IFMR
Capital

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IFMR
Capital

Creating capital markets access
for financially excluded
households and institutions

ANNUAL REPORT 2014-15

MISSION

MISSION

"To provide efficient and reliable access to debt capital for institutions that impact financially excluded households and businesses"

Contents

About IFMR Capital

IFMR Capital is a non-banking financial company based in Chennai, India. Its mission is to provide efficient and reliable access to capital markets for institutions that provide debt to the financially excluded. Over the last few years, it has pioneered a range of structured finance products that enable risk transfer from high quality Originator institutions to a diversified set of well-capitalised investors.

IFMR Capital has deep expertise in the sectors it works in. Originators are identified on the basis of a robust underwriting framework. IFMR Capital then arranges financing for these Originators from mainstream investors using its own capital to co-invest and credit enhance the transaction. In the capacity of an investor, IFMR Capital closely monitors the performance of these transactions on an on-going basis. The underlying pool performance data is mirrored and tracked on a loan-by-loan basis. Proprietary risk models have been developed that provide early warning signals.

Acting as a bridge between high-quality Originators and capital market investors in the capacity of a structurer, arranger and investor, IFMR Capital has enabled investments from a range of capital markets investors such as banks, mutual funds, private wealth investors, non-banking financial companies, development finance institutions, offshore funds and others. Transactions arranged by IFMR Capital routinely get upgraded. Portfolio performance has been strong with no losses incurred by investors since inception.

Message from the Chairperson

It is my pleasure to present the Annual Report of IFMR Capital for 2014-15. IFMR Capital was created to act as a bridge between Originators who serve financially excluded customer segments and debt capital markets. This was in keeping with our larger vision for the Indian financial system - one that would be characterised not by a handful of full-service banks that originate and aggregate all risks, but a financial system characterised by hundreds of high-quality, local Originators that significantly move the needle on outreach and who would be able to obtain liquidity and transfer risk to Aggregators. Aggregators would be significantly larger, diversified and well-capitalised Financial Institutions. The journey over the last seven years of IFMR Capital has laid the building blocks for achieving this vision.

2014-15 saw significant scaling up of our work. We added 18 new Originators to our roster of clients taking the total number of Originators served by us to 72. Through these Originators, we reach out to 480 districts and 15 million clients. While we enabled total volumes of INR 14.2 billion for our clients during the year, our own balance sheet grew from INR 5.4 billion in 2013-14 to INR 11.8 billion in 2014-15. Our rating was upgraded to A+ in June 2014. We believe that a stronger balance sheet enables us to provide the benefits of scale and reliability to our Originator partners.

An important element of the IFMR Capital strategy has also been to bring newer sources of capital into asset classes that we have expertise in. 2014-15 saw tremendous progress on this front. We added 21 new investors in our transactions during the year, taking the total number of investor partners to 63. Significantly, we also launched our fund management platform this year and our first long-term microfinance debt fund saw healthy investor appetite, particularly from insurance companies.

On the broader regulatory and financial sector policy front, we have been pleased to see the progress on the licensing of differentiated banks. Several of our Originators have applied for these licenses and represent the next generation of financial institutions in India. We strongly believe that this kind of specialisation in origination enables better customer focus and innovation. Also, the well-defined RBI framework for regulation of MFIs has contributed in large measure to the continued growth of this important sector. We are working with our affiliate IFMR Finance Foundation to develop a better understanding of suitability norms, particularly in the context of joint liability group loans so that our Originator partners may start to incorporate this into their under-writing frameworks.

As we look towards FY 2015-16, we will continue on the path of scaling volumes, adding new Originators and diversifying into new asset classes. In particular, we hope to scale up our early work in commodity finance. Based on our understanding of client needs, we also look forward to launching new product lines, including unsecured funding and Tier 2 funding.

I want to congratulate Kshama and the Partners for their exemplary leadership. I also thank the Board of IFMR Capital and in particular, the Independent Directors, for providing able counsel while upholding the highest standards of corporate governance. I thank our investor, LeapFrog, for being an excellent partner in our growth and for sharing in our vision. I also thank all our lenders, auditors, rating agencies and technology partners for their able support. Finally and most importantly, thanks to the team at IFMR Capital for their hard work and commitment towards building a better financial system in India, one that serves all individuals and enterprises.

Bindu Ananth
IFMR Trust

BINDU ANANTH
President, IFMR Trust

From the
CEO's Desk

Nothing can be achieved without hope and confidence. At IFMR Capital we have had plenty of both, backed by generous quantities of commitment and effort. FY 2015 has been a big year given the steep targets we had set for ourselves. During the year we scaled up significantly on business volumes and on balance sheet and succeeded in achieving all the targets we had set for ourselves. Our efforts at smoothing the volumes of financing enabled over the year yielded good results with Q1-Q3 contributing to 58 percent of targets as opposed to 44 percent in the previous financial year. The share of microfinance dropped from 84 percent in FY14 to 63 percent in FY15. We closed the year at a volume of INR 74.43 billion, a balance sheet of INR 11.77 billion and a PAT of INR 382 million.

Microfinance constituted the highest proportion of our business volumes as we achieved the expected growth and market share with most clients. Interesting to note would be the increase in our market share of financing enabled across most microfinance clients. Our business in Microfinance, Small Business Loans finance and Vehicle finance all performed above expectations and exceeded the budgeted volumes this year. Our business in Affordable Housing Finance performed below budget. Several AHF partners raised equity during the year resulting in an immediate dip in debt appetite.

This year we engaged with larger clients across asset classes through innovations in existing structures and the launch of new products. We saw significant growth in Non-Convertable Debenture (NCD) and Commercial Paper (CP) placements. While this growth is spread across Originators of different sizes, for the first time we saw a significant take-off in NCD and CP issuances by our larger Originators demonstrating our value-add across the universe of Originators. We also saw an increased interest in the Collateralized Bond Obligation (CBO). A key value-add by us was the enabling of Tier II placements in the form of bonds, loans and preference shares for our clients. This helped our Originators to maintain stable capitalization and achieve their growth plans.

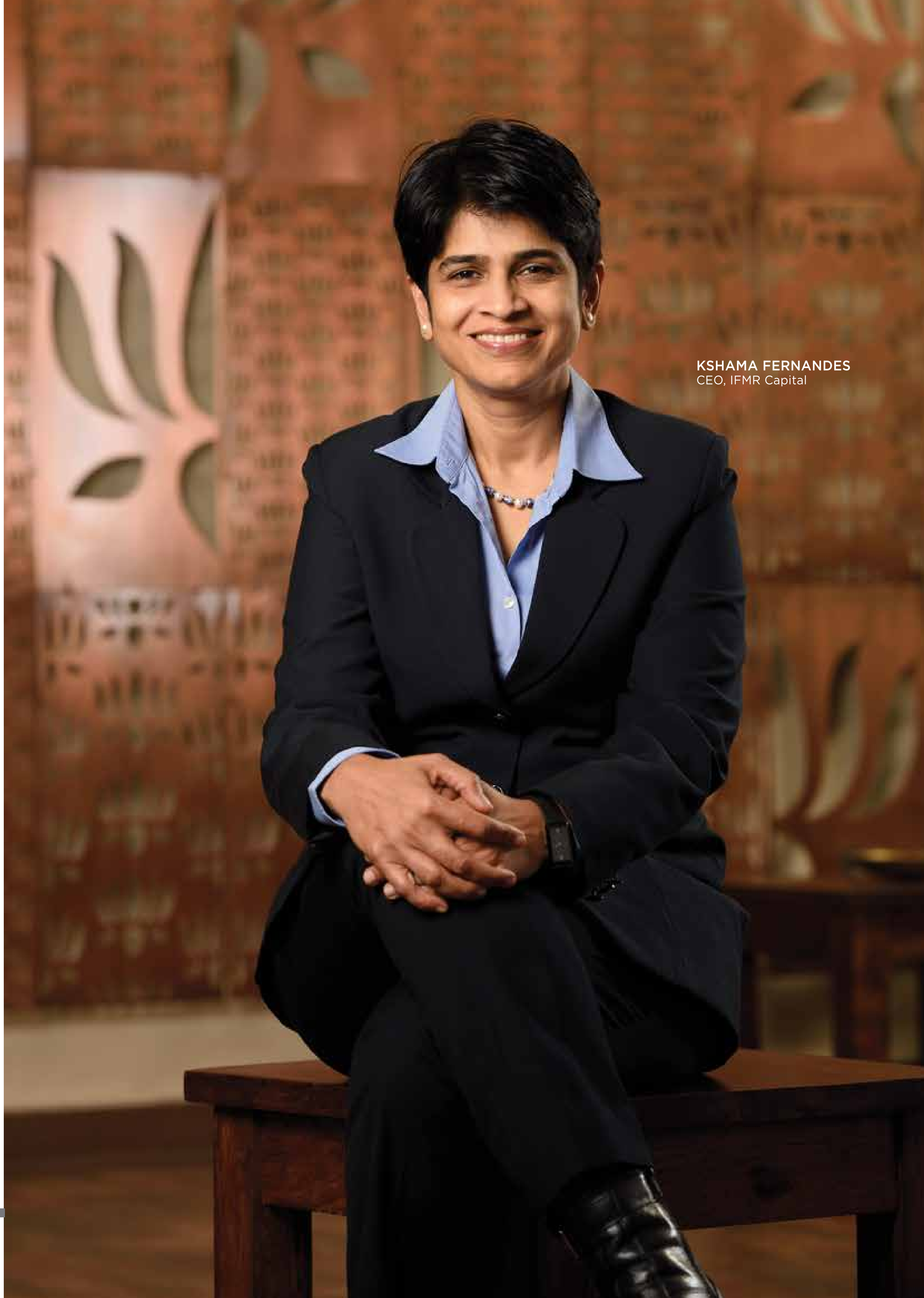
FY 2015 - performance highlights:

We ended the year at a business volume of approximately INR 74.43 billion, exceeding the budgeted volumes by 11 percent. Total client coverage increased from 54 at the beginning of the year to 72. We brought on board 18 new clients across sectors. In continuation of our efforts at diversification, 13 of the 18 clients were from the non-microfinance sectors. We added Agri-finance as a new asset class this year and continue to scope for newer lines of businesses allied to the asset classes we currently work with. Even as we continue to hold majority share of funding provided to our smaller clients, we have demonstrated our value add to larger clients through innovations in product structures, reduction in credit enhancement, timing of funding and pricing.

There was significant diversification achieved in our product spread as we scaled up across all products this year, specifically syndications, bond placements and commercial paper placements. Securitization volumes increased on account of wider placement of unrated assignments. We could significantly scale up the CBO structure with six transactions across three investors. Outstanding CBOs witnessed rating upgrades and we also closed the first secondary deal in this product. We enabled the first External Commercial Borrowing for a client including structuring a cross currency swap.

The Treasury and Markets teams had taken on stiff coverage and diversification targets at the beginning of the year. Towards the end of the year, most of these targets had been surpassed with significant addition across banks, mutual funds HFCs, DFIs and other categories. The concentration of the top ten investors dropped from 67 percent to 38 percent.

The highlight of the year was the company's access to the mutual fund investor base. We witnessed significant participation from a large number of mutual funds with several more in the pipeline. By bringing on board these investors, we demonstrated our value-add to our larger Originators. Given that mutual funds are typically active in the first quarter, unlike banks, this



KSHAMA FERNANDES
CEO, IFMR Capital

helped build counter-cyclicality in our business and contributed towards our efforts at smoothing the volumes of financing enabled across the year.

We continued to maintain a zero delinquency track record on the portfolio. We have completed a total of 209 portfolio transactions so far and the cumulative collection efficiency of outstanding live transactions stands at 99.77 percent. During FY 2015, we conducted 99 monitoring visits to 51 entities in 20 states and 115 districts.

Microfinance constitutes about 63 percent of our portfolio with vehicle finance contributing about 13 percent, SBL about 12 percent, AHF about 8 percent and the rest being agri-finance. Portfolio diversification improved significantly with our portfolio now split across 55 entities, 30 states and 480 districts. Product composition remains broadly stable with LTOs constituting 68 percent and securitization about 22 percent.

During the year, we made significant progress in building a comprehensive model for stress testing of the portfolio as well as commencing work on implementing an economic capital model. We mapped exposures in our portfolio down to the Originator's branch level which gives us the ability to measure exposure to a given risk factor. Further, we built a multi-dimensional cube interface that allows us to more easily access and analyse all the performance data that we aggregate across our portfolio transactions. The implementation of the ERP system for IFMR Capital is well underway and we plan to commence using some modules in the near future.

IFMR Capital's rating improved to A+ during the year. The Company was able to capitalize upon the rating upgrade, larger capital base and placement efforts in closing larger sized deals as well as in obtaining finer pricing with lenders. The Company was able to add several marquee lenders. We witnessed significant growth in balance sheet from INR 5.4 billion to INR 11.77 billion. We continued to raise financing from a variety of sources including loans, ICDs, CPs and NCDs. Operating income and profits saw a healthy growth. Operating costs as percentage of average assets saw significant reduction. We expect this trend to strengthen in the coming year.

Our people continue to be our most valuable assets. During the year we filled several key positions across teams. Attrition levels continued to be below industry average. Training and development included both internal knowledge management sessions as well as external programs. We grew from an employee strength of 47 to 54 during the year. We made significant additions to the leadership group at IFMR Capital with several of our people stepping up to take on roles as team leads. We believe building a strong second-line will be critical to the continued success of IFMR Capital. Giving a sense of responsibility, growth and empowerment will act as a great motivator for the highly ambitious and inspiring team at IFMR Capital.

In FY 2015, we acquired a funds management platform. This strategic acquisition will add to our ability to tap investors with long term appetite across sectors and enable us to provide longer tenor funding for our clients. The first microfinance fund was launched in March with INR 850 million of investor commitments and INR 680 million of investments made. We expect to scale up the funds management business in FY2016 and onwards.

FY 2016 - the way forward:

FY2015 was indeed a good year, one in which we successfully demonstrated our ability to diversify and scale up our business from a high base to an even higher base. Our execution capacity was stretched to the limit and we came out with flying colors with not a single transaction being postponed or cancelled due to execution constraints. We managed to do this using the highest standard of process adherence and accountability.

For the coming year, amongst other things, we plan to deepen our presence in existing asset classes by bringing on board more high quality Originators across asset classes and tiers. We plan to increase the number of Originators from 72 to 90. Despite SBL and Housing finance achieving scale this year, Microfinance still continues to be a large slice of the pie - we look to further reduce this concentration. One of our key focus areas this year will be process innovation and centralization to build efficiencies. Efforts in this direction have already begun and sustained focus will enable us to scale up. We also hope to roll out new structured products. Some of the new business lines we are looking at will take shape during this year.

