

FROM THE DESK OF FOUNDER, CHAIRMAN

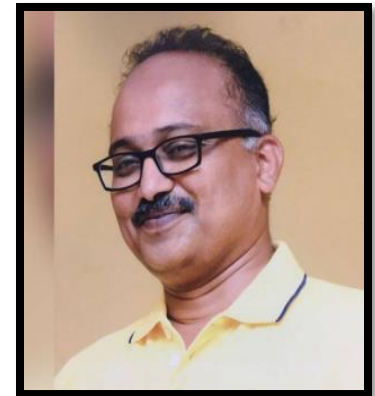
Dear Shareholders,

My warm greetings to you..!!

It is always a pleasure to share with you the performance of our Company. I am pleased to present you the Annual Report of the company for the Financial Year 2022-23.

Financial Year 2022-23 has been another year of stellar performance by our Company despite liquidity tightening in the NBFC sector.

We are committed to our mission of excellence through endeavours and start this new Financial Year 2022-23 with the same spirit and enthusiasm to serve the financial needs of our customers that would help them to improve their standard of living.



I personally thank each one of you for your continued faith and trust in us and assure you that we will leave no stone unturned to continue delivering outstanding results in the years to come.

As we mark the end of another successful year, I would like to thank the Management Team for their unwavering commitment and guidance in leading the Company forward. I would also like to extend our deepest gratitude to all employees for their invaluable contributions to the Company.

Special Thanks to our Lenders, Business Partners and our Customers for their continued support to our Company.

Regards,

Nagendra Mali

Chairman

BOARD OF DIRECTORS

Mr. Nagendra V. Mali, (Chairman): holds a degree in Science and a Diploma in Journalism from Karnataka University. His flair for serving the poor and promoting rural development caused him to be involved in these areas of work soon after his graduation, and he was ultimately inspired to form his own organization, Navachetana Foundation (NCF), in 1999.

In 2005 recognized the need to incorporate microfinance in his organization's poverty alleviation work, a decision that led to the creation of Navachetana Microfin Services Private Limited (NMSPL), a Non-Banking Finance Company. Mr. Mali currently serves as a Chairman and Managing Director of NMSPL and Chairman of Chetana Financial Services Private Limited.

Mrs. Chandrakala N Mali, (Director): Mrs. Chandrakala N Mali holds Degree in Arts from Karnataka University, Dharwad. She serves as Vice President of Navachetana Foundation (NCF). Since 1999. She has been associated with NCF & Karnataka Public School. To enhance and to provide quality Child Education, she involved as voluntary work in the School Programs.



Mr. Mallikarjun N Bikkannavar, (Director): Mr Mallikarjun N B holds Master degree in Business Administration-Finance, KSOU, Mysore. He is associated with CHETANA FINANCIAL SERVICES PVT LTD as Director & Chief Accounts Officer. He is an Accounts professional with 13 years of experience in Accounts. He is responsible for accounts and statutory compliances of the company and coordinating with Banks



KEY STAFF PROFILE

Mr. Chandrappa S Manegar, (Advisor):

Holds a Degree in Commerce from Karnataka University, Dharwad. Since 2006 Mr. Chandrappa has been associated with Navachetana Foundation (NCF). He has worked in various capacities In Navachetana Microfin Services Limited. After 2011 He has worked as a CEO of Navachetana Vividoddesh Souharda Sahakari Niyamit, Presently advisor for Chetana Financial Services of its entire operations and back office.



Mr. Shivakumar G Hurali, Finance Manager:

Shivakumar G Hurali holds Master Degree in Business Administration, Finance from Vishweshwaraiah Technological University, Belgaum. He is associated with CHETANA FINANCIAL SERVICES PVT LTD as Chief Risk & Relationship Officer. He has 14 years of experience in Finance Industries. He is a proficient leader with proven track record of leading Credit and Recovery teams in many prominent brands of Finance Sector. He comes with an exemplary various roles in Industry. He's an articulate speaker with splendid negotiation skills and known for his systematic approach in every task.



Mr. Basavaraj Karadagi (Operational Head):

Mr. Basavaraj K holds Master Degree in Arts. Working as Operational Head of Chetana financial services Private Limited. He is managing operations over 8 Months at Chetana, He has been closely involved in setting up the business and its scalability, He is involved in identifying complex issues and its mitigation. He was working with Navachetana Group since 2006.



Mr. Mallikarjun N Bikkannavar, (Director):

Mr Mallikarjun N B holds Master degree in Business Administration-Finance, KSOU, Mysore. He is associated with CHETANA FINANCIAL SERVICES PVT LTD as Director & Chief Accounts Officer. He is an Accounts professional with 13 years of experience in Accounts. He is responsible for accounts and statutory compliances of the company and coordinating with Banks.



Mr. Asharup Ali H, Asst. Manager Credit:

Mr. Asharup Ali holds degree in Commerce from Karnataka University Dharwad. He is associated with CHETANA FINANCIAL SERVICES PVT LTD as Assistant Credit Manager. He has over all 5 years of experience in Audit and Risk and have an expertise in Credit assessment of customers.



Mr. Pavan Badiger, HR Executive:

Mr Pavan N Badiger holds Degree in Science in Karnataka University Dharwad. He is managing HR Roles & Responsibilities at Chetana. He has 4.5 years of experience in Government Sector in Data Entry, Counseling and Recruitment Sector. He is responsible for Employees Payroll, Statutory, Gratuity Process. He's an articulate speaker with splendid negotiation skills and known for his systematic approach in every task.



