, 2011 dated 2<sup>nd</sup> December 2011, (as amended from time to time), and has been classified as Non-Banking Financial Company- Micro Finance Institution.
- e. The board of directors of the Company has passed a circular resolution on 09<sup>th</sup> June 2017 for non-acceptance of any public deposits during the year ended 31<sup>st</sup> March 2018.
- f. The Company has not accepted any public deposits during the year ended 31<sup>st</sup> March 2018.
- g. In our Opinion and to the best of our information and according to the explanations given to us, the Company has complied with the prudential norms issued by the RBI in relation to recognition of income, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it in terms of the Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies prudential Norms (Reserve Bank) Directions, 2015 and Non-Banking Financial Company-Micro Finance Institutions (NBFC-MFIs)-Directions, 2011 (amended from time to time).




*M/s. N. Gahan & Associates*  
*Chartered Accountants*

- h. The company has submitted the provisional annual return with the RBI in form NBS -8 for the financial year ended 31<sup>st</sup> March 2018.
- i. As per the information furnished to us, the Company has electronically furnished the Provisional annual statement of capital funds, risk assets/exposures and risk asset ratio (Revised NBS 8) with the RBI.
- j. During the Financial Year 2017-18 income from own portfolio is more than 50% of its total income.

**For and Behalf of**

**N. Gahan & Associates**  
**Chartered Accountants**  
**Firm Regd. No-326078E**

  
**CA. N. Gahan FCA**  
**Partner**  
**Mem. NO-079100**



**Place-Bhubaneswar**  
**Date- 25<sup>th</sup> May 2018**



*M/s. N. Sahan & Associates*  
*Chartered Accountants*

Sri Jagannath Homes  
Flat No. B/302, Shree Vihar Post Patia  
Bhubaneswar - 751031  
Ph.: 0674-2742725  
E-mail: n.sahanassociates@yahoo.co.in

## Independent Auditor's Report

To the Members of

**SAMBANDH FINERVE PRIVATE LIMITED.**

### Report on the Standalone Financial Statements.

We have audited the accompanying financial statements of SAMBANDH FINERVE PRIVATE LIMITED. ("the Company"), which comprise the balance sheet as at 31 March 2018, 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 standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rule 2015, as amended, other accounting principles generally accepted in India.

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 financial statements that give a true and fair view and are free from material



*M/s. N. Sahan & Associates*  
*Chartered Accountants*

misstatement, whether due to fraud or error.

### Auditor's Responsibility.

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

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

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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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 financial statements.

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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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 2018 and its profit





*M/s. N. Gahan & Associates*  
*Chartered Accountants*

and its cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements.**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (1) 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 as 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 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 as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate report in "Annexure 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



*M/s. N. Gahan & Associates*  
*Chartered Accountants*

explanations given to us:

- i. The Company did not have any pending litigations which would impact its financial position.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.



For M/s N. GAHAN & ASSOCIATES  
(Chartered Accountants)  
Firm Regd. No-326078E

CA. N. Gahan FCA  
Partner  
Mem No.079100

Place: Bhubaneswar

Date: 25<sup>th</sup> May 2018

**SAMBANDH FISERVE PRIVATE LIMITED**  
JUBILEE VILLA, PLOT NO 7, SINDHI COLONY, MISSION HATA  
RAJGANGPUR-770017, SUNDERGARH

**Balance Sheet as at 31st March 2018**

(Amount in INR)