To enable all the above we will have to further increase the team strength. We have clear plans for hiring and training for the coming year. We will make concerted efforts and spend senior management time in reinforcing our core principles of ownership and accountability, expertise and continuous competence building, sense of urgency and timeliness, excellence in all we do, a partnership approach vis-à-vis our Originators and investors and the uncompromising approach of following the highest standards of business ethics and transparency. In the spirit of the same, our annual offsite held in Sri Lanka focused entirely on "IFMR culture and core principles of business".

On the markets front, we will continue to diversify the investor base across PSL and non-PSL seeking investors. We plan to increase our investor outreach from 63 to 84 during the coming year.

The work on the internal risk scoring and stress metrics framework across asset classes will continue through the year as will the fine-tuning of the estimation of portfolio level risk for IFMR Capital. This will enable better capital allocation.

As per our projections, we will continue to see an increase in volumes. The share of non-microfinance will continue to grow. We hope to address the gap in the market in terms of unsecured funding as well as access to Tier II capital. We also see appetite for short term funding. We expect to see our balance sheet expand significantly over the year.

The deer doesn't walk into the mouth of a sleeping lion. We are aware of the challenging nature of the task we have taken upon ourselves. As we continue on our ambitious journey towards a financially inclusive world, I would like to take this opportunity to thank the Board of IFMR Capital for their continuous support, encouragement and guidance over the years. Your Company is excited about the future and confident that FY 2016 will be as impactful, productive and successful as was the year that went by. As Henry Ford put it, when everyone is moving forward together, success takes care of itself.

Kshama Fernandes
CEO, IFMR Capital

IFMR CAPITAL **PEOPLE**

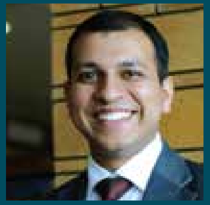
GOVERNANCE

Board of Directors

Bindu Ananth
President, IFMR Trust
Chairperson

Sucharita Mukherjee
Chief Executive Officer
IFMR Holdings
Director

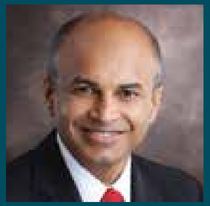
Michael Fernandes
Partner,
LeapFrog Investments
Nominee Director



Puneet Gupta
Chief Financial Officer,
IFMR Holdings
Director

Dr. Susan Thomas
Faculty, Indira Gandhi
Institute for Development
Research (IGIDR)
Independent Director

Dr. Kshama Fernandes
Chief Executive Officer and
Senior Partner, IFMR Capital
Managing Director



Samir Shah
Managing Director and
Chief Executive Officer,
NCDEX Limited
Independent Director

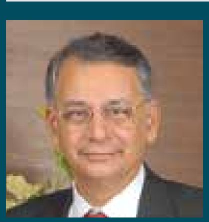
Dr. Jim Roth
Co-founder and Partner,
LeapFrog Investments
Nominee Director

Charles Silberstein
Former Director,
FSA - London
Independent Director

Advisors

W Bowman Cutter III
Former Managing Director,
Warburg Pincus

Deidra Wager
Former Executive
Vice President,
Starbucks Coffee Company



H N Sinor
Chief Executive,
Association of Mutual Funds
of India (AMFI)

Dr. Tilman Ehrbeck
Chief Executive Officer,
CGAP

Senior Management

Vineet Sukumar
Senior Partner and
Chief Financial Officer

Bama Balakrishnan
Senior Partner and
Chief Risk Officer

Saurabh Jaywant
Chief Legal Counsel

Gaurav Kumar
Senior Partner and
Head - Origination

Kalyanasundaram C
Senior Partner and
Head – Operations

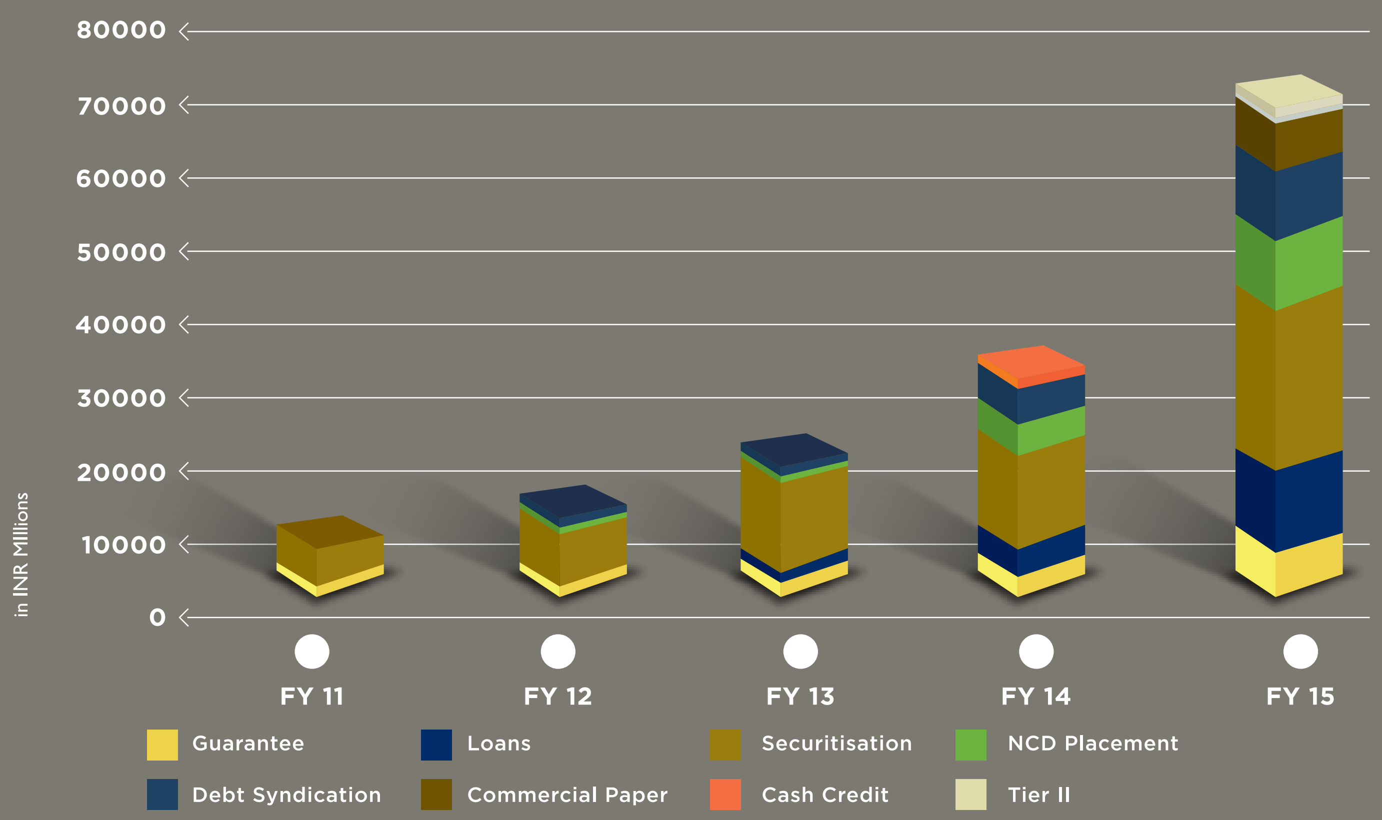
IFMR Capital Business
Highlights

IFMR CAPITAL BUSINESS HIGHLIGHTS

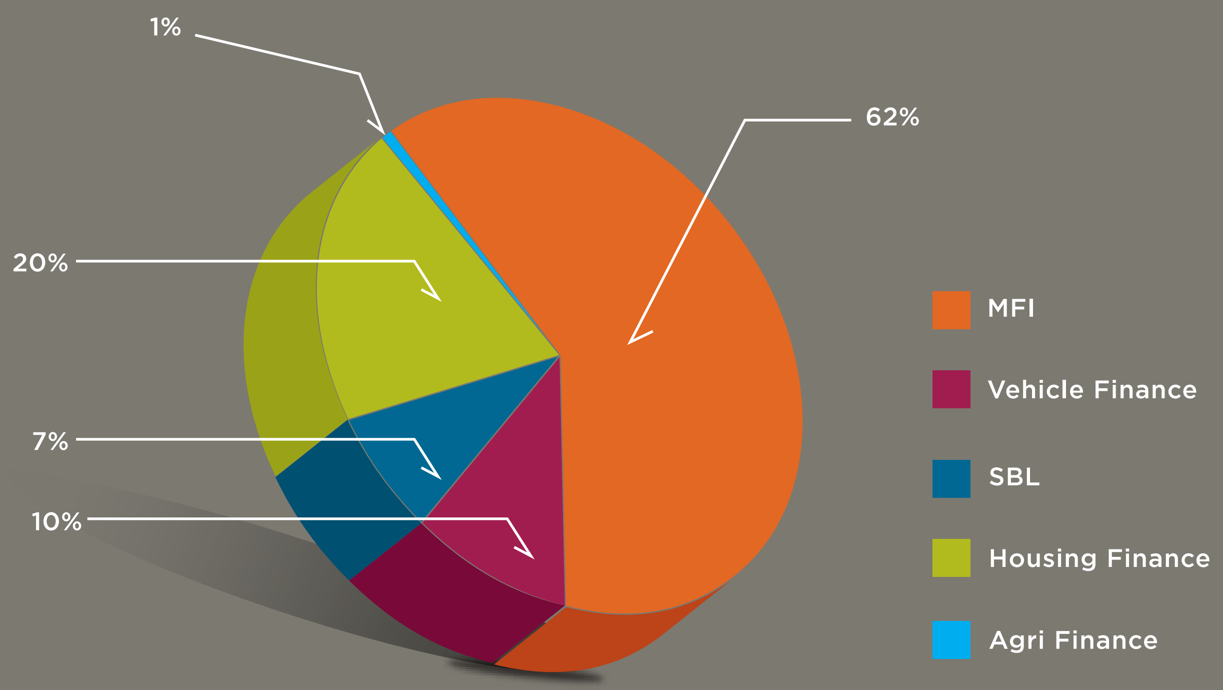
IFMR Capital has experienced another year of robust growth and strong relationships. Business volumes have doubled this year from a formidable base. In addition, we've built new client and investor relationships, strengthened our existing relationships, introduced new products and demonstrated relevance across big and small high-quality Originators alike.

- Business volumes expanded to INR 7,443 Cr, growing at a rate of more than 100% over the previous year
- Partner tally at the end of FY 2015, was 72 high-quality Originators across asset classes
- Diversity of partner-base in terms of balance sheet size increased to accommodate Originators across the spectrum in the sectors we cater to
- Brought on board a new asset class – agri-business finance and four high-quality Originators in this asset class
- Re-introduced mutual funds to microfinance
- Closed our first ECB deal in microfinance – a landmark deal for the sector
- Collateralized Bond Obligation (CBO) programme expanded rapidly from one in the previous financial year to a cumulative total of seven CBO deals at the end of FY 2015
- Introduced much needed tier II products for our partners by way of long-term subordinated non-convertible debentures and preference shares
- Business volumes witnessed an uptick in SBL, Housing Finance, Vehicle Finance and Agri finance, while maintaining robust growth in microfinance.

IFMR Capital Growth in Business Volumes:



VOLUMES



MEDIA FOOTPRINTS

Coming of age: institutional investor investment merit in NBFCs, MFIs

TANYA THOMAS
Mumbai, April 10

Institutional investors in the debt market are gradually gaining confidence about looking beyond traditional government and highly-rated corporate debt to bonds and other debt instruments issued by non-banking finance companies (NBFCs) and microfinance institutions (MFIs). NBFCs and MFIs are also helping create this new market, either by issuing debentures or pooling their debt assets.

Microfin sector's growth

Amit Tripathi, Head of Fixed Income at Reliance MF, believes that

(the sector is now overseen by the central bank). "In terms of capitalisation," Tripathi said, "large MFIs are today at par with mid-sized NBFCs."

Reliance MF had invested in microfinance firm Equitas and NBFC Ujjivan Financial Services earlier this year. UTI AMC has bought bonds in Ujjivan, while Franklin Templeton AMC has subscribed to non-convertible debentures aggregating to about ₹100 crore in Equitas Finance Pvt Ltd.

Grabs big investors' interest

IFMR Capital, promoted by IFMR Trust, is an NBFC that is helping other NBFCs and MFIs raise funds through capital market players by

NCDs, external comm

borrowings or collateralised debt obligations.

Kshama Fernandes, founder of IFMR Capital, says that while the microfinance sector has traditionally been funded by grants and social service foundations, it has now become robust enough for large mainstream investors to invest in it.

"Large capital market investors like banks, mutual funds, insurance and pension funds or corporates, have two requirements when investing in debt – that it receive a top credit rating and a critical mass in size enabling large investments," Fernandes said. "NBFCs and MFIs can now offer both."

to push is the Mosec – multi-originator securitisation of microfinance loans. With this instrument, IFMR Capital pools together loans from different NBFCs and MFIs of similar tenure but diversified over geographies and asset classes. These are then used to create a single debt instrument, along with a cash collateral by participating NBFCs/MFIs and IFMR itself. This is rated and sold to large investors.

Checks mass failure

"The cash collateral," Fernandes said, "it's to ensure that all participants who have created the instrument have skin in the game. This avoids a situation like mass failu

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IFMR Capital structures ₹98-cr debt

Non-banking lender IFMR Capital on Tuesday said it had structured the first collateral bond obligation (CBO) deal in the micro-lending space in the country, involving 11 MFIs' non-convertible debentures (NCDs) totalling ₹98 crore. The deal will help these micro-lenders access the debt capital markets. The CBOs, rated BBB+, are at least three notches above the credit ratings of the individual issuers, the Chennai-based NBFC said. The CBO issuers include Annapurna Microfinance, Asirvad Microfinance, Arohan Financial Services, Disha Microfin, Future Financial Servic

ance Com

al Financi

edit Line

Janalakshmi raises ₹150 crore

IFMR Capital, from the IFMR Group, has exec
ted the issuance of Senior Secured Non-Con
vertible Debentures aggregating to ₹150 crore
for Janalakshmi Financial Services.

IFMR Capital announces country's first collateral bond obligation

IFMR Capital, the Chennai-based non-banking finance company, on Monday an
India's first collateralised bond o
₹98 crore, comprising multi-issu
n tible debentures.

IFMR Capital executes NCDs for Janalakshmi

MR CAPITAL has the issuance of cured non-convert entures aggregating 0 crore for Bagalore Janalakshmi Finan ervices. The NCDs ubscribed by a large al fund house and this ng the largest NCD is ces in the MFI sector the largest subscription single mutual fund.
The Rs 150 crore issuance comprised of three ferent strips of Rs 50 crore th varying tenures, with a aximum tenure of four ears. Further, IFMR Capital lso successfully executed unsecured term loan Rs 27 crore for

ate assets and provide the flexibility to securitise them.