OUR LENDERS

BANKS

1. Dhanlaxmi Bank Ltd
2. IDFC First Bank Limited
3. State Bank of India

NON BANKING FINANCIAL COMPANIES

4. Shriram Transport Finance Company Ltd
5. RAR Fincare Ltd



EXECUTIVE SUMMARY

Name of the Company	Chetana Financial Services Private Limited (CFSPL)
Address	Registered Office & : CTS No.3341/26, 1 st Floor, “Navachetana Heights”, 1 st Cross, Head Office Ashwini Nagar, Haveri – 581110 Karnataka Corporate Office : #201, 3rd Floor, 60 feet Main Road, Industrial Workers Layout, Shankar Nagar, Nandini Layout –Bengaluru 560096
Activity	Financial Assistance to Individuals who reside in Urban, Semi Urban and Rural areas
Type of Entity	CFSPL is a private limited company incorporated under the Companies Act, 1956. It is registered with Reserve Bank of India as non-deposit accepting non-banking finance company (NBFC-ND)
Name of Promoters / Directors	Mr Nagendra. V. Mali - Promoter and Chairman Mrs Chandrakala N Mali - Co Promoter and Director Mr Mallikarjun Bikkannavar - Director
External Auditor	M/s B V Raveendranath, Chartered Accountant, Sagar.
Type of Products	Vehicle Loan, Business Loan-Secured & Unsecured
Rating	“BBB” Stable
Geographical Locations of Operation	Karnataka State
Tie Up for Business Correspondence	IDFC First Bank Ltd, Hinduja Leyland Finance, Ashv Finance Ltd & Ambit Finvest Pvt Ltd, NMSPL.

EXTERNAL RATING

Date	Rating Agency	Bank Loan Rating
06-Jan-2023	CRISIL Ratings	BBB-/Stable
25-May-2022	Infomerics Valuation & Rating Pvt Ltd	IVR BBB, Outlook-Stable
04-Oct-2021	Acuite Ratings & Research	ACUITE BB+, Outlook- Stable
07-Jul-2020	Acuite Ratings & Research	ACUITE BB+, Outlook- Stable
17-May-2019	Acuite Ratings & Research	ACUITE BB+, Outlook- Stable
20-Feb-2018	SMERA Ratings Limited	SMERA BB+, Outlook-Stable
22-Aug-2016	Brickwork Ratings	BWR B+, Outlook-Stable

INTRODUCTION

Chetana Financial Services Limited (CFSL) formerly known as NIMBA Finance and Leasing Private Limited (NFLPL) which was originally incorporated on date 30th Oct 1996 under the provisions of Companies Act, 1956. On 26th Apr 2012 the name of the said company has changed to Chetana Financial Services Limited (CFSL). On Date 20th Nov 2012. It is classified as Non deposit accepting Non-Banking Finance Company registered with Reserve Bank of India Its registration Number is B.02.00139. On 15th Mar 2019 CFSL has been converted into Private Limited Company under The Companies Act 2013. After conversion CFSPL got into Non-Banking Financial Company-Non Deposit Type-II activity with effect from 20th Jun 2019.(CFSPL CIN-U85110KA1996PTC021326).

Chetana Financial Services Pvt Ltd (CFSPL) extends Loans to Individuals (Men & Women) who do not have access to mainstream banking services. CFSPL started its operations on 20th Nov 2014. Presently CFSPL provides Loans to Vehicles-Two, Three and Four Wheeler and Business Loans-Secured and Unsecured. Currently Company operates through 48 Branches in 16 districts of Karnataka State. It primarily focuses on Urban, Semi urban and Rural Areas of Karnataka. It was established to provide customized financial assistance to the needy and unbanked segment of the society.

SHARE HOLDING PATTERN-31st Mar- 2023

(Rs in crores)

SL.No	Name of the Investor	No. of Shares	Amount Infused	% Stake
1	NAVACHETANA VIVIDODDESH SOUHARDA SAHAKARI NIYAMIT, HAVERI	73,34,665	7.33	84.51%
2	NAGENDRA V MALI	4,12,500	0.41	4.75%
3	CHAIRPERSON, NAVAJEEVAN FOUNDATION	3,49,835	0.35	4.03%
4	PARVATHAVVA V MALI	3,12,500	0.31	3.60%
5	CHANDRAKALA N MALI	1,38,000	0.14	1.59%
6	ULLAS M KOOLI	20,000	0.02	0.23%
7	SAMARTH SHETTAR	20,000	0.02	0.23%
8	VEERENDRA V MALI	17,500	0.02	0.20%
9	KOTRAGOUDA C	14,500	0.01	0.17%
10	GANESH E K	14,500	0.01	0.17%
11	SIDDAPPA POOJAR	10,500	0.01	0.12%
12	NANDA V MALI	10,000	0.01	0.12%
13	CHANDRAPPA S MANEGAR	10,000	0.01	0.12%
14	BASAVARAJ KARADAGI	10,000	0.01	0.12%
15	SHIVANANDA M K	5,000	0.01	0.06%
	Total	86,79,500	8.67	100.00%

DEBENTURES -31st Mar 2023

(Rs in crores)

Sl.No	Name Of Debenture Holder	Units Of Debenture	Debenture Amount	% Of Debenture Held
1	Navachetana Vividodesha Souhardha Sahakari Niyamit	1,48,000	1.48	11.91%
2	RETAIL INVESTORS			
	I.PRASHANTH GANGANAUDAR	3,000	0.30	2.41%
	II.VERANNA NAGANUR	1,000	0.10	0.80%
	III.PRASHANTH GANGANAUDAR	3,500	0.35	2.82%
3	NAVACHETANA VIVIDODESHA SOUHARDHA SAHAKARI NIYAMIT	1,02,00,000	10.20	82.06%
		1,03,55,500	12.43	100.00%

SUBORDINATE DEBT-31st Mar 2023

(Rs in Crores)

Name of Holder	% Holding	Amount
IDFC First Bank Ltd	100%	5.00
Total	100%	5.00

BANK BORROWINGS-31st Mar 2023

(Rs In Crores)

Sl.No	Bank Name	Bank/ FI	Facility	Sanction Amt	Present outstanding
1	Dhanlaxmi Bank Ltd	Bank	Term Loan	2.00	0.60
2	SBI	Bank	Term Loan	6.00	5.61
	Total from Banks			8.00	6.21
1	Shriram Transport Finance Company Ltd	FI	Term Loan	2.00	1.11
2	RAR Fincare Ltd	FI	Term Loan	1.50	1.39
	Total from FI's			2.50	2.50
	Total			10.50	8.71