Particulars		Note No.	As at 31st Mar. 2018	As at 31st March 2017
1	2	3	4	
<b>I. EQUITY AND LIABILITIES</b>				
<b>1 Shareholders' funds</b>				
(a) Share capital	1	169,970,810	123,014,680	
(b) Reserves and surplus	2	65,616,559	31,421,347	
<b>2 Share application money pending allotment</b>				
<b>3 Non-current liabilities</b>				
(a) Long-term borrowings	3	1,098,077,798	473,966,514	
(b) Deferred tax liabilities (Net)		-	-	
(c) Other long term liabilities		-	-	
(d) Long term provisions	4	16,668,145	9,033,219	
<b>4 Current liabilities</b>				
(a) Short-term borrowings	5	1,153,731,046	723,623,978	
(b) Trade payables		-	-	
(c) Other current liabilities	6	23,008,658	10,925,308	
(d) Short term provisions	7	16,421,947	1,389,042	
<b>TOTAL</b>			<b>2,543,494,963</b>	<b>1,390,344,088</b>
<b>II. ASSETS</b>				
<b>Non-current assets</b>				
<b>1 (a) Fixed assets</b>	8			
(i) Tangible assets		21,664,148	6,007,171	
(ii) Intangible assets		-	-	
(iii) Capital work-in-progress		-	-	
(iv) Intangible assets under development		-	-	
(b) Non-current investments	9	229,365,245	153,185,561	
(c) Deferred tax assets (net)	23	1,138,706	922,859	
(d) Long-term loans and advances	10	577,557,391	147,659,616	
(e) Other non-current assets	11	1,927,822	2,657,748	
<b>2 Current assets</b>				
(a) Current investments	12	276,228,089	89,907,089	
(b) Inventories		-	-	
(c) Trade receivables		-	-	
(d) Cash and cash equivalents	13	251,430,944	189,370,781	
(e) Short-term loans and advances	14	1,103,716,531	761,070,878	
(f) Other current assets	15	50,685,589	38,757,385	
<b>TOTAL</b>			<b>2,543,494,963</b>	<b>1,390,344,088</b>

For and on behalf of  
N.Gahan & Associates  
(Chartered Accountants)  
Firm Regn.No-326078E

N.Gahan (Partner)  
Memb No-079100  
Place : Bhubaneswar  
Date: 25th May 2018



For and on behalf of the Board  
For Sambandh Finserve Private Limited

Deepak Kindo  
MD & CEO

Livinus Kindo  
Chairman

Krishna Ch. Mohanta  
Company Secretary  
of Sambandh Finserve Pvt Ltd.

Company Secretary

**SAMBANDH FISERVE PRIVATE LIMITED**  
JUBILEE VILLA, PLOT NO-7, SINDHI COLONY, MISSION HATA  
RAJGANGPUR-770017, SUNDERGARH

**Profit & loss for the year ended 31st March 2018**

(Amount in INR)

Particulars	Note No.	For the year ended 31st Mar. 2018	For the year ended 31st March 2017
<b>Income</b>			
I. Revenue from Operations	16	376,805,439	277,822,038
II. Other income	17	24,302,553	16,446,100
<b>III. Total Revenue (I + II)</b>		<b>403,607,992</b>	<b>244,268,238</b>
<b>IV. Expenses:</b>			
Employee benefit expense	18	68,853,651	46,434,568
Finance costs	19	238,679,388	136,400,985
Depreciation and amortization expense	20	1,585,181	2,547,982
Provision for loan loss	2	8,093,645	2,804,511
Miscellaneous expenditure written off		-	-
Other expenses	22	44,305,520	32,407,174
<b>Total expenses</b>		<b>367,516,658</b>	<b>222,715,420</b>
<b>V. Profit before exceptional and extraordinary items and tax (III-IV)</b>		<b>36,091,334</b>	<b>21,552,789</b>
VI. Exceptional items		-	-
<b>VII. Profit before extraordinary items and tax (V + VI)</b>		<b>36,091,334</b>	<b>21,552,789</b>
VIII. Extraordinary items		-	-
<b>IX. Profit before tax (VII - VIII)</b>		<b>36,091,334</b>	<b>21,552,789</b>
X. Tax expense:			
(i) Current tax		7,599,365	7,100,933
(2) Additional income tax provision		-	-
(3) Deferred tax	21	-215,847	-474,119
<b>XI. Profit/(Loss) for the period from continuing operations (IX - X)</b>		<b>26,797,816</b>	<b>14,892,978</b>
XII. Profit/(Loss) from discontinuing operations		-	-
XIII. Tax expense of discontinuing operations		-	-
<b>XIV. Profit/(Loss) from Discontinuing operations (after tax) (XII - XIII)</b>		-	-
<b>XV. Profit (Loss) for the period (XI + XIV)</b>		<b>26,797,816</b>	<b>14,892,978</b>
Add/(Less): Excess/Short Provision for Income tax for earlier year		-	-
Add/(Less): Deferred tax for earlier year		-	-
Add: Prior Period Income		-	-
		<b>26,797,816</b>	<b>14,892,978</b>
(C) Special Reserve under 43(1) of RBI Act 1934.		5,359,569	2,976,596
Less: Profit loss (XVI)		-	-
(Preference dividend for 50th 1%)		2,565,194	2,700,000
Provision for dividend tax (15-11.5%) (20.36/64.7%)		526,386	549,656
Profit/Loss transferred to Reserve & surplus		18,024,774	6,664,726
<b>XVI. Earnings per equity share:</b>			
Basic & Diluted		1.73	1.26