The NCD deal also reaffirms the acceptability of microfinance as an investment option for mutual fund houses. Mutual funds have made a comeback over the last 6-8 months as the ratings of individual MFIs have breached the "A" category barrier. "This is a first of its kind product from the IFMR Capital stable. The product meets a specific gap in the sector vis-a-vis access to unsecured sources of capital, besides providing the much sought after diversification," she added.

IFMR Capital has so far structured, arranged and co-invested in more than 250 capital market transactions, including securitisations, senior and subordinated issuances, commercial ECBs and

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CORPORATE

ADB, IFMR to give loans to MFIs

Hyderabad: Asian Development Bank (ADB) and IFMR Capital have joined hands to provide loans of around $20 million to microfinance institutions (MFIs) in the country through IndusInd Bank Ltd. The loans fall under a partial guarantee programme, where a proportion of the risk will be guaranteed by ADB and IFMR. This is the second time ADB and IFMR are providing such loans

TRUSHNA UD

IFMR Capital reducing microfinance exposure

SANGEETHA G
Chennai

NON-BANKING finance company IFMR Capital is taking to diversification as a growth strategy. Having entered agricultural lending this year, it plans to initiate financing companies that work with small and medium enterprises next year. In four years, IFMR Capital hopes its exposure to non-microfinance sectors to go up to 65-70 per cent.

IFMR Capital, which facilitates debt financing for non-banking institutions catering to the needs of customers at the bottom of the pyramid, had 100 per cent exposure to microfinance it started

> "WE plan to diversify into a new sector every year. Requirements are huge in SMEs"
>
> Kshama Fernandes
> CEO

wards microfinance will come down to 30-35 per cent in four years," said Kshama Fernandes, CEO of Capital.

Dearth of long-term access to finance hampers the growth of the SMEs," said Fernandes.

High rating requirements also hold back the SME-focused NBFCs from accessing capital markets. IFMR has products like MOSEC and CBO which help small and medium NBFCs combine their loans to gain a critical size in order to hit the capital market. With the backing of IFMR, these originators receive higher rating for their issue.

The company will also ramp up its activity in the agricultural financing space next year. "The sector i evolving as large RBI-regu lated NBFCs are emergin and developing their ow models of business,' sh added.

In the coming years, also look at emergi clean water a

Microfin Cos W up to ₹450 cror

Second series of disbursement by ADB partner IFMR comes after about 3 years

Saikat.Das1@timesgroup.com

Mumbai: Nearly five lakh households in rural and semi-urban areas could benefit as the Asian Development Bank's (ADB) Chennai-based partner IFMR Capital is planning to release ₹400-450-crore credit to microfinance institutions (MFIs) in the second series of disbursement after a gap of about three years.

"We will now again start deploying funds to MFIs... We are already in talks with some private sector banks with national presence," said Kshama Fernandes, managing director and CEO of IFMR Capital, a non-banking finance company (NBFC) which is backed by the US-based Leap Investments.

economy and h the Andhra Pra resulted in huge

"Over the pas microfinance s has evolved in tor, both from and a govern tive," said Fern

According to average disburs per MFI, which provi ₹10,000-15,000 to each borrower.

In the first series of disbursement, about ₹400 crore was given to 13 MFIs, which extended the credit to about 2.7 lakh poor households.

IFMR Capital is aiming to connect at least 20 MFIs with sound credentials to provide loans through different banks. It may soon strike a deal with one or two private sector lenders for fund allocations that in turn will also help those lenders attain priority sector lending target mandated at 40% of loan book.

"Despite all efforts, mainstream banks have struggled to reach out to the bottom of the pyramid segment," said Alok Prasad, CEO of Microfinance Institutions Network. "The MFI business model is focused financial service

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Kshama Fernandes
Chief executive officer
IFMR Capital

Historically, small-sized firms have found it difficult to raise funds, given the threshold constraints for ratings of the issuer and the he issuers based on the

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Tough to get institutional investors subscribe to NCDs of firms funding unorganised sector: IFMR Capital

OUR BUREAU
Mumbai, August 18

To lend confidence to institutional investors to invest in the long-term non-convertible debenture issues of, among others, micro-finance institutions and affordable housing finance companies, non-banking finance company IFMR Capital is committing its own funds in such debt issuances, according to a top official.

Kshama Fernandes, Senior Partner and Chief Executive Officer, IFMR Capital, said her company, on an average, has invested about 10 per cent of the total amount it raised as debt arranger for MFIs, affordable HFCs, commercial vehicle finance companies and SME finance institutions in the last six years. Since its inception in 2008, the Ch based NBF non-conver (NCD) issu ₹7,500 crore

Positive sign

When the throws in th ring, it sends a to prospecti about the qual issuance and th

Since its inception in 2008, Chennai-based IFMR Capital has arranged non-

panies and SME finance institutions are attractive, it is still difficult to get institutional investors to

are under no undue pressure to service the NCDs

ehicle finance com

nancial services to the financially excluded sectors as they

ment Fund for Developing Countries, a Danish Government owned investment fund, it added.

Hinduja Leyland Finance completes commercial paper placement worth ₹250 crore

Chennai: Hinduja Leyland Finance has completed its first commercial paper placement worth Rs 250 crore which has been subscribed by Religare Invesco AMC and UTI AMC. "On the liabilities side, our funding was dominated by bank credit (75%) till 2013-14. From April of last year, we have tapped other sources," CFO of Hinduja Leyland Finance Sachin Pillai said. "The interest rate differential is 100 to 150 basis points lower than similar maturity period lending by banks," CEO of IFMR Capital Kshama Fernandes said. "The pricing (9%) was attractive and proceeds would repay some of our working capital," Pillai said. TNN

IFMR Capital executes ₹150-cr NCD issue for JFS

NBFC IFMR Capital has executed the issuance of senior secured non-convertible debentures aggregating to ₹150 crore for Janalakhsmi Financial Services. The NCDs were subscribed to by a large MF house. The issuance comprised three different strips of ₹50 crore with var tenures, with a maxim

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Where are Domestic Inves

Financial experts say the big challenge is the lack of loc

Startup Banter

Kshama Fernandes, chief executive of IFMR Capital, and Samit Ghosh, founder of Ujjivan Financial Services, in a meeting arranged by **ET** discuss financial inclusion, microfinance and small banks.

Fernandes: How is the fundraising climate?

Ghosh: Both in terms of equity and debt, it has become much easier since we started. In fact, we have just raised ₹600 crore of equity. The only challenge on the equity side is that there is a little interest from domestic investors. It's easy to raise funds from foreign sources. This will be a challenge for us as we want to transform into a small finance bank. This bank will have to be majority domestic-owned.

Fernandes: We too would like to mestic capital. What do you thin

Ghosh: I think there are regulat mestic private equity was not a NBFCs. The other issue is that d don't understand this (microfin though we have provided exc investors to the tune of 20-25

Ghosh: What has your experi

Fernandes: We started in 20 self was new to the financial moved on from MFI to small ness loans, affordable housi agriculture finance – all of t have the same challenges t microfinance has. The nee evaluate and understand t is a big challenge.

> Need to evaluate and understand the risks is a big challenge
>
> KSHAMA FERNANDES

> Domestic understand
>
> SAMIT GHOSH

NBFCs now depend less on banks for capital

This is due to better fund-raising avenues, drop in wholesale lending rates: experts

PRIYA KANSARA
Mumbai, October 14

Non-banking finance companies are increasingly becoming independent of traditional banks for borrowing money due to the drop in wholesale lending rates.

According to latest data put out by the Reserve Bank of India, banks' lending to NBFCs has declined 5 per cent year-on-year in April-August after rising 6 per cent in FY15. This comes on the back of a drop in wholesale lending rates, which has fallen around 100 basis points since January. These rates are directly linked to the policy rate set by the RBI, which has cut the repurchase rates by 125 basis points since January.

be a significant improvement," said Umesh Revankar, Managing Director at Shriram Transport Finance.

Shriram Transport Finance's total assets under management grew 11.28 per cent and 11.11 per cent in FY15 and Q1 FY16, respectively. LIC Housing Finance's loan book growth fell to 18 per cent year-on-year in Q1 FY16 from 21.6 per cent in FY15.

Kshama Fernandes, CEO of IFMR Capital, a Chennai-based NBFC, sees NBFCs continuing to access capital markets and further diversifying their sources of capital.

"We have raised ₹15,000 crore in the last five years for our 85 NBFC clients, out of which ₹7,500 crore has happened in the last one year alone. This has proved to be an efficient and reliable financing strategy for them," she said.

Wholesale papers include instruments, such as commercial papers, certificates of deposits and corporate

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BENGALURU

THE HINDU • SUNDAY, SEPTEMBER 13, 2015

IFMR Capital bets on agri-finance

S. Varadharajan

CHENNAI: IFMR Capital, the Chennai-based non-banking finance company (NBFC), will be focussing on agricultural finance, a new asset class.

There are 8-10 NBFCs specialised in agricultural finance in India and the company will work with these NBFCs connecting the financially excluded class of clients in getting their funds, according to Kshama Fernandes, CEO, IFMR Capital.

In an interaction with *The Hindu*, Ms. Kshama said the company was working closely with clients in providing most optimal debt solution to them at every stage of their growth. "We act not only as a structurer and arranger for our clients, but also as an investor and liquidity provider, thereby linking our own success to that of our clients," she said. IFMR capital, for its part, would also invest 10 per cent of the fund requirement of clients, she said.

The other focus area for IFMR Capital was affordable housing finance, an interesting asset class with funding requirement ranging from Rs.5 lakh to Rs.15 lakh, mainly targeting consumers in villages.

She said IFMR Capital was working with 75 NBFCs, which were involved in providing capital to MSMEs and also extending small business loans finance (micro credit). These NBFCs were also offering other asset products such as vehicle loans including two-wheeler loans, to informal, self-employed segment. "Clients belonging to this segment do not have formal income documentation such as income tax returns and these NBFCs have developed and perfected a model for lending, based on enterprise income and cash flow assessment through personal discussions with them, backed by local knowledge and standard business templates," Ms. Kshma Fernandes said.

Besides, IFMR Capital was working with some recently set up NBFCs by experienced professionals with exclusive focus on MSMEs lending to specific sectors such as education and textiles.

The company since incep tion in the last seven yea has arranged access to de capital worth Rs.15,0 crore. In the last two ye alone, it has concluded d for more than Rs.7,000 cr

Recently the comp completed its collatera bond obligation (CBO Rs.98 crore, comprising ti-issuer pooled non-co ible debentures. This bond issuance had hap for the time in Indi Kshma Fernandes clain

The CBO issuers numbering 11, included microfinance companies and small business lenders whose end customers were either self-employed individuals from the financially excluded segment or the ones employed in informal sectors. The CBO transaction, facilitated by IFMR Capital, was one of the best efforts by the company in developing scalable structures for meeting the requirements of its clients and investors, and worked as an efficient route for accessing debt capital, she said.

Promoted by IFMR Trust, IFMR Capital works towards the creation of a stable and inclusive financial system in India. It works with high quality originators so that they may deepen their presence and provide access to financial services to million of under-served households.

> WE ACT NOT ONLY AS A STRUCTURER AND ARRANGER FOR OUR CLIENTS, BUT ALSO AS AN INVESTOR AND LIQUIDITY PROVIDER
>
> KSHAMA FERNANDES, MD AND CEO, IFMR CAPITAL

IFMR Capital executes ₹150-cr NCD issue for JFS

NBFC IFMR Capital has executed the issuance of senior secured non-convertible debentures aggregating to ₹150 crore for Janalakhsmi Financial Services. The NCDs were subscribed to by a large MF house. The issuance compri three different strips of ₹50 tenures, wit

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IFMR Capital structures CBO deal of 11 issuers

Chennai, June 23: Chennai-based non-banking finance company IFMR Capital on Monday announced what it claimed to be India's first collateralised bond obligation (CBO) comprising multi-issuer pooled non-convertible debentures. CBO is a derivative security llateralised by a pool of nds.

Future Financial Services, India School Finance Company, Intrepid Finance and Leasing, Pahal Financial Services, Suryoday Microfinance, SV Credit Line and Svasti Microfinance.

Kshama Fernandes, CEO, IFMR Capital, said, "This transaction is an illustration of our efforts in developing scalable structures for meeting the requirements of our and investors. The di ditenhance-

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IFMR launches country's first collateral bond deal

Chennai Firm Aims For Financial Inclusion

TIMES NEWS NETWORK

SAFE BET

- The collateralised bond obligation **includes 11 issuers**
- The main **participants** are microfinance firms and small lenders whose end-customers are either self-employed or work in in informal sectors
- This **new structure adds value** as it gives not only the diversity of a multi-originator securitisation, but also provides balance sheet comfort

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IFMR Capital diversifies

Sanjay Vijayakumar

CHENNAI: IFMR Capital has diversified from micro finance to other sectors such as affordable housing, commercial vehicle financing and agriculture loans.

For IFMR Capital, which helps institutions raise debt, micro finance accounts for 65 per cent of its exposure, while other segments account for 35 per cent.

"We started with micro finance five years ago, and that was our predominant business even year-and-half back. Post that, we realised that mi ro finance is just one need eople at the bottom of the yramid have. They have ultiple requirements which micro finance loan entity es not give," Kshama Fer ndes, CEO of IFMR Cap said.

FMR Capital closed last with a volume of ,500 crore, and arranged ,500 crore worth of fi ing. The firm works with 0 clients across 24 States.

Ms. Frenandes also said in erest in investing in these orms of asset classes was coming from bank treasuries, NBFCs and high net worth individuals.

Origination– **FY 2015**

Team:

Over FY 2015, Origination within IFMR Capital embraced a new specialization-based hierarchy and allocated key resources to build on its strengths. The Origination team also brought in fresh talent to beef up its ranks. During the year, the Origination team identified four key areas of focus and allocated key people to four sub-teams:

- Business
  - Microfinance
  - Small Business Loans & Affordable Housing Finance
  - Commercial Vehicle Finance
- Credit
- Structuring
- Syndication

The team re-distributed focus to be able to build strong, functionally focussed sub-teams within Origination. As part of this effort key personnel were identified to head each of these functions:

Mohammed Irfan assumed responsibility as Director and Head of Small Business Loans & Affordable Housing Finance Origination.