LOAN PRODUCT DETAILS

Type of Vehicle	1. Two Wheeler	2. Four Wheeler
Target customer segment	Individual	Individual
Loan Amount Rs	25K-50K	75K-400K
Tenure in Months	12-24*	12-60**
Repayment Frequency	Monthly	Monthly
Moratorium Period	Nil	Nil
Type of ROI	Reducing Balance	Reducing Balance
Rate Of Interest	Minimum 20% onwards and subject to credit and risk evaluation	
Processing Fee	Minimum 2%	
Security	Self-Attested ID & Address Proof, 2 applicant Photos, 1 Guarantor Photo, 1 Guarantors, RC Copy, B-Extract, Duplicate Key, Original Invoice and Insurance Copy, Vehicle Hypothecation	Self-Attested ID & Address Proof, 2 applicant Photos, 1 Guarantor Photo, Latest Bank Statement, 2 PDC Leaves, 2 Guarantors, Income Proof, Utility Bills, RC Copy, B-Extract, Duplicate Key, Original Invoice and Insurance Copy, Vehicle Hypothecation
LTV	Up to 50-80% on Road Price	Up to 80% on Road Price

***For Specified Two-wheeler max tenure is up to 36 Months ** For Specified Four-wheeler max tenure is up to 60 Months.**

Name of Product	2. Mortgage Business Loan	3. Business Loan	4. Consumer Durables
Target customer segment	Individual	Individual	Individual
Loan Amount Rs	200K to 5000K	50K- 200K	10K to 50K
Tenure in Months	Min 24- Max 120	Min 12- Max 24	Min 3- Max 12
Repayment Frequency	Monthly	Monthly	Monthly
Moratorium Period	Nil	Nil	Nil
Type of ROI	Reducing Balance	Reducing Balance	Reducing Balance
ROI	Minimum 18% onwards and subject to credit and risk evaluation		
Processing Fee	Minimum 1%		
Security	Self-Attested ID & Address Proof, 2 applicant Photos, 1 Guarantor Photo, Latest Bank Statement, 5 PDC Leaves, Utility Bills, Business & Income Proof, Property documents & MODT.	Self-Attested ID & Address Proof, 2 applicant Photos, 1 Guarantor Photo, Latest Bank Statement, 5 PDC Leaves, Utility Bills & Business Proof	Self-Attested ID & Address Proof, 2 applicant Photos, 1 Guarantor Photo, Bank Passbook, 2 PDC Leaves, Utility Bills.

OPERATIONAL HIGHLIGHTS*

(Rs in crores)

Indicators	Mar-20	Mar-21	Mar-22	Mar-23
No States	1	1	1	1
No Districts	15	15	16	13
No Branches	50	47	48	25
Total borrowers	23222	26787	28487	30570
No. of loans outstanding	15457	12140	8668	5996
No of Employees	288	257	174	134
Portfolio Outstanding (Own+BC Portfolio)	63.15	53.24	39.39	46.38

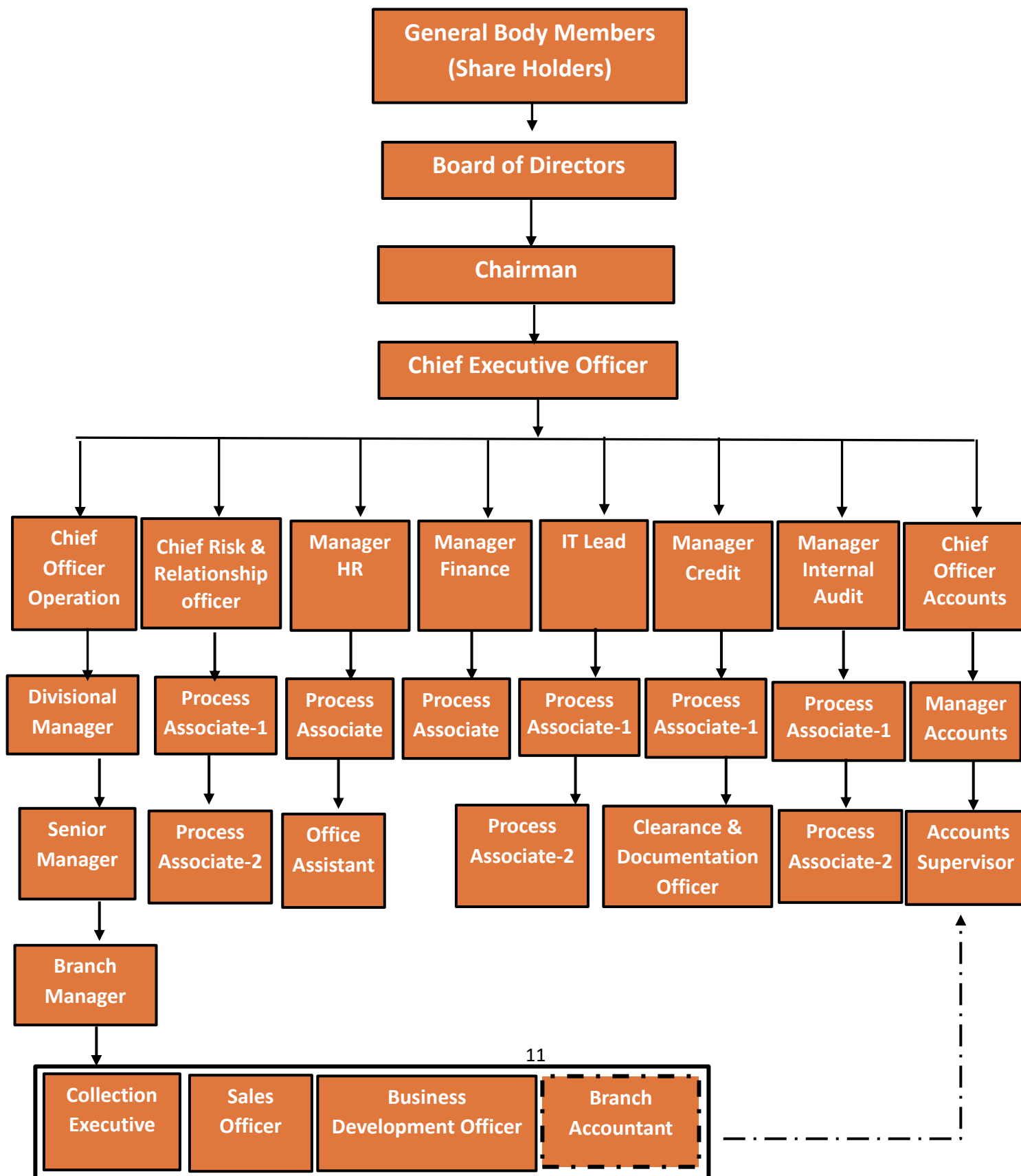
*Includes Own and Managed Book

PRODUCT WISE PORTFOLIO:

(Rs in crores)

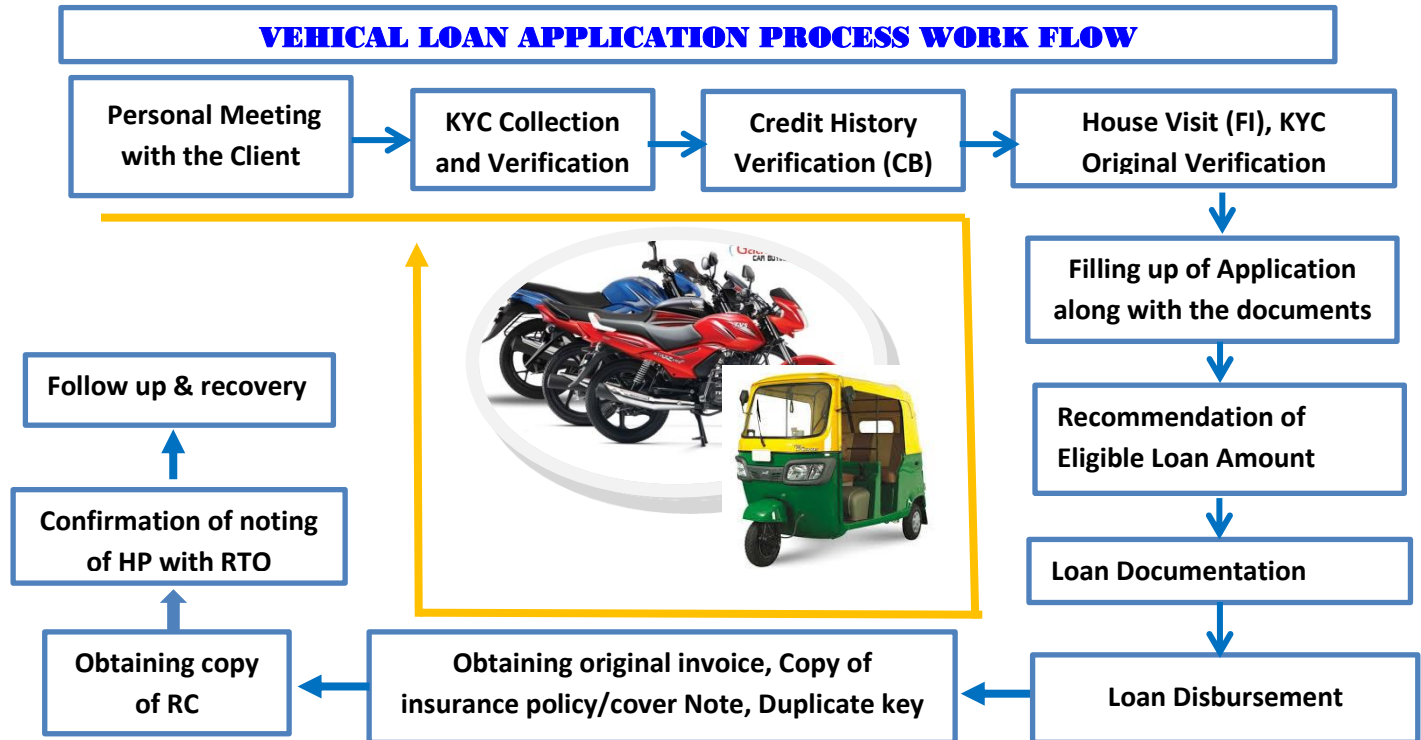
Funding	Product Name	Portfolio Outstanding			
		Mar-20	Mar-21	Mar-22	Mar-23
Own Portfolio	Business Loan-Unsecured	7.53	9.62	9.73	19.48
	Business Loan-Secured	9.77	4.52	5.91	8.95
	Vehicle Loan-Secured	5.07	8.84	6.65	2.87
	Consumer Durables	0.37	0.19	0.09	0.07
	Total	22.74	23.17	22.38	31.37
Managed Portfolio	1. IDFC First Bank Ltd				
	Vehicle Loan-Secured	20.03	9.21	4.61	2.89
	Business Loan-Secured	1.21	0.95	0.77	0.45
	Business Loan-Unsecured	4.68	3.03	1.67	1.25
	Total	25.92	13.19	7.05	4.59
	2. ASHV Finance				
	Business Loan-Unsecured	0	0	0	0.83
	Total	0	0	0	0.83
	3. AMBIT				
	Business Loan-Unsecured	0	0	0	0.07
	Total	0	0	0	0.07
	4. NMSPL				
	Business Loan-Unsecured	0	0	0	4.56
	Total	0	0	0	4.56
	5. NVSSN				
	Business Loan-Secured	0.21	1.65	1.3	1.42
	Total	0.21	1.65	1.3	1.42
	6. Hinduja Leyland Finance				
	Vehicle Loan-Secured	14.28	15.23	8.66	3.54
	Total	14.28	15.23	8.66	3.54
	Grand Total	63.15	53.24	39.39	46.38