For and on behalf of  
N.Gahan & Associates  
(Chartered Accountants)  
Firm Regn No-326078E

N.Gahan (Partner)  
Memb No-079100

Place : Bhubaneswar  
Date: 25th May 2018



For and on behalf of the Board  
Sambandh Finserve Private Limited  
For Sambandh Finserve Pvt. Ltd.

Deepak Kindo  
MD & CEO

Livinus Kindo  
Chairman

Krishna Ch. Mohanta  
Company Secretary  
of Sambandh Finserve Pvt Ltd.

Company Secretary

# Cash Flow Statement

(Amount in INR)

Particulars	As at 31st March 2018	As at 31st March 2017
<b>Sources</b>		
Retained Profit	23,686,337	11,643,317.50
Depreciation	3,035,181	2,097,982.00
Amortisation	550,000	650,000.00
Loan Loss Provisions	8,098,648	2,804,610.00
Increase in Capital	47,465,005	17,500,000.00
Repayment received from Clients	1,087,168,753	593,879,203.00
Outstanding with Banks/Fis/Lenders	2,105,038,903	1,121,971,969.75
Securitization and Assignment	5,782,018	183,973,763.00
Increase in Liabilities	17,116,255	812,677.42
<b>Total ₹</b>	<b>3,297,941,100</b>	<b>1,935,233,474.67</b>
<b>Uses</b>		
Increase in Fixed Assets	17,892,157	3,602,836
Disbursements to Clients	1,857,202,341	872,729,714
Repayment to Banks/Fis	1,045,949,322	687,535,265
Securitization and Assignment	3,875,725	126,440,656
Increase in Other Assets	28,480,609	10,731,016
Increase in Investments	272,480,783	83,792,013
<b>Total ₹</b>	<b>3,225,880,937</b>	<b>1,784,831,499.74</b>
<b>Net Change in Cash &amp; Bank</b>	<b>72,060,163</b>	<b>150,401,975</b>
<b>Opening Cash &amp; Bank Balance</b>	<b>189,370,781</b>	<b>38,968,806.00</b>
<b>Closing Cash &amp; Bank Balance</b>	<b>261,430,944</b>	<b>189,370,780.93</b>

For and on behalf of  
N.Gahan & Associates  
(Chartered Accountants)  
Firm Regn.No-326078E

N.Gahan (Partner)  
Memb No-079100

Place : Bhubaneswar  
Date: 25th May2018



For and on behalf of the Board  
Sambandhfinserve Private Limited  
For Sambandh Finserve Pvt. Ltd.

Deepak kindo  
MD & CEO

For Sambandh Finserve Pvt Ltd.

Krishna Ch. Mohanta  
Company Secretary

Livinus kindo  
Chairman



**SAMBANDH FINSERVE PVT. LTD.**  
ANNUAL REPORT 2017-18



### Registered Office

Jubilee Villa, 1st Floor,  
Plot No-7, Sindhi Colony,  
Mission Hata, Rajgangpur-770017, Odisha

### Corporate Office

Plot No- O-4/9,  
Civil Township,  
Rourkela-769004, Odisha

+91 6612664108

CGRM Toll-free NO.  
18001230455

### Odisha State Office

2nd Floor, Plot No- 216,  
District Centre Chandrasekharpur,  
Bhubaneswar-751016, Odisha

+91 6742747068

Find Sambandh Online



[www.sambandhfin.com](http://www.sambandhfin.com)



<https://www.facebook.com/sambandhfin1/>



<https://www.instagram.com/sambandhfin/>