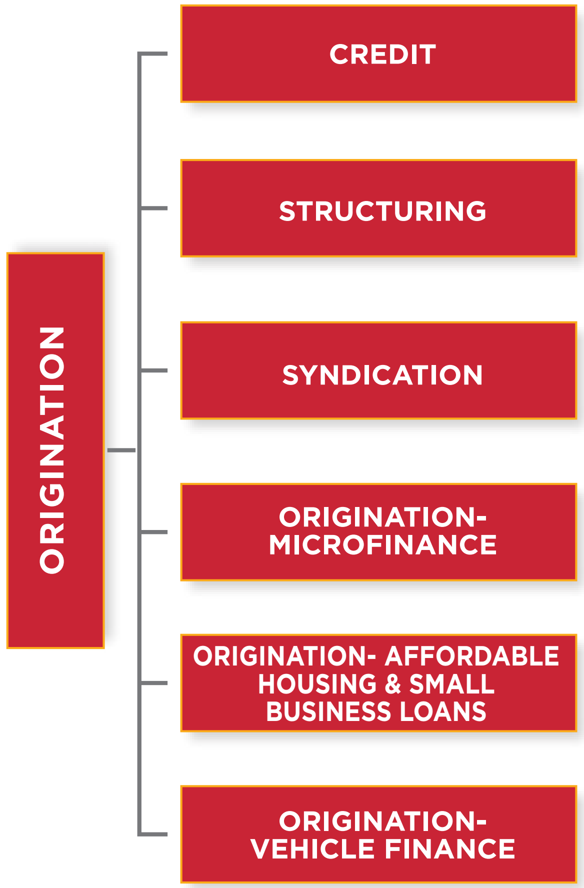
Amit Mandhanya assumed responsibility as Director and Head of Commercial Vehicle Finance Origination.

Rahul Jain assumed responsibility as Director and Head of Credit

Satya Srinivasan assumed responsibility as Director and Head of Structuring.

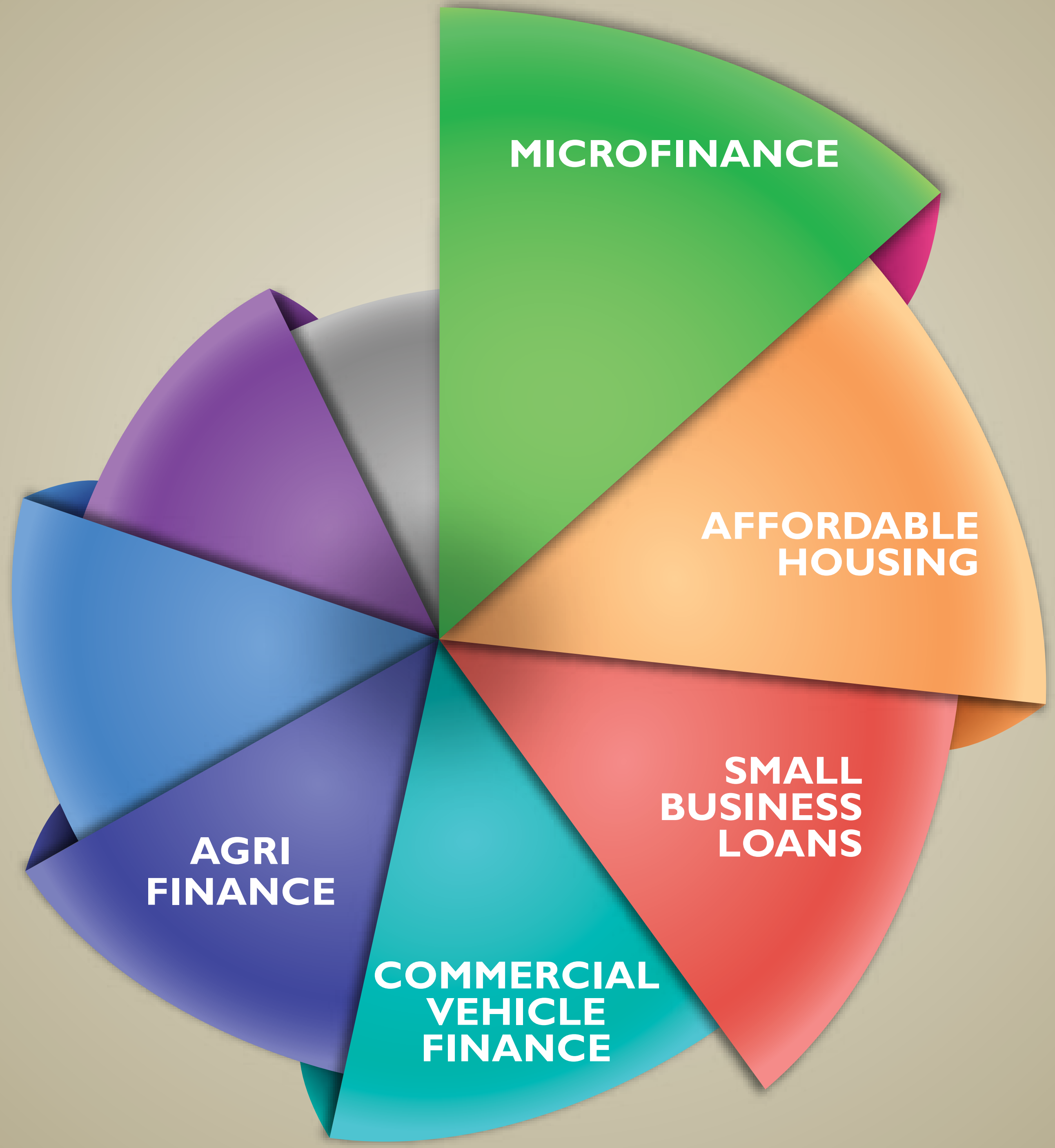
The individual sub-teams will continue to be housed under the larger Origination team and will play a key role in driving Origination's short term and long term objectives.

The individual sub-teams will continue to be housed under the larger Origination team and will play a key role in driving Origination's short term and long term objectives.



During FY 2015, Origination's strength increased to 17 team members; compared to 10 team members in the previous FY.

Sector Updates



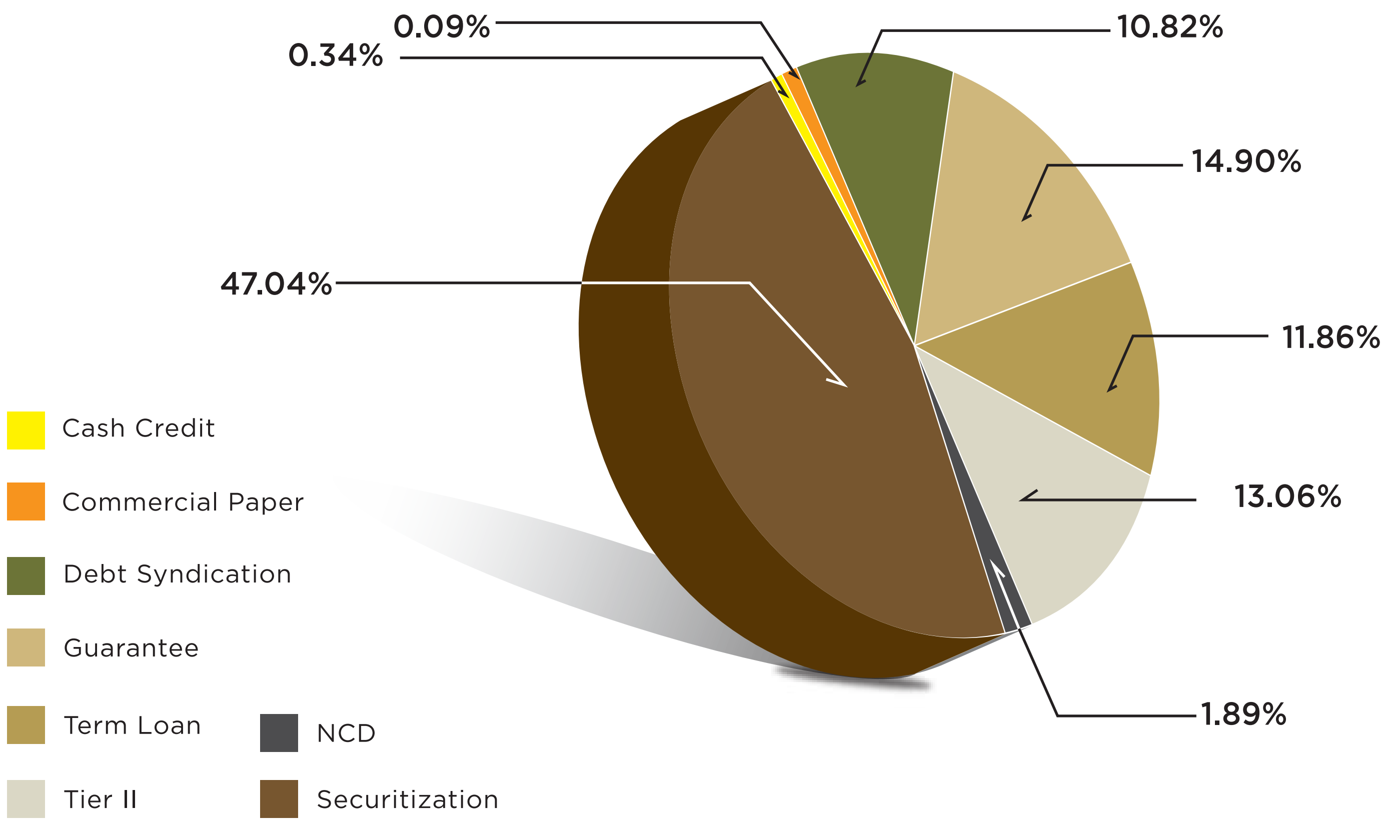
Microfinance

The microfinance sector continued its upward trajectory in FY 2015 on the back of a strong growth story the previous year. We are happy to report that all our partners have shown consistent portfolio growth, healthy margins and good asset quality. Financial Year 2015 also marked another series of firsts for IFMR Capital and helped us create better value for our clients through efficient market making and a wider product suite. During the year we enabled financing of over INR 74.43 billion to our partners via rated securitisation, bilateral assignment deals, term loans, cash credit, guarantee-backed deals, placement of NCDs, commercial paper, tier II debt and quasi-equity instruments and debt syndication. The Origination team conducted MFI assessments on potential partners this year and successfully inducted seven high-quality Originators that met our rigorous capital markets standards. Our pipeline for new partnerships is promising and we hope to induct new partner institutions that have done commendable work over the last few years. We now have an active relationship with 33 high-quality microfinance Institutions.

Our volumes in the microfinance sector increased from INR 29.6 billion in FY 2014 to INR 46.41 billion in FY 2015, representing a growth rate of 57%. Our key products in this sector in FY 2015 were:

- Securitization
- Bilateral assignment
- Term loans & cash credit
- ADB guarantee product
- Collateralized Bond Obligation
- Non-Convertible Debentures
- Commercial Paper
- Tier II Instruments

PRODUCT WISE VOLUMES IN MICROFINANCE



Small Business Loans & Affordable Housing Finance

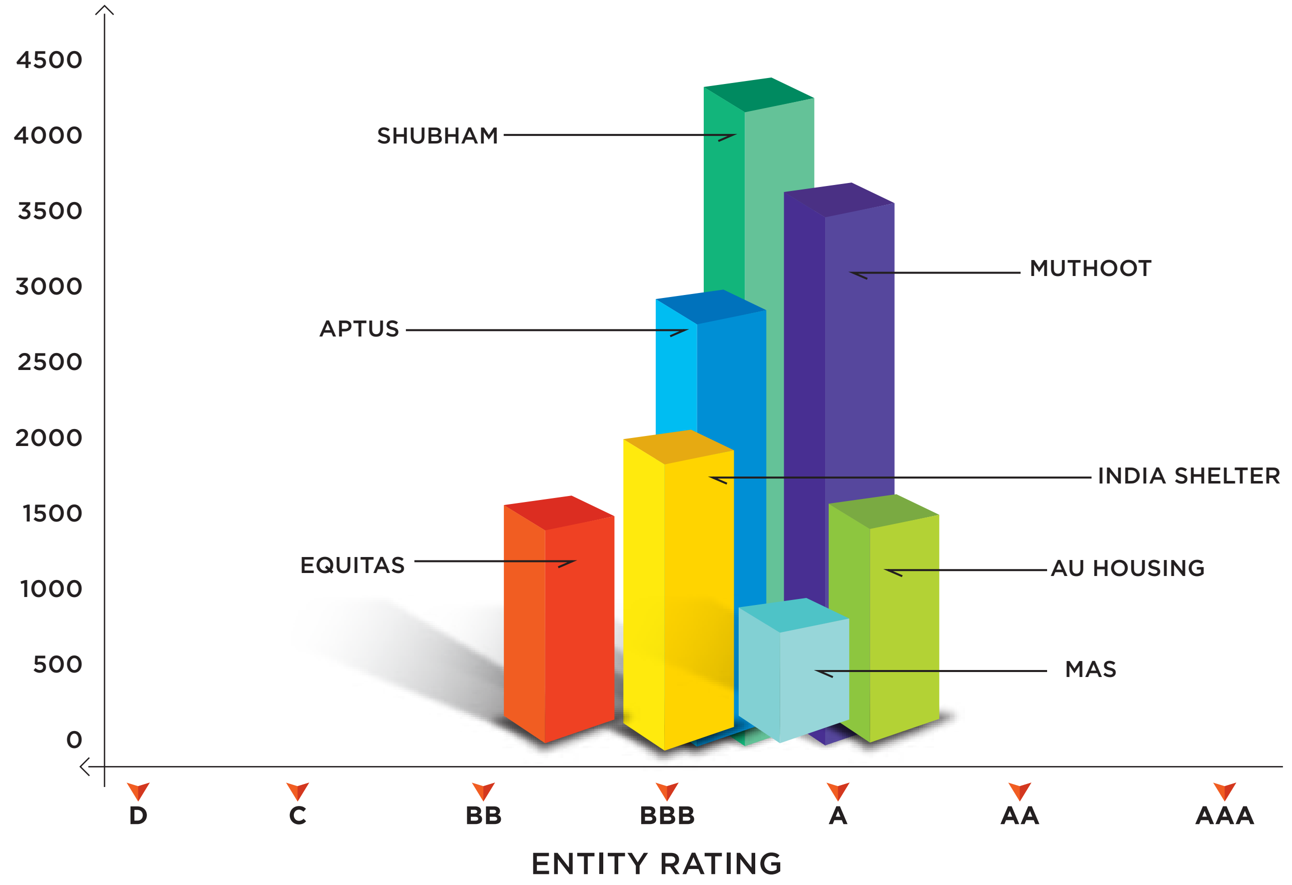
Our expansion into emerging asset classes of relevance to financially excluded households began in FY 2012, and at the end of FY 2014, we had in place 20 approved partners across the small business loans and affordable housing finance sectors. We closed FY 2015 with a strong foundation in these asset classes and have demonstrated scale and relevance. We added four new partners across the small business loan and affordable housing finance asset classes in FY 2015. As our business and product suite expanded, we are happy to note that we've been able to reach out to a wider range of small business loan and affordable housing finance partners, each catering to a niche segment of clients thereby increasing the depth and breadth of our outreach through them. Noteworthy business models that IFMR Capital has inducted on to its portfolio include –

- **NeoGrowth -** NeoGrowth targets small and medium sized modern retailers carrying out sales via Point of Sale (POS) machines. The company's business model is based on the Merchant Cash Advance (MCA) model, which is a short term financing arrangement provided to retail merchants with an agreed upon percentage of future credit card and/or debit card sales as repayments.