ORGONOGRAM

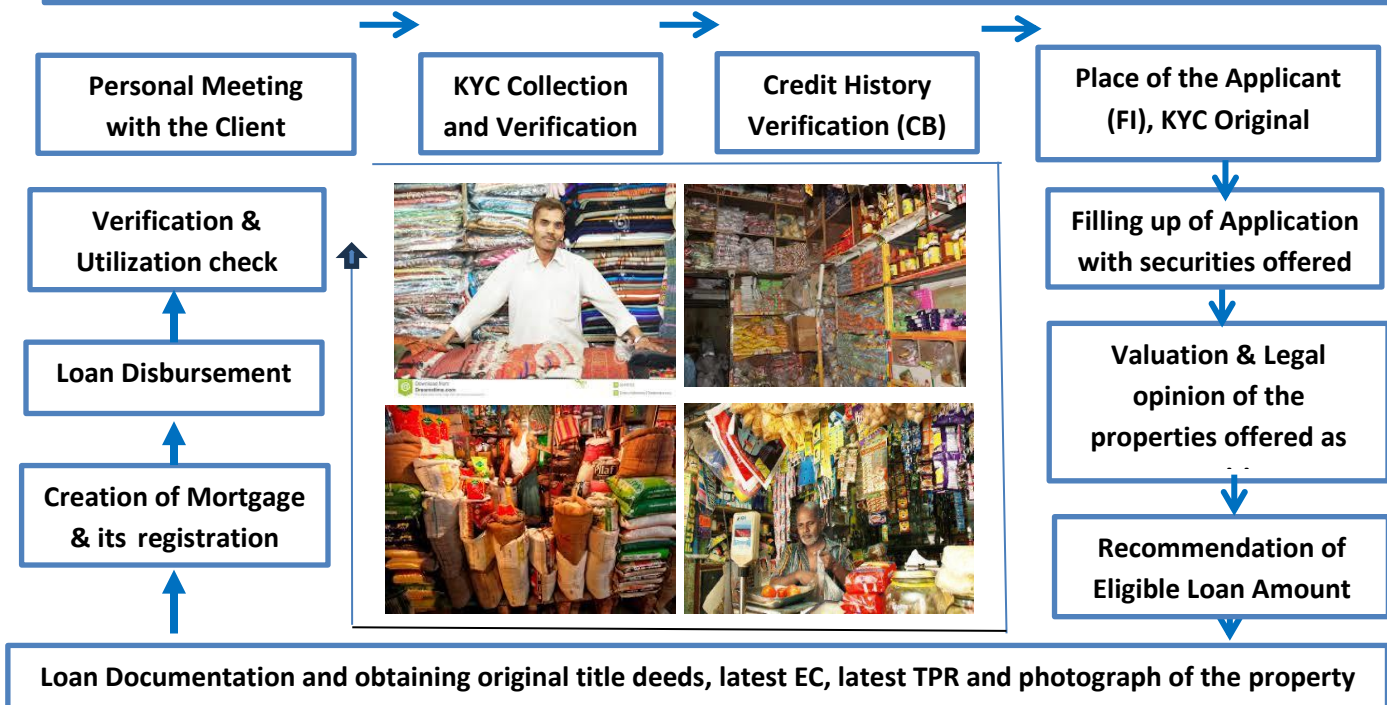


CREDIT PROCESS

VEHICAL LOAN APPLICATION PROCESS WORK FLOW



MORTGAGE BUSINESS LOAN APPLICATION PROCESS WORK FLOW



ASSETS UNDER MANAGEMENT

(Rs in crores)

Sl No	State	Fund Name	Mar-20	%	Mar-21	%	Mar-22	%	Mar-23	%
1	Karnataka	Own	22.74	36.01%	23.17	43.51%	22.38	56.82%	31.37	67.64%
		Managed	40.41	63.99%	30.07	56.49%	17.01	43.18%	15.01	32.36%
		Total	63.15	100.00%	53.24	100.00%	39.39	100.00%	46.38	100.00%

PRODUCT WISE PORTFOLIO

(Rs in crores)

Product Name	FY 2019-20		FY 2020-21		FY 2021-22		FY 2022-23	
	Own	Manage	Own	Manage	Own	Manage	Own	Manage
Business/MSME Loan (Unsecured)	7.90	4.68	9.81	3.03	9.82	1.67	19.55	7.29
Mortgage Loan (Secured)	9.77	1.42	4.52	2.60	5.91	2.07	8.95	1.31
Vehicle Loan	5.07	34.31	8.84	24.44	6.65	13.27	2.87	6.41
Total	22.74	40.41	23.17	30.07	22.38	17.01	31.37	15.01

COMPANY PRESENCE-KARNATAKA

1. Haveri
2. Bagalkot
3. Belagum
4. Bellary
5. Chitradurga
6. Davangere
7. Gadag
8. Hassan
9. Koppala
10. Raichur
11. Shivamogga
12. Tumkur
13. Vijayapura

FINANCIAL HIGHLIGHTS

Statement of Profit and Loss:

(Rs in crores)

Particular	Audited			
Year	2020	2021	2022	2023
Income From Operations	11.93	10.03	8.65	8.72
Interest Income	7.58	7.83	7.56	7.79
Interest on Fixed Deposits	0.22	0.22	0.20	0.20
Other Operating Income	4.13	1.98	0.89	0.73
Expenses	10.97	9.52	8.04	8.01
Administrative Expenses	1.33	1.18	0.89	1.01
Employee Benefit Expenses	5.18	4.41	3.44	2.74
Finance Cost	4.33	3.66	3.56	4.13
Depreciation	0.13	0.26	0.15	0.13
Provisions	-	0.01	-	0.03
Profit Before Tax	0.96	0.51	0.61	0.71
Provision for Taxation	0.25	0.11	0.13	0.03
Profit After Tax	0.71	0.40	0.48	0.53

Audited Balance Sheet From 2019-20 to 2022-23:

Sources of Funds	2020	2021	2022	2023
Equity Share Capital	6.32	8.32	8.32	8.67
Reserve & Surplus	2.2	1.98	2.29	2.82
Deferred Tax Asset	0.05	0.03	0.04	0.04
Convertible Debentures	1.88	1.88	1.83	12.43
Subordinated Debt	5.00	5.00	5.00	5.00
Total Tangible Net worth	15.45	17.21	17.48	28.96
Term Loans -Non-Current	6.23	6.23	7.49	6.20
Term Loan –Current	10.32	8.35	7.21	6.22
Term Loans	16.55	14.58	14.7	12.42
Current Liabilities & Provision	1.62	1.80	3.60	2.70
Total Liabilities	33.62	33.59	35.83	44.04
Net Fixed Assets	1.86	1.9	1.78	1.27
Fixed Deposit with Banks	3.34	3.17	2.97	5.20
Current Assets	10.13	11.8	11.00	15.76
Non-Current Assets	12.61	11.36	11.39	15.61
Own Portfolio	22.74	23.16	22.39	31.37
Cash & Bank Balances	0.37	0.78	0.17	0.64
Other Current Assets	5.31	4.58	8.52	5.56
Total Assets	33.62	33.59	35.83	44.04

PROGRESS REPORT

Bank & Financial Institution Borrowings

(Rs in crores)

Sl.No	Bank Name	Bank/ FI	Facility	Sanction Amt	Present outstanding
1	Dhanlaxmi Bank Ltd	Bank	Term Loan	2.00	0.60
2	SBI	Bank	Term Loan	6.00	5.61
	Total from Banks			8.00	6.21
1	Shriram Transport Finance Company Ltd	FI	Term Loan	2.00	1.11
2	RAR Fincare Ltd	FI	Term Loan	1.50	1.39
	Total from FI's			2.50	2.50
	Total			10.50	8.71

CRAR Details

(Rs in crores)

Sl No	Particulars	Mar-19	Mar-20	Mar-21	Mar-22	Mar-23
1	Tier I Capital (Net Owned Funds)	7.81	8.53	9.73	9.95	10.69
2	Tier II Capital	7.64	7.04	5.00	2.24	3.19
3	Total Capital Funds	15.46	15.58	14.73	12.19	13.88
4	Risk Weighted Assets	28.72	23.40	25.43	35.13	42.16
	Capital Adequacy Ratio	53.84%	66.59%	57.93%	34.68%	32.93%

PORTFOLIO at Risk for Mar 21

(Rs in crores)

A	B	C
Days In Arrears Band	Loan Outstanding Balance As on March-2023	Percentage %
On time	30,36,44,874	96.80%
1 - 30 Days	29,43,709.00	0.94%
31 - 60 Days	7,33,479.00	0.23%
61 - 90 Days	8,19,538.00	0.26%
91 - 120 Days	15,11,104.00	0.48%
121 - 180 Days	13,03,176.00	0.42%
181 - 365 Days	11,26,415.00	0.36%
366 Days-1095 Days (1-3 Year)	8,04,953.00	0.26%
>1095 Days	8,00,837.00	0.26%
Sub Total (B)	1,00,43,211.00	3.20%
Grand Total (A+B)	31,36,88,085.00	100.00%

DIRECTORS' REPORT

To

The Members

CHETANA FINANCIAL SERVICES PRIVATE LIMITED

Your directors are pleased to present the 27th Annual Report, on the working and progress of the Company, together with audited Statement of Accounts and the Auditors' Report of the company for the financial year ended 31st March, 2023.

FINANCIAL RESULTS

The Company's performance for the year ended March 31, 2023 is summarized as follows:-

(Rs in Lacs)

<u>Particulars</u>	<u>Year ended 31st March,</u> <u>2023</u>	<u>Year ended 31st March,</u> <u>2022</u>
Revenue from Operations	824.69	832.93
Other Income	47.33	32.16
Total Income	872.02	865.10
Total Expenses including Finance Cost & Depreciation	801.00	803.98
Profit/(loss) before extraordinary items & tax	71.02	61.11
Extraordinary items	-	-
Profit /loss before Tax	71.02	61.11
Less: Tax Expense:		
Current Tax	17.87	13.98
Deferred Tax	0.30	(0.73)
Income tax short provision for the year		
Profit/ (loss) after tax	52.83	47.86
Earnings per share:		
Basic & Diluted:	0.61	0.57

STATE OF COMPANY'S AFFAIRS:

To carry on the business of financiers generally and in particulars as financiers of industry, commerce and agriculture and of advancing loans and credits to individuals, association, firms or

companies either in securities such as land, buildings, or part thereof, machinery, plants, chattels, shares, debentures, Government Securities, stock certificates, Indira Vikas Patra, Life Insurance Policies and Units, stock-in-trade or on guarantee or without securities. However, the Company shall not carry on the Banking Business as defined under Banking Regulation Act, 1949.

CHANGE IN NATURE OF BUSINESS:

There is no change in the nature of business compared to previous year and there are no material changes and commitments affecting the financial position of the Company during the year.

SHARE CAPITAL AND ITS CHANGES:

Particulars	Share Capital (No. of shares)	Face Value of per share	Share Capital (In Rupees)
Authorized share Capital:			
Equity Shares –	1,00,00,000	10	10,00,00,000
Total	1,00,00,000		10,00,00,000
Issued, Subscribed & Paid up share capital:			
Equity Shares –	86,79,500	10	8,67,95,000
Total	86,79,500		8,67,95,000

During the year under review, Consequent upon conversion of Compulsory Convertible Debentures into equity shares, the issued equity capital of the company has been increased from existing INR 8,32,95,000 (Indian Rupees Eight Crores Thirty Two Lakhs and Ninety Five Thousand Only) to INR 8,67,95,000 (Indian Rupees Eight Crores Sixty Seven Lakhs and Ninety Five Thousand Only)

BRIEF DESCRIPTION OF THE COMPANY'S WORKING DURING THE YEAR/STATE OF COMPANY'S AFFAIRS

The company's performance has improved during the year under review and certainly, there is an increase in net profit for the FY 2022-23 i.e., Rs. 52,83,721/- as compared to the net profit earned during the FY 2021-22 i.e., Rs. 47,86,381/-

DIVIDEND:

During the financial year ended 31st March 2023, the company has not proposed for any dividend payable to the shareholders.

DEPOSITS:

Your Company is not covered under section 76 of the Companies Act, 2013. Therefore, disclosure regarding acceptance, remained, unpaid or unclaimed and default in repayment of deposits or interest thereon, does not arise.

INFORMATION ABOUT SUBSIDIARIES/ JV/ ASSOCIATE COMPANY:

The above point is not applicable for the Company.