- **Aye Finance -** Aye Finance has identified a niche segment between the target customer group currently being catered to by microfinance institutions and NBFCs. The company follows a 'cluster approach' after identifying a potential industry cluster in a particular city/town based on a deep market research, conducting detailed interviews to draw out insights. The company looks to cater to the 'micro' segment amongst the MSMEs, where funding requirements are primarily for working capital and expansion of business.

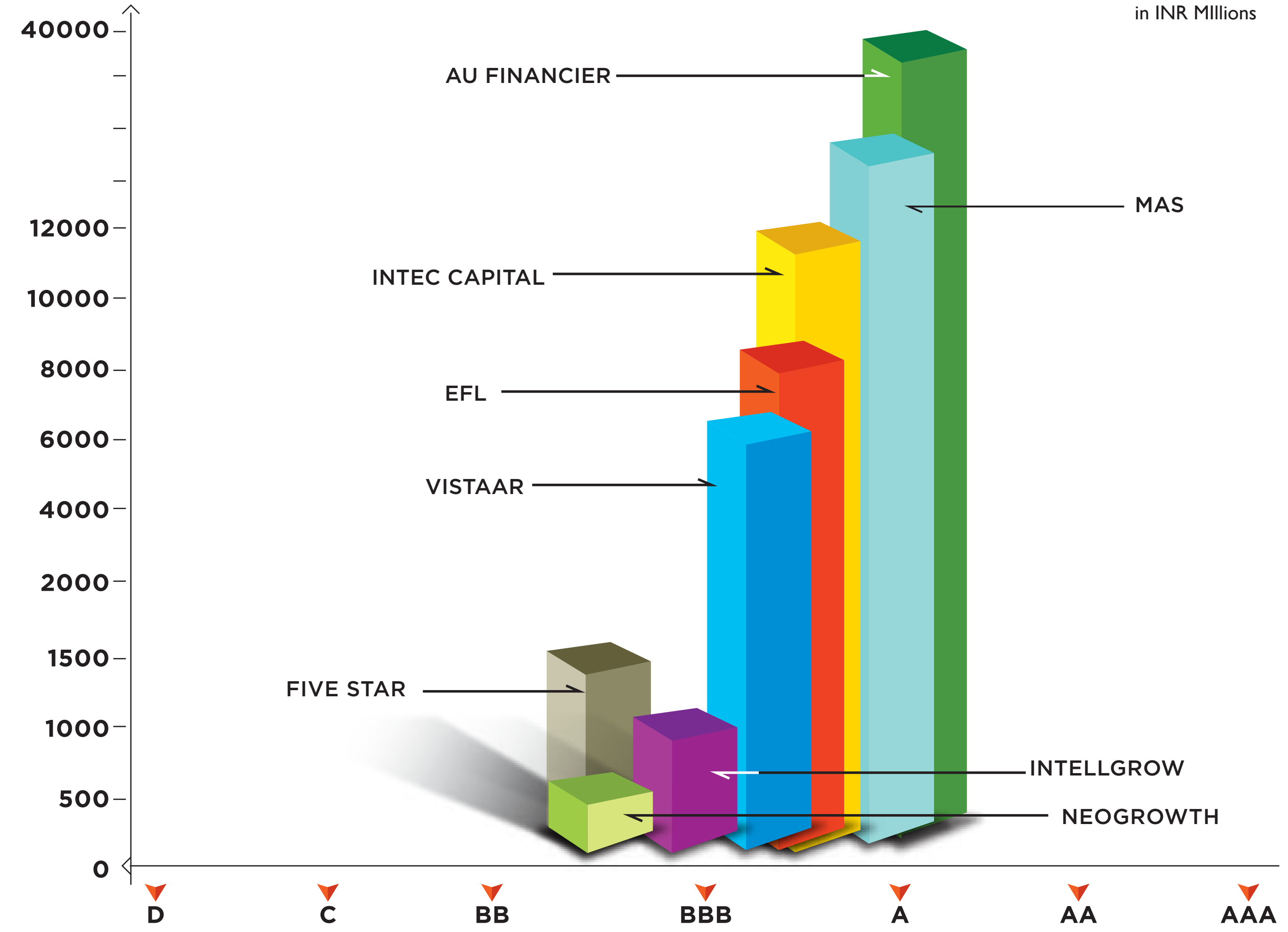
> "Knowledge can be found everywhere. It is not acquired only in schools/colleges, but also through personal experiences. Professionals like the team at IFMR Capital look for innovative cutting edge solutions to problems faced by their customers. They explore alternatives most others won't even consider. They are open to new things that could help them grow their mission, their reach and the commercial success of their clients and their own business."
>
> **S. Velusamy,** Senior President Operations,
> Sakthi Finance Limited

A snapshot of the ratings and Assets Under Management (AUM) spread of a sample of our Affordable Housing Finance partners:



in INR MIllions

A snapshot of the ratings and Assets Under Management (AUM) spread of a sample of our Small Business Loan partners:



The common denominator across these asset classes is the plethora of models used which is a reflection of the huge gap that exists in financing to these customer segments. They have attracted a lot of interest in recent years with the entry of many specialized players motivated by the opportunity of reaching out to the largely underserved informal sector and financially excluded households. Access to diversified and dependable sources of funds would be key to ensuring a robust growth of these specialized financial institutions and hence addressing the financing needs of a largely untapped market.

Our partners in the small business loans asset class include a wide variety of financial institutions, each catering to a specific niche in the enterprise financing space. Our partners have developed specialized lending models for financing of livelihood businesses, micro-enterprises, equipment/machinery, supply chains and even affordable private schools.

In the affordable housing finance space, our partners have presence across the country and are largely new generation entities promoted by experienced professionals who leverage different models ranging from housing microfinance for incremental housing to micro mortgages with small ticket sizes, to reach out to their target customer segments. We have seen extensive work being done by all of these entities, our partners to devise innovative and detailed methodologies for evaluation of their customers.

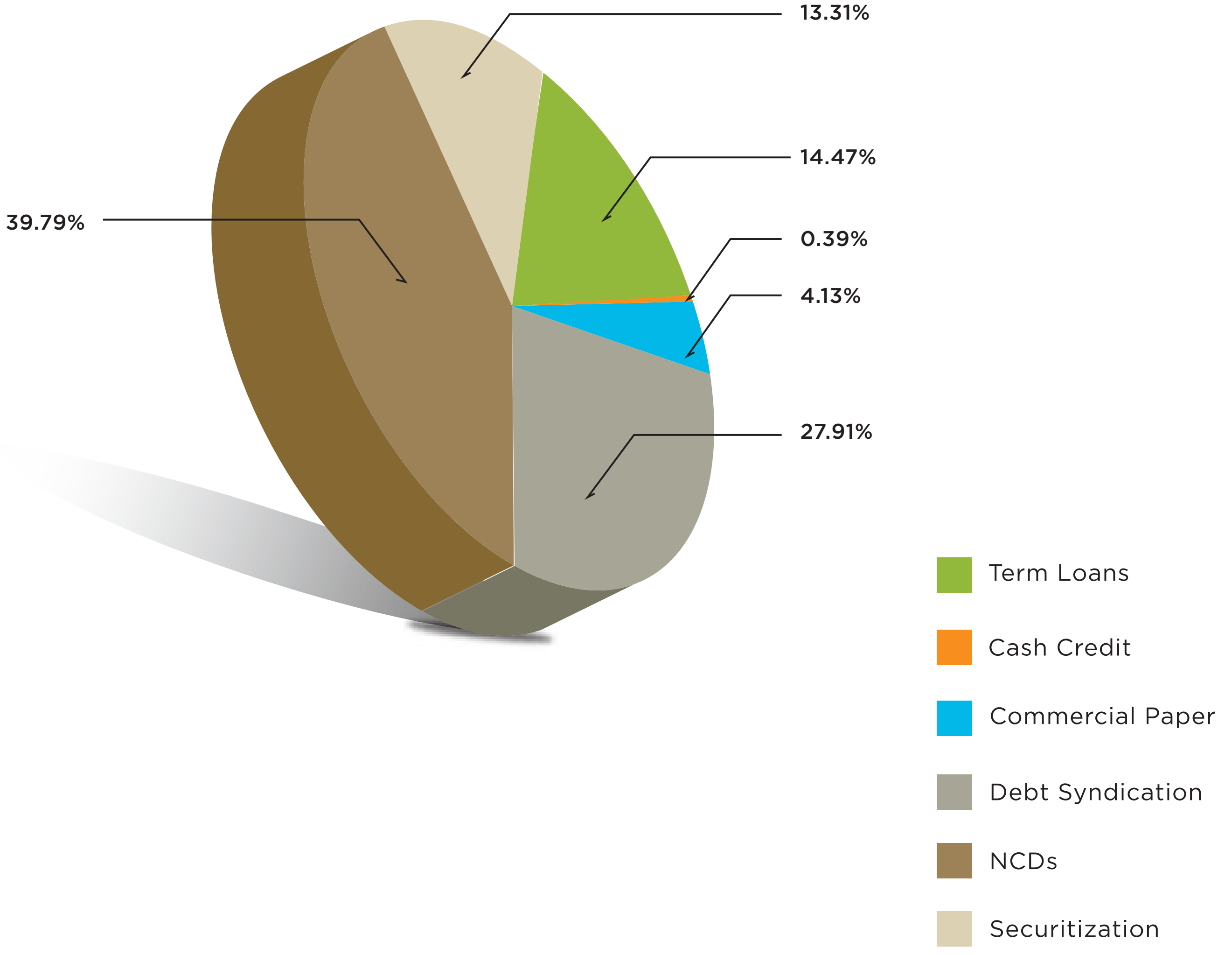
A number of private equity firms have expressed an interest in the Originators at their early stages of growth. The asset class has witnessed significant equity interest from a variety of early-stage, development focussed and mainstream equity investors. Given the nascent stage and vast demand, IFMR Capital expects significant growth from existing players, as well as the emergence of newer players.

The cumulative AUM of SBL partners of IFMR Capital has nearly doubled over the last one and half years from approximately INR 3000 Crores to INR 5000 Crores.

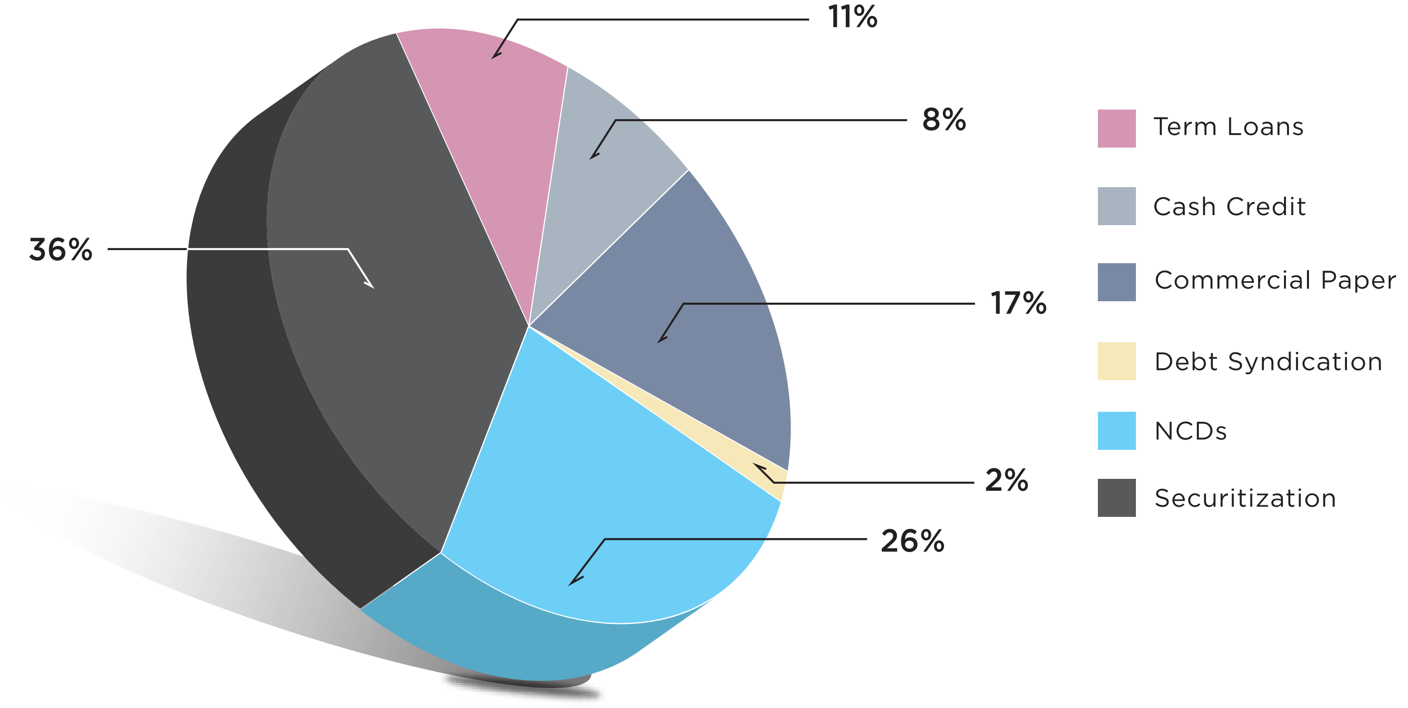
Our volumes in the small business loan and affordable housing finance sectors increased from INR 2.75 billion in FY 2014 to INR 12.63 billion in FY 2015, representing a growth rate of 359%. Our key products in this sector in FY 2015, were –

- Securitization
- Term loans & cash credit
- Non-Convertible Debentures
- Commercial Paper
- Debt syndication

Product-wise volumes in Small Business Loans Finance



Product-wise volumes in Affordable Housing Finance



Vehicle Finance

One of the youngest sectors in IFMR Capital's portfolio, vehicle finance, showed stellar growth in the first year of operations. Business volumes increased from INR 2.7 billion in the FY 2014 to INR 15 billion in FY 2015 – a growth of 456% over the previous year's base.

As we scaled up our exposure in this sector, we brought on board high quality vehicle finance companies that cater to niche segments and follow highly client-focussed origination models. We brought on board 8 vehicle finance clients in FY 2015. Noteworthy business models that IFMR Capital has inducted on to its portfolio include:

I. Hinduja Leyland Finance (HLF)- HLF commenced operations in 2008 and was largely focused on commercial vehicle financing.
- Product profile strategy - Diversification from Vehicle Financing into MSME lending and whole sale lending. In the recent past, HLF has built a sizable wholesale and Loans-Against-Property (LAP) portfolio;
- Borrowing strategy: IFMR Capital has helped HLF conclude its' first commercial paper issuance and has been key to multiple other commercial paper issuances by the company;

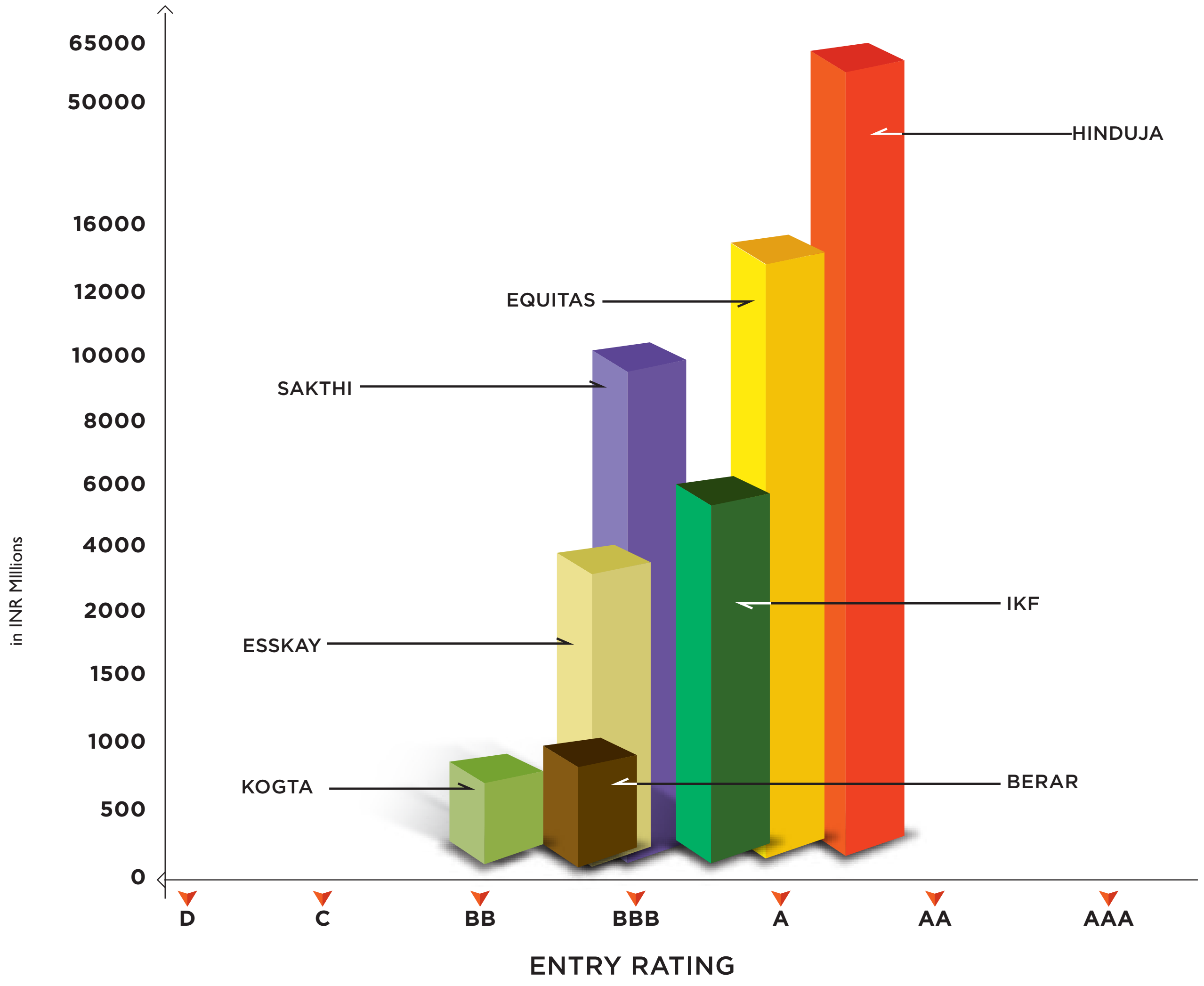
  IFMR Capital has also helped augment HLF's capital market resource raising program by placing its Non-Convertible Debentures (NCDs) with as many as 8 prominent mutual funds.

II. Kogta Finance Private Limited (Kogta): Kogta is a vehicle finance company based in Rajasthan. Kogta commenced operations in 2008 and currently has presence in Rajasthan and Gujarat. We brought Kogta on board as a partner in FY 2014. IFMR Capital and Kogta have together worked on various strategic inputs for the company. IFMR Capital has been able to add value to company's borrowing strategy by diversifying its lender base, in addition to structuring and placing Kogta's first direct assignment transaction.

III. Mahaveer Finance India Limited (Mahaveer): Mahaveer is engaged in the financing of used commercial \ passenger vehicles. Over the years the company has built a strong network of over 2,800 small road transport operators, dealers, agents, and individuals.

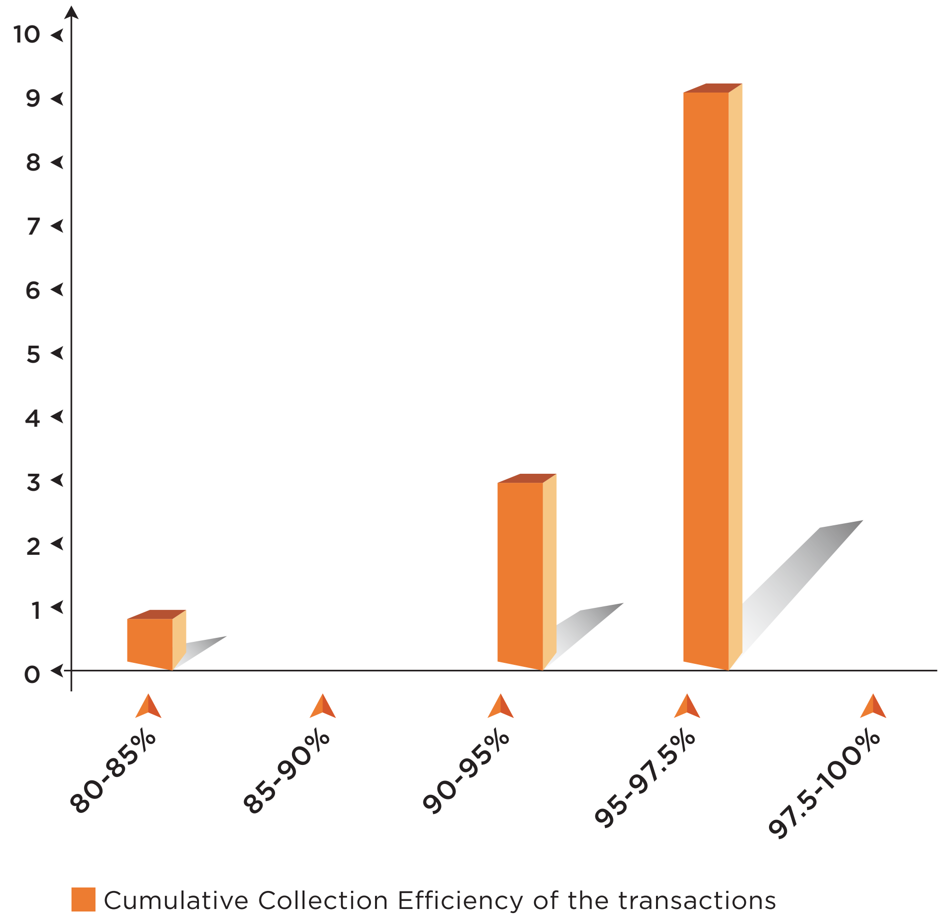
As we continued to increase our exposure in the vehicle finance sector, we also managed to demonstrate relevance to large and small Originators alike.

A snapshot of the ratings and Assets Under Management (AUM) spread of a sample of our vehicle loan partners:



The vehicle finance securitization deals structured and arranged by IFMR Capital, continued to show robust collection performance.

Cumulative Collection Efficiency - March 2015



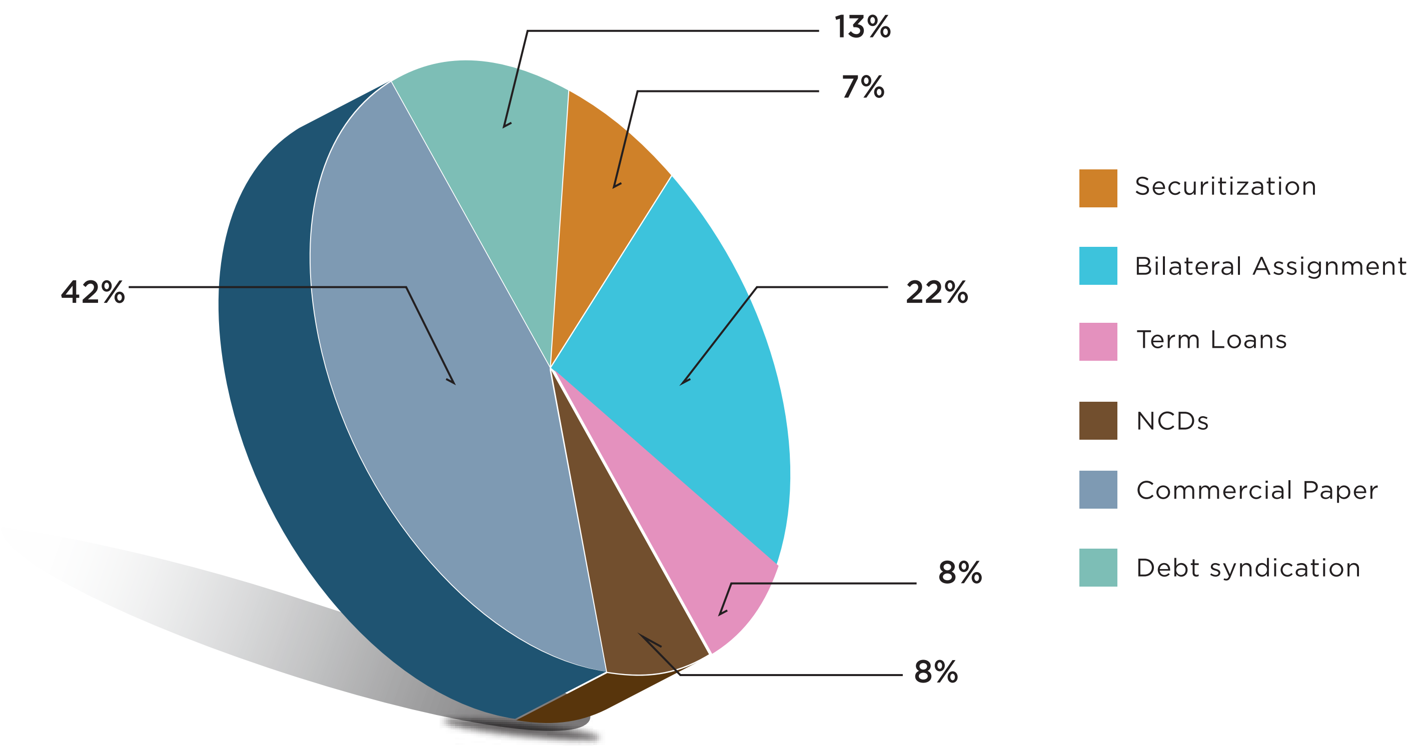
Our volumes in the vehicle finance sector increased from INR 2.74 billion in FY 2014 to INR 15 billion in FY 2015, representing a growth rate of 447%. Our key products in this sector in FY 2015, were:

- Securitization
- Bilateral assignment
- Term loans
- Non-Convertible Debentures
- Commercial Paper
- Debt syndication

> “The ability of the IFMR Capital team to understand and evaluate new products quickly and their willingness to participate in and support the agri eco system is highly appreciated. We value their processes and relationship management and look forward to working more with them in the future.”

Ashok Mittal, CEO,
Kissandhan Agri Financial Services Pvt Ltd:

Product-wise volumes in Vehicle Finance



Agri Finance and Business Development

As part of identifying new business opportunities and assessing new asset classes, IFMR Capital conducted due-diligence on and brought on board two agri Originators in FY 2014-15. The companies brought on board were an agri finance company offering commodity backed loans and an agri warehousing company providing warehousing, commodity management and commodity procurement services. In the first year of diversifying into the agri finance sector, we achieved a cumulative business volume of INR 46.5 Crores.

> “Nothing is better than achieving success by helping others succeed.
> IFMR Capital is such a partner who will always be keen on long-term value addition in the overall process and management of the associate organisation instead of merely providing short-term benefits.
> This is special and this is what makes them special.”