BOARD COMPOSITION OF DIRECTORS AND KMPs, IF ANY:

During the financial year 2022-23, Mr. MALLIKARJUN BIKKANNAVAR has been appointed as a Director of the Company at the Extra Ordinary Annual General meeting held on 13.04.2022. Composition of Board for the year 2022-23 is :

1. Nagendra Mali (DIN: 02235648) - Director
2. Chandrakala Nagendrappa Mali (DIN: 03317812) - Director
3. Mallikarjun Bikkannavar (DIN: 09286571) - Director

RESERVES

During the financial year, entire profit of the Company has been transferred to the reserves and surplus account.

MEETINGS OF BOARD OF DIRECTORS IN TERMS OF SECTION 134(3)(b) OF COMPANIES ACT, 2013:

Sl. No.	Dates on which Board Meetings	Quarter
1	08.04.2022	I
2	13.04.2022	I
3	18.04.2022	I
4	29.04.2022	I
5	16.05.2022	I
6	20.05.2022	I
7	25.05.2022	I
8	26.05.2022	I
9	22.06.2022	I

10	23.06.2022	I
11	25.06.2022	I
12	29.06.2022	I
13	25.08.2022	II
14	19.09.2022	II
15	20.09.2022	II
16	26.09.2022	II
17	29.09.2022	II
18	14.10.2022	III
19	21.10.2022	III
20	03.11.2022	III
21	24.11.2022	III
22	10.01.2023	IV
23	16.01.2023	IV
24	20.03.2023	IV

During the period 24 Board Meetings were convened. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

MATERIAL CHANGES AND COMMITMENTS

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial statement relates and the date of this report.

MANAGERIAL REMUNERATION:

Particulars in terms of section 134 of the Companies Act, 2013, read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended, there were no employees drawing salary in excess of the limits specified.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

Design, implementation and maintenance of adequate internal financial controls, that are operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give true and fair view and are free from material misstatement, whether due to fraud or error.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

The particulars of contracts or arrangements with related parties referred to in sub section (1) of section 188 entered by the Company during the financial year ended 31st March, 2023 is attached in prescribed Form AOC-2 in Annexure B and forms part of this report.

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

The Company is committed to provide a safe and conducive work environment to its employees. During the year under review, The Company has adequate system for prevention of Sexual Harassment of women at workplace and has set up a cell for the same.

Your Directors further state that during the year under review, there were no cases filed, pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

DISCLOSURES UNDER SECTION 134(3)(1) OF THE COMPANIES ACT, 2013:

Except as disclosed elsewhere in this report, if there have been any material changes and commitments which can affect the financial position of the Company occurred between the end of the financial year of the Company and the date of this report, the same shall be reported here. There are no changes that has to be reported under this point.

DETAILS IN RESPECT OF FRAUDS REPORTED BY THE AUDITORS UNDER SUB-SECTION (12) OF SECTION 143 OTHER THAN THOSE WHICH ARE REPORTABLE TO THE CENTRAL GOVERNMENT

No case of fraud is reported for the Financial Year 2022-23.

RISK MANAGEMENT POLICY

The Company has developed and implemented a risk management policy which identifies major risks which may threaten the existence of the Company. The same has also been adopted by your Board and is also subject to its review from time to time. Risk mitigation process and measures have been also formulated and clearly spelt out in the said policy.

AUDITORS

Mr. B V Raveendranath Chartered Accountant, (having Membership No. 28679) was appointed as the Statutory Auditors of the company for five financial years i.e. from FY 2021-22 to 2025-26 commencing from the conclusion of this 25th Annual General Meeting till the conclusion of 30th Annual General Meeting to be held in the year 2026.

AUDITORS REPORT:

The Auditor's Report is annexed herewith to this report and is self-explanatory and needs no comment thereon.

SECRETARIAL AUDIT:

Provisions relating to secretarial audit shall not be applicable to the Company

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

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

NOTE ON CRAR & RATINGS

As per audited financial statements dated 31st March 2023, Company has Capital Adequacy Ratio of 32.93% indicating company's good financial strength and solvency. As on date Company has CRISIL BBB-rating indicating stable outlook.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO:**A. Conservation of Energy, Technology Absorption**

The Company continues to strengthen the conservation of energy and it has consumed very less power for its day to day operations. The Company is putting all its effort to minimize the Consumption of energy wherever possible.

The Company has not adopted any foreign technology.

B. Foreign Exchange Earnings and Outgo

There were no foreign exchange earnings and outgo during the year under review.

COMPLIANCE WITH SECRETARIAL STANDARDS:

The Company has complied with Secretarial Standard 1 – Meetings of the Board of Directors and Secretarial Standard 2 – General Meetings, for the meetings held during the financial year 2022-23

DETAILS IN RESPECT OF FRAUDS REPORTED BY THE AUDITORS UNDER SUB-SECTION (12) OF SECTION 143 OTHER THAN THOSE WHICH ARE REPORTABLE TO CENTRAL GOVERNMENT:

No frauds have been reported by the Auditors of the Company under Section 143(12) of Companies Act 2013, during the period under review.

MAINTENANCE OF COST RECORDS:

Maintenance of cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013, is not applicable for the Company.

WEB ADDRESS OF ANNUAL RETURN

Pursuant to the provisions of the Companies Act 2013 read with applicable rules made there under the extract of Annual Return of the Company has been disclosed on the website of the Company at www.chetanafinancial.com

CORPORATE SOCIAL RESPONSIBILITY:

Pursuant to the provision of Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules 2014, CSR is not applicable.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:

The Company has not given loans, guarantees or made investments during the financial year 2022-23, hence, the provisions of Section 186 of the Companies Act, 2013 is not applicable.

DISCLOSURE ON ESTABLISHMENT OF VIGIL MECHANISM

The Company promotes ethical behaviour in all its business activities and has put in place a mechanism of reporting illegal or unethical behaviour. The Company has a vigil mechanism process wherein the employees are free to report violations of law, rules, regulations or unethical conduct by post. The confidentiality of those reporting violations is maintained and they are not subjected to any discriminatory practice.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3) (c) of the Companies Act, 2013 the Board of Directors of the Company confirms that:

- a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) 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 of the company for that period;
- c) 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) the directors had prepared the annual accounts on a going concern basis; and
- e) The Company being unlisted, sub clause (e) of Section 134(5) of the Companies Act 2013 pertaining to laying down of internal financial control is not applicable to the Company.
- f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

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

During the financial year, the Company has not received any orders from Regulator, Court, Tribunal, Statutory and quasi-judicial body, which is impacting on the going concern status of the company and its future operations.