Arun Kogta, CEO,
Kogta Financial India Limited

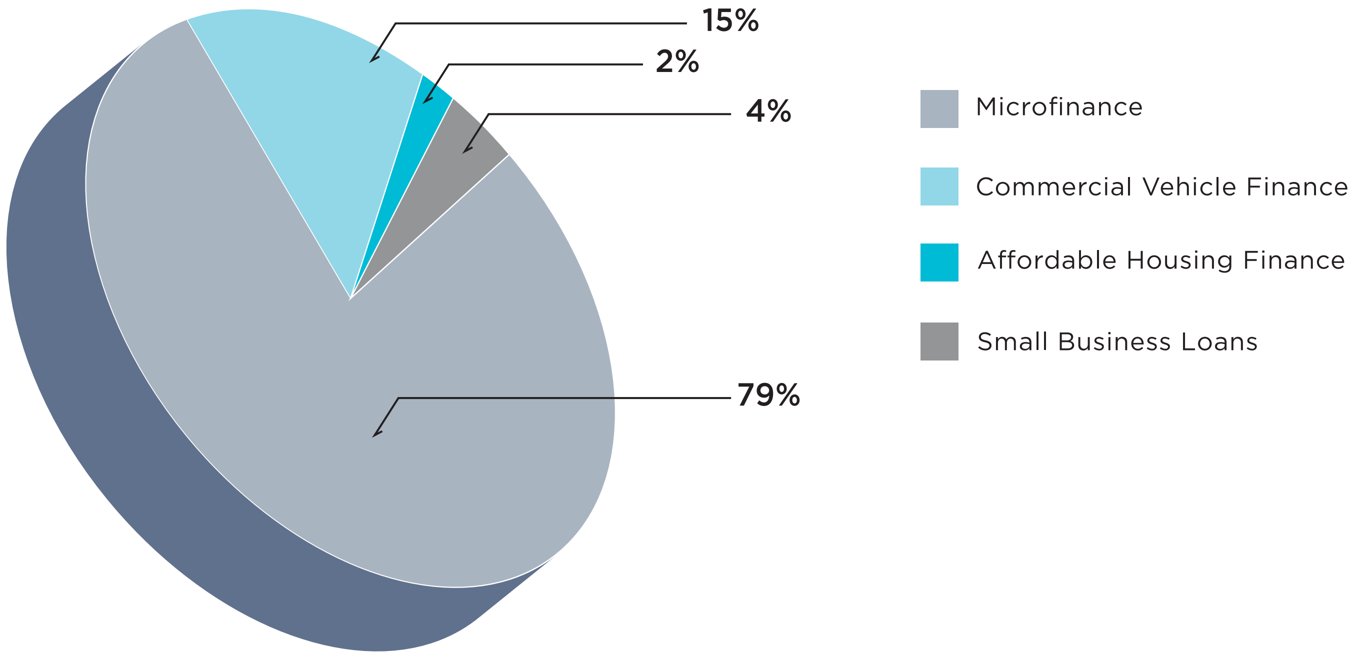
Deals **& Highlights**

1. Securitization & Direct Assignment

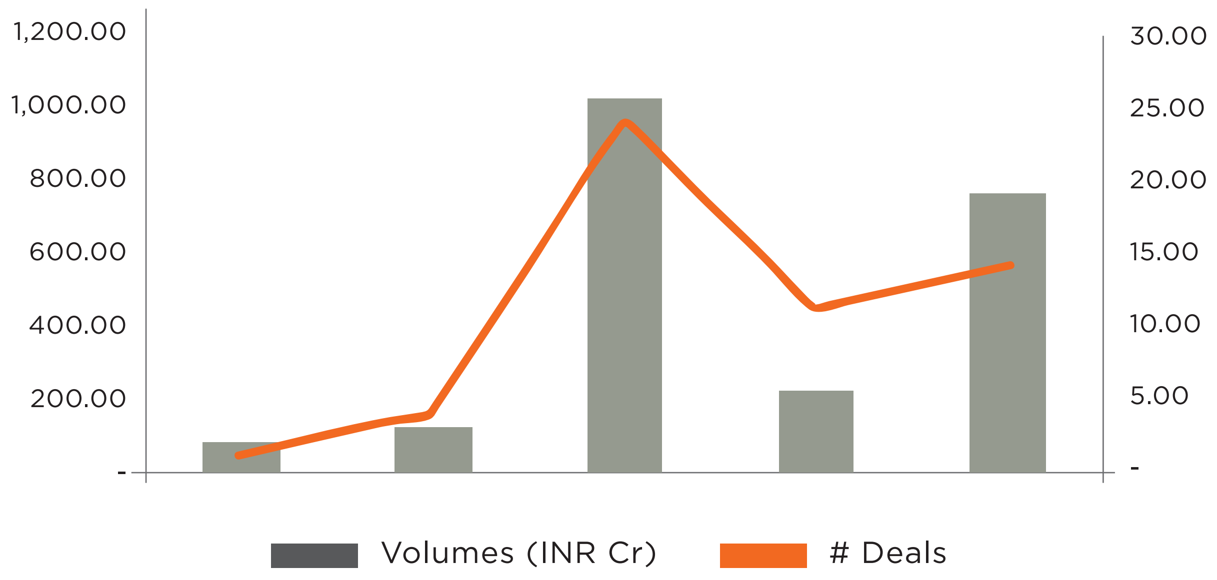
Securitization and direct assignment deals contributed 37% to total business volumes. Securitization and assignments deals showed growth of 15% over the previous year's base. Spurred on by investor confidence in the market, direct assignment volumes increased by a sizeable margin. Direct assignment deals contributed to 21% of total business volumes.

IFMR Capital's securitization and direct assignment volume increased across asset classes as we introduced more high-quality Originators to debt capital markets. IFMR Capital has structured, arranged and co-invested in 67 securitization and direct assignment deals in FY 2015. Twenty eight of IFMR Capital's partners participated in these deals. Of these, three were first time participants.

Business Volumes FY 15 - Securitization & Direct Assignment



Ratings Assigned - Securitization & Bilateral Assignment FY 15



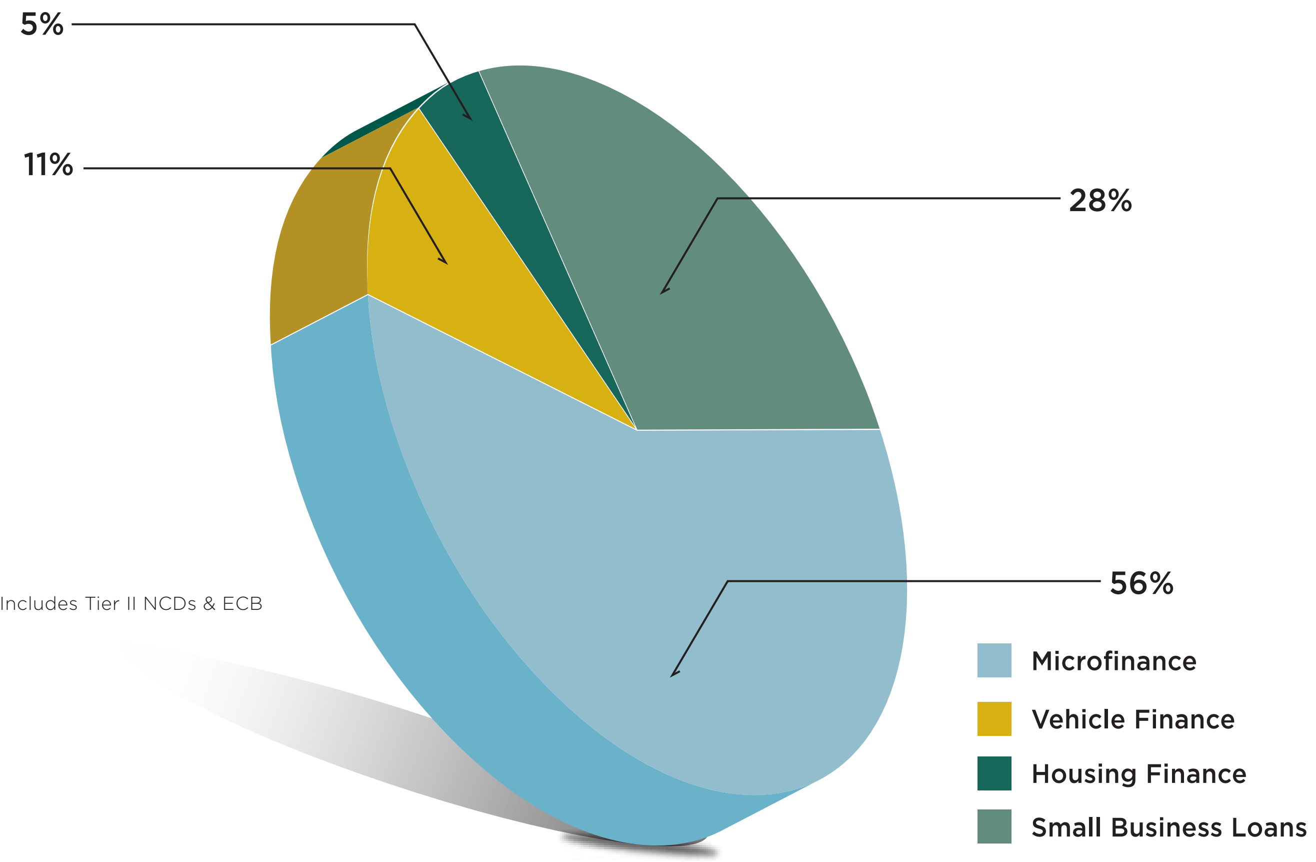
Multi-originator securitization: IFMR Capital concluded FY 2015, with a Mosec tally of 77 since inception. Of these, 17 were concluded in FY 2015.

5. Placement of Non-Convertible Debentures and Commercial Paper

IFMR Capital has concluded a very successful year of structuring and placement of Non-Convertible Debentures (NCDs) and Commercial Paper (CPs) issuances for our partners. NCD volumes increased from INR 3.47 billion in FY 2014 to INR 10.83 billion in FY 2015 – a growth of 213% over a high base. CP volumes increased from INR 0.14 billion in FY 2014 to INR 7.9 billion in FY 2015 – a growth of 3208% over the previous year's base.

FY 2015 saw IFMR Capital making a significant breakthrough into the mutual fund space with the placement of an INR 500 million NCD for Aadhaar Housing and an INR 500 million NCD for Ujjivan Financial Services Private Limited – the latter, representing a sector-wide first for microfinance. The first two NCD issuances with mutual funds saw rapid follow-throughs on 4 others. In total, IFMR Capital enabled financing of INR 3500 million in FY 2015 via NCDs placed with mutual funds.

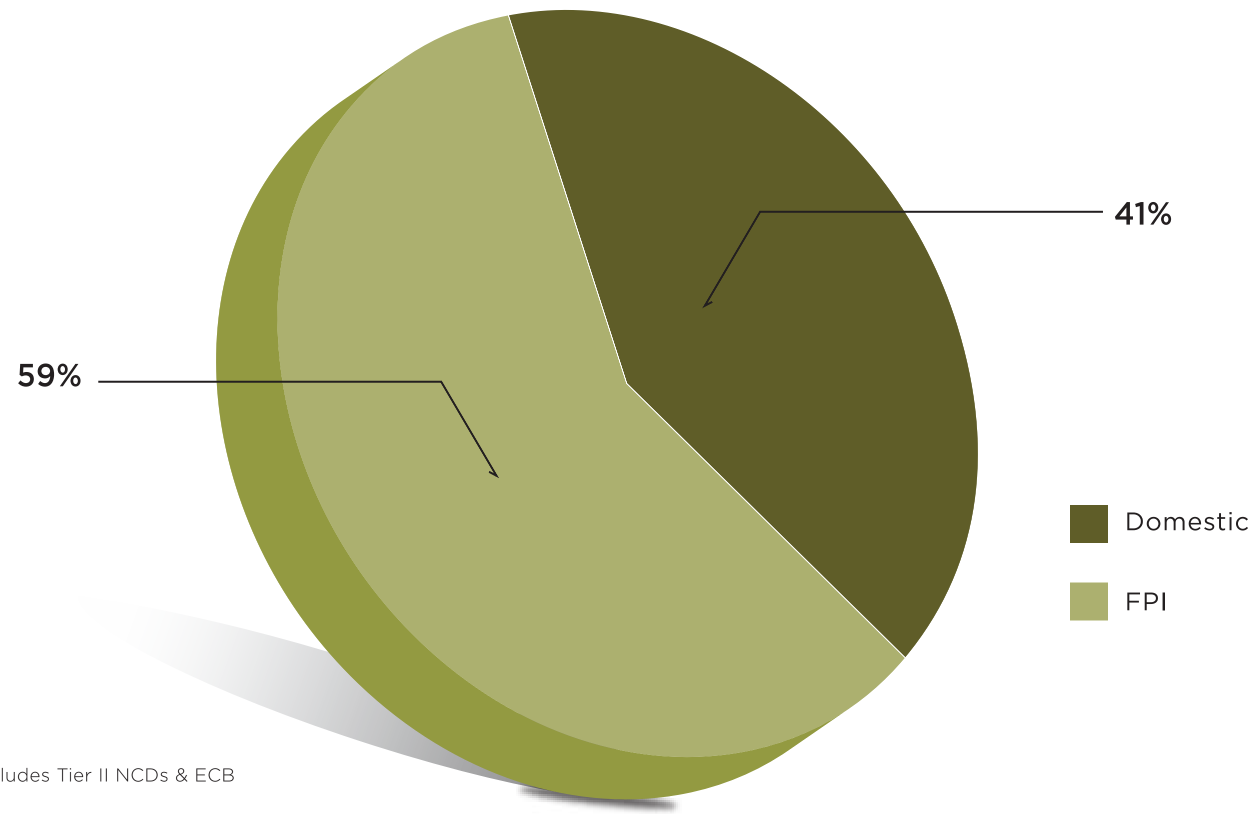
NCD Issuances FY 2015 - Sector distribution



*Includes Tier II NCDs & ECB

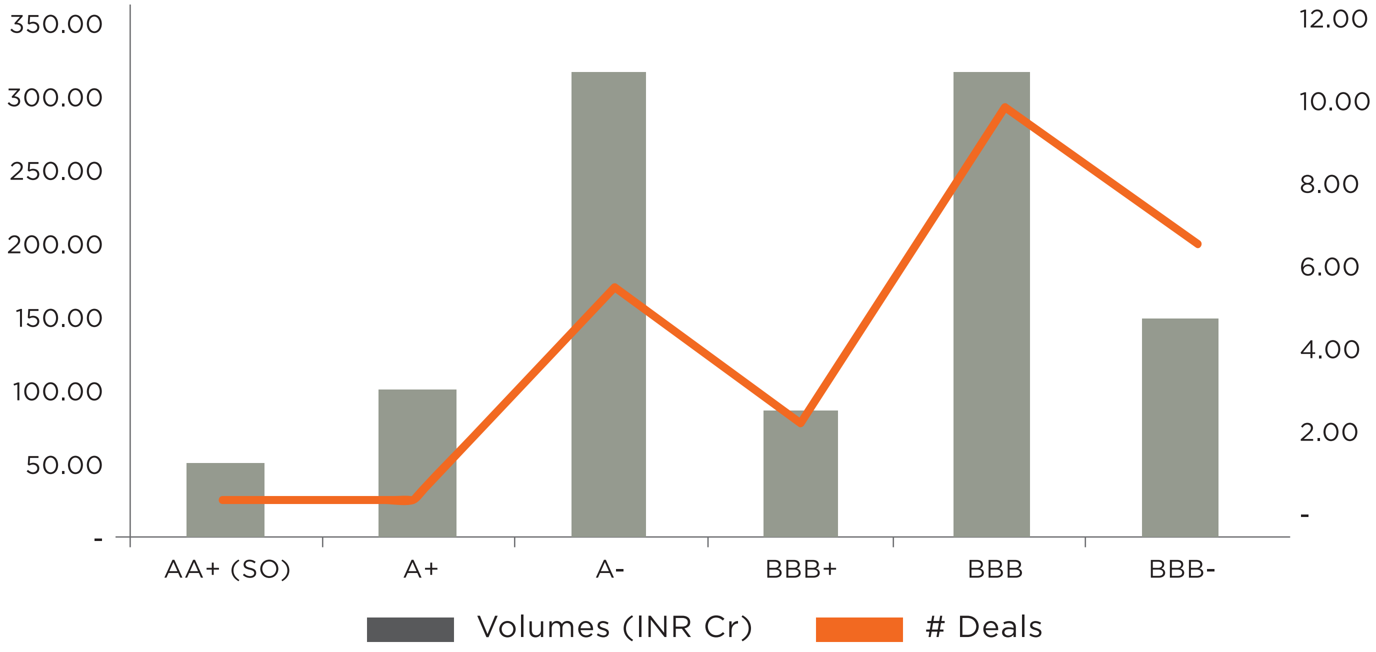
> Our interactions with IFMR Capital have been very fruitful and beneficial. They have truly played a pioneering role in getting debt funds available through various instruments, for the MSME segment, of which we are a part. IFMR Capital's ability to evolve a comprehensive strategy for raising debt and its sound execution skills in making the strategy a reality, is entirely due to the quality of their team. We, from Vistaar, look forward to not only continuing but also to expanding our relationship with IFMR Capital.
>
> **Brahmanand Hegde,** CEO and **Ramakrishna Nisthala,** COO of Vistaar Finance