Significant And Material Orders Passed By The Regulators Or Courts Or Tribunals Impacting The Going Concern Status And Company's Operations In Future: Nil

Weblink of Annual Return

The Company does not have any website.

Details Of Application Made or Proceeding Pending Under Insolvency And Bankruptcy Code 2016:

During the year under review, there were no applications made or proceedings pending in the name of the Company under the Insolvency Bankruptcy Code, 2016.

Details of Difference Between Valuation Amount On One Time Settlement And Valuation While Availing Loan From Banks And Financial Institutions:

During the Year under review there has been no one time settlement of Loans taken from Banks and Financial Institutions.

ACKNOWLEDGEMENTS AND APPRECIATION:

Your Directors gratefully acknowledge all stakeholders of the Company viz. customers, members, clients, employees, consultants, associates, solicitors, vendors, shareholders, bankers and business associates for the excellent support received from them during the year. The Directors place on record their sincere appreciation to all employees of the Company for their unstinted commitment and continued contribution to the Company.

Date: 26.05.2023

Place: Haveri

Nagendra Mali

Director

DIN: 02235648

Chandrakala N Mali

Director

DIN: 03317812

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto:

1. Details of contracts or arrangements or transactions not at arm's length basis

1	Name(s) of the related party and nature of relationship	
2	Nature of contracts/arrangements/transactions	
3	Duration of the contracts / arrangements/transactions	
4	Salient terms of the contracts or arrangements or transactions including the value, if any	
5	Justification for entering into such contracts or arrangements or transactions	
6	Date(s) of approval by the Board	
7	Amount paid as advances, if any:	
8	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	

Details of material contracts or arrangement or transactions at arm's length basis

1	Name(s) of the related party and nature of relationship	Utthejana Trading Services Private Limited (Common Directors)
2	Nature of contracts/arrangements/transactions	Purchase of office Equipment's and gift items
3	Duration of the contracts / arrangements/transactions	On going
4	Salient terms of the contracts or arrangements or transactions including the value, if any	N.A.

5	Justification for entering into such contracts or arrangements or transactions	N.A.
6	Date(s) of approval by the Board	
7	Amount paid as advances, if any:	N.A.
8	Closing Balance 31.03.2023	5,000/-

1	Name(s) of the related party and nature of relationship	Navachetana Vividoddesh Souhardha Sahakari Niyamitha (Common Directors)
2	Nature of contracts/arrangements/transactions	1. Short Term laon Received 2. Principal Repayment 3. Term Loan Interest paid 4. Interest on Debentures Given 5. Book Assignment 6. CCD Debenture Received 7. Interest on FD received 8. BC pay-out Received 9. Loan Processing Fee paid 10. Assets Sales
3	Duration of the contracts / arrangements/transactions	On going
4	Salient terms of the contracts or arrangements or transactions including the value, if any	N.A.
5	Justification for entering into such contracts or arrangements or transactions	N.A.
6	Date(s) of approval by the Board	
7	Amount paid as advances, if any:	N.A.
8	Closing Balance 31.03.2023	1. 2,55,00,000 2. 10,24,01,490 3. 1,12,57,274 4. 1,11,65,260 5. 1,30,75,444 6. 10,20,00,000 7. 2,58,516 8. 9,31,307 9. 85,000 10. 12,000

1	Name(s) of the related party and nature of relationship	Laxmi Multi State co-operative Credit Society Limited (Common Directors)
2	Nature of contracts/arrangements/transactions	1. Short Term loan Received 2. Principal Repayment 3. Term Loan Interest paid 4. Loan Processing Fee paid 5. Assets Sales
3	Duration of the contracts / arrangements/transactions	On going
4	Salient terms of the contracts or arrangements or transactions including the value, if any	N.A.
5	Justification for entering into such contracts or arrangements or transactions	N.A.
6	Date(s) of approval by the Board	
7	Amount paid as advances, if any:	N.A.
8	Closing Balance 31.03.2023	1. 1,65,00,000 2. 59,72,320 3. 15,63,781 4. 1,11,65,260 5. 32,500 6. 1,63,000

1	Name(s) of the related party and nature of relationship	Navachetana Microfin Services Private Limited (Common Directors)
2	Nature of contracts/arrangements/transactions	1. Rent paid during the year 2. Short Term loan Received 3. Principal Repayment 4. Term Loan Interest paid 5. BC pay out received 6. Loan Processing Fee paid Assets Sales
3	Duration of the contracts / arrangements/transactions	On going
4	Salient terms of the contracts or arrangements	N.A.

	or transactions including the value, if any	
5	Justification for entering into such contracts or arrangements or transactions	N.A.
6	Date(s) of approval by the Board	
7	Amount paid as advances, if any:	N.A.
8	Closing Balance 31.03.2023	1.6,00,000 2.1,00,00,000 3.1,00,00,000 4.1,76,889 5.13,90,630 6.1,00,000 7. 16,000
1	Name(s) of the related party and nature of relationship	Chetana Chits Haveri Private Limited (Common Directors)
2	Nature of contracts/arrangements/transactions	1. Short Term loan Received 2. Principal Repayment 3. Interest Received on Loan
3	Duration of the contracts / arrangements/transactions	On going
4	Salient terms of the contracts or arrangements or transactions including the value, if any	N.A.
5	Justification for entering into such contracts or arrangements or transactions	N.A.
6	Date(s) of approval by the Board	
7	Amount paid as advances, if any:	N.A.
8	Closing Balance 31.03.2023	1. 10,70,000 2. 2,82,648 3. 2,82,158

Date: 26.05.2023

For Chetana Financial Services Private Limited

Place: Haveri

Nagendra Mali

Director

DIN: 02235648

Chandrakala N Mali

Director

DIN: 03317812

AGM Venue-