NCD Issuances FY 2015 - Investor distribution



*Includes Tier II NCDs & ECB

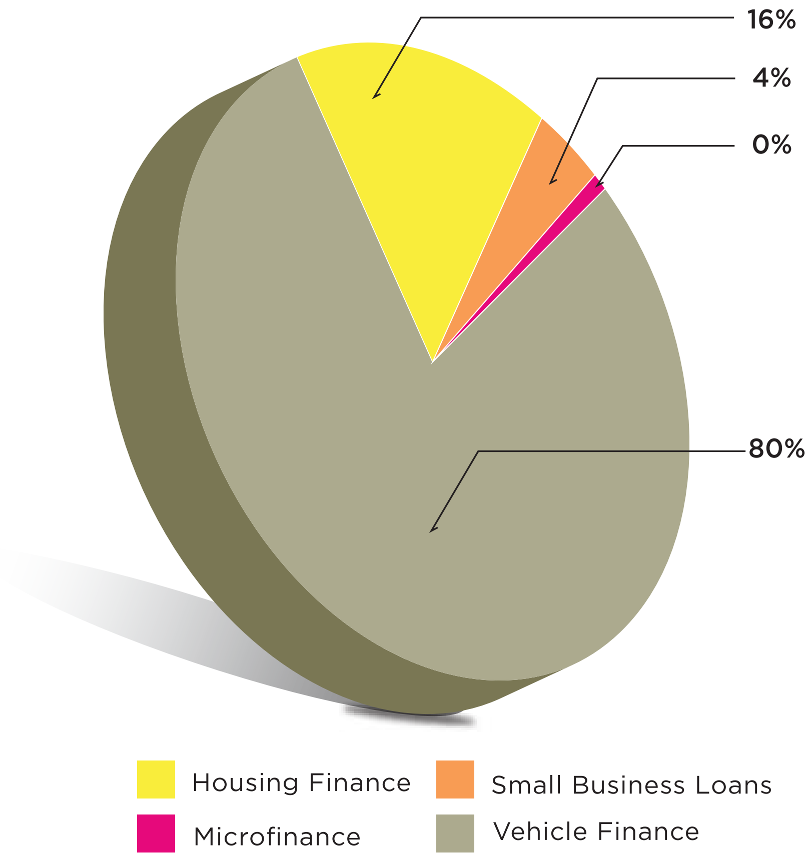
Ratings Assigned - NCD Issuances FY 15



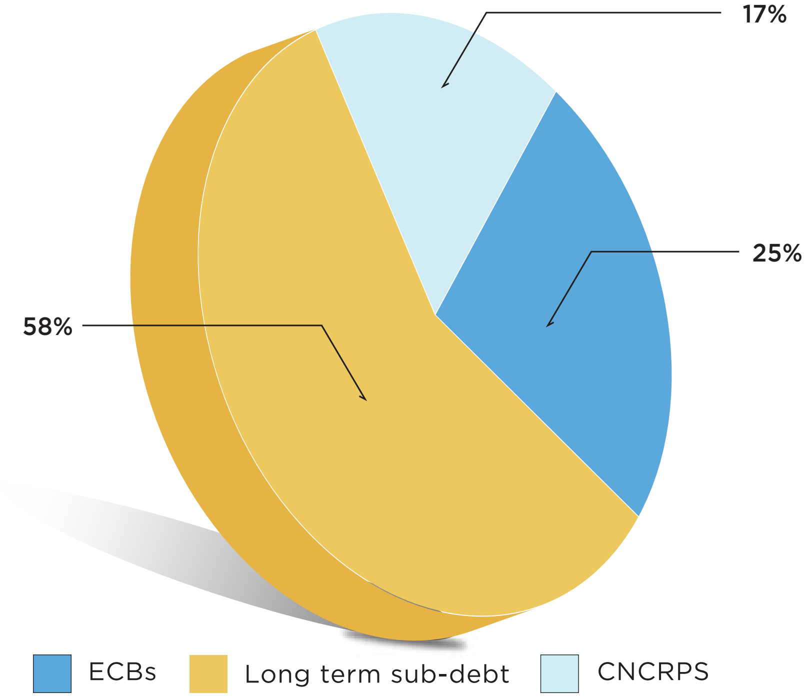
In FY 2015, IFMR Capital also concluded the placement of its first External Commercial Borrowing (ECB) deal for Satin Creditcare Network Limited, unlocking a total financing of INR 630 million.

On the Commercial Paper side, IFMR Capital enabled significant breakthroughs for all four sectors that it operates in. In FY 2015, IFMR Capital enabled INR 7940 million of financing via the issuance of CPs for its partners. Of the total number of issuers issuing IFMR Capital arranged CPs in FY 2015, five were first time CP issuers.

Commercial Paper Placement
FY 2015 - Sector distribution



Tier II Product Placement - IFMR Capital, FY 2015



6. Tier II Instruments

IFMR Capital also cracked the tier II market in FY 2015 by arranging INR 880 million of funding to its clients via the placement of long term subordinated NCDs and through the placement of Cumulative, Non-Convertible, Redeemable, Preference Shares (CNCRPS). Tier II funding was also enabled in part through ECBs.

7. Debt Syndication

Volumes in debt syndication showed the largest surge in all years of operation in FY 2015. Total debt syndication volumes were INR 10.86 billion spread across all asset classes that IFMR Capital works in. Investor partners included public sector banks, private sector banks and larger NBFCs.

Products syndicated were mainly term loans. Through this channel, IFMR Capital has managed to arrange for longer term funding to its clients. The tenor spread ranged from 3 months to 10 years.

Product development:

Not only has IFMR Capital built upon its execution capability to scale business in each product segment, but it has also leveraged upon its structured finance experience to pioneer structures and cost efficiencies for partner institutions. In FY 2015, multiple variations of the Mosec model were introduced along with an innovative second loss credit enhancement-based structure that enabled lower rated partner institutions to achieve "A" category ratings with economized cost and minimal credit enhancement from the Originator.

The way forward

As IFMR Capital expands its outreach nation-wide through its partner institutions, the focus in the coming years will be on ecosystem-based financing, where IFMR Capital will identify finer segments within its over-arching big four sectors to enable access to finance and access to debt capital markets to the most capital-starved crevices of a large sector economy. As an effort in this direction, Business Development will be housed within origination to help identify business opportunities in nascent sectors or sectors that have existed at a fragmented level. Our Underwriting Guidelines will see more specialization as we build understanding and experience in finer segments of our larger sector exposures. Business will be geared towards demonstrating relevance and excellence in execution, product development and market-making for large and small Originators alike operating in underserved sectors.

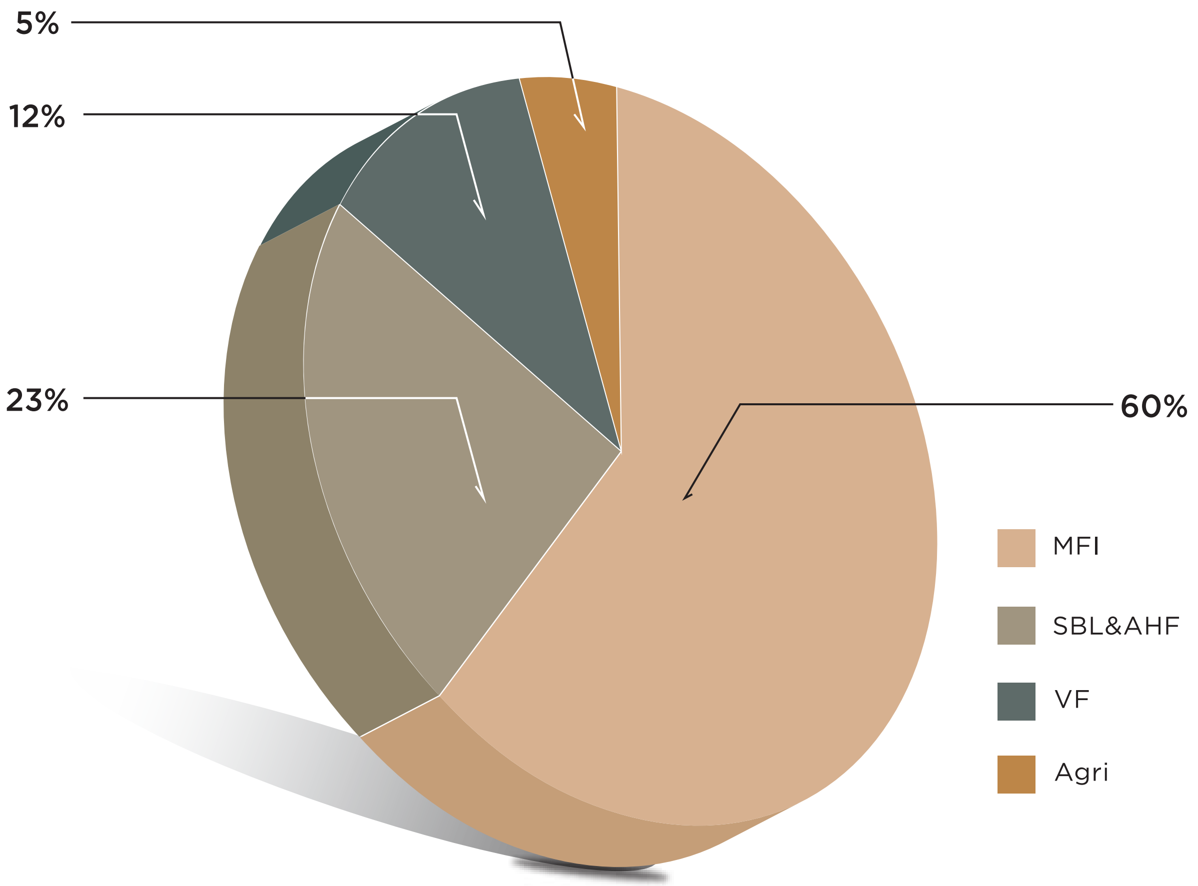
With the greater functional focus within origination on business, structuring, credit and syndication, we look forward to building on our strengths to deliver greater value to our client partners in the years to come.

> “The best people to help not only in arranging funds but holistic growth of the company. A team of dynamic individuals revolutionizing the finance industry by helping companies achieve holistic growth.”
>
> **Mahaveer Dugar,** Managing Director,
> Mahaveer Finance India Limited

2. Term loans & cash credit

IFMR Capital extended term loans and cash credit sanctions worth INR 9.42 billion in FY 2015 – a steep increase of 180% over the previous financial year.

Spread of term loans & cash credit disbursements across asset classes



> We learn a lot from the IFMR Capital team and we enjoy working with them. Their understanding of the financial market coupled with their strong analytical and data backed innovations are invaluable for a first generation entrepreneur like us.
>
> **M. Anandan,** Chief Managing Director,
> Aptus Value Housing Finance India Ltd

3. Asian Development Bank, IFMR Capital guarantee backed loan programme

IFMR Capital facilitated and co-guaranteed, under the ADB guarantee programme, term loans worth INR 1.26 billion in FY 2015 – an increase of 44% over the previous financial year.

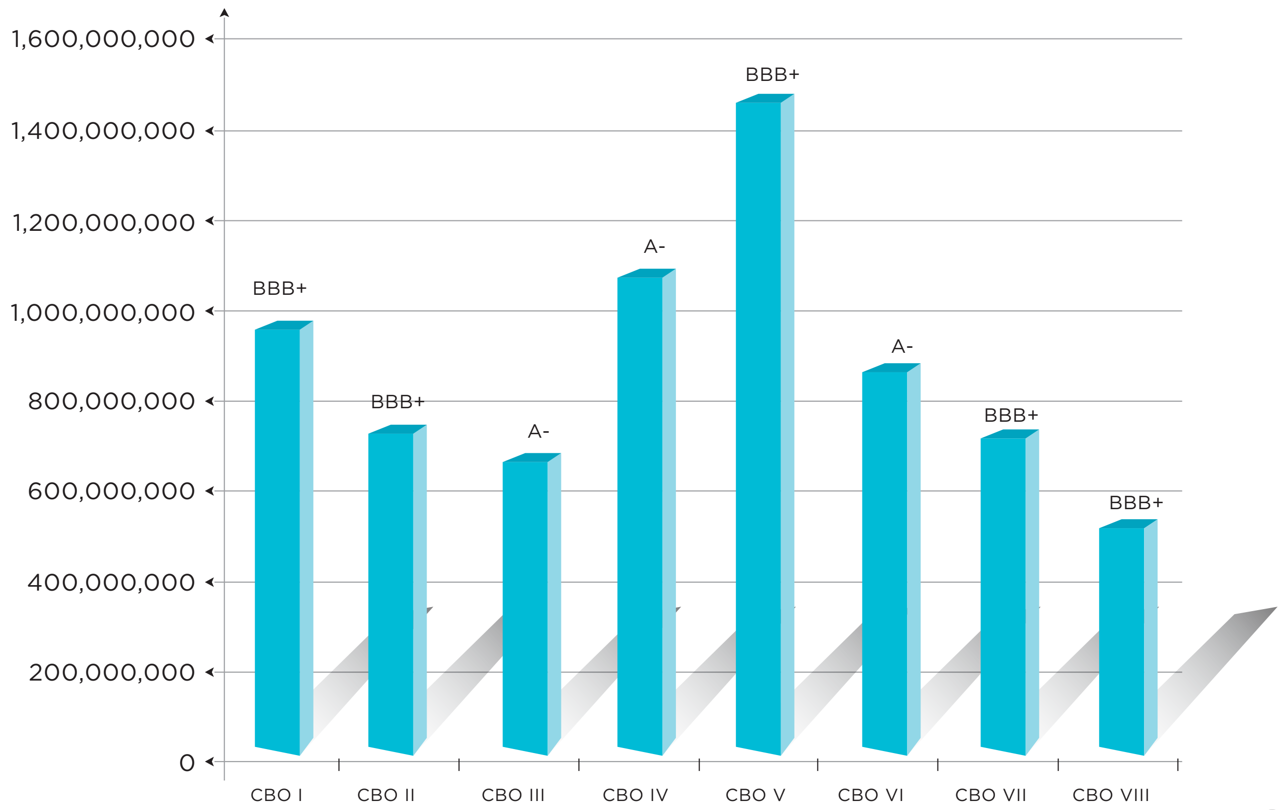
First time participants in this programme were – Sonata, Asirvad and Satin. The ADB guarantee programme also brought into its folds two other principal banks – Kotak and IndusInd. In FY 2015, the principal bank who participated in the programme was – Ratnakar Bank.

The borrower rating band under this programme was BBB (Minus) to A (Minus) – this product has enabled medium/large sized high-quality Originators to access reliable and cost-effective financing from banks.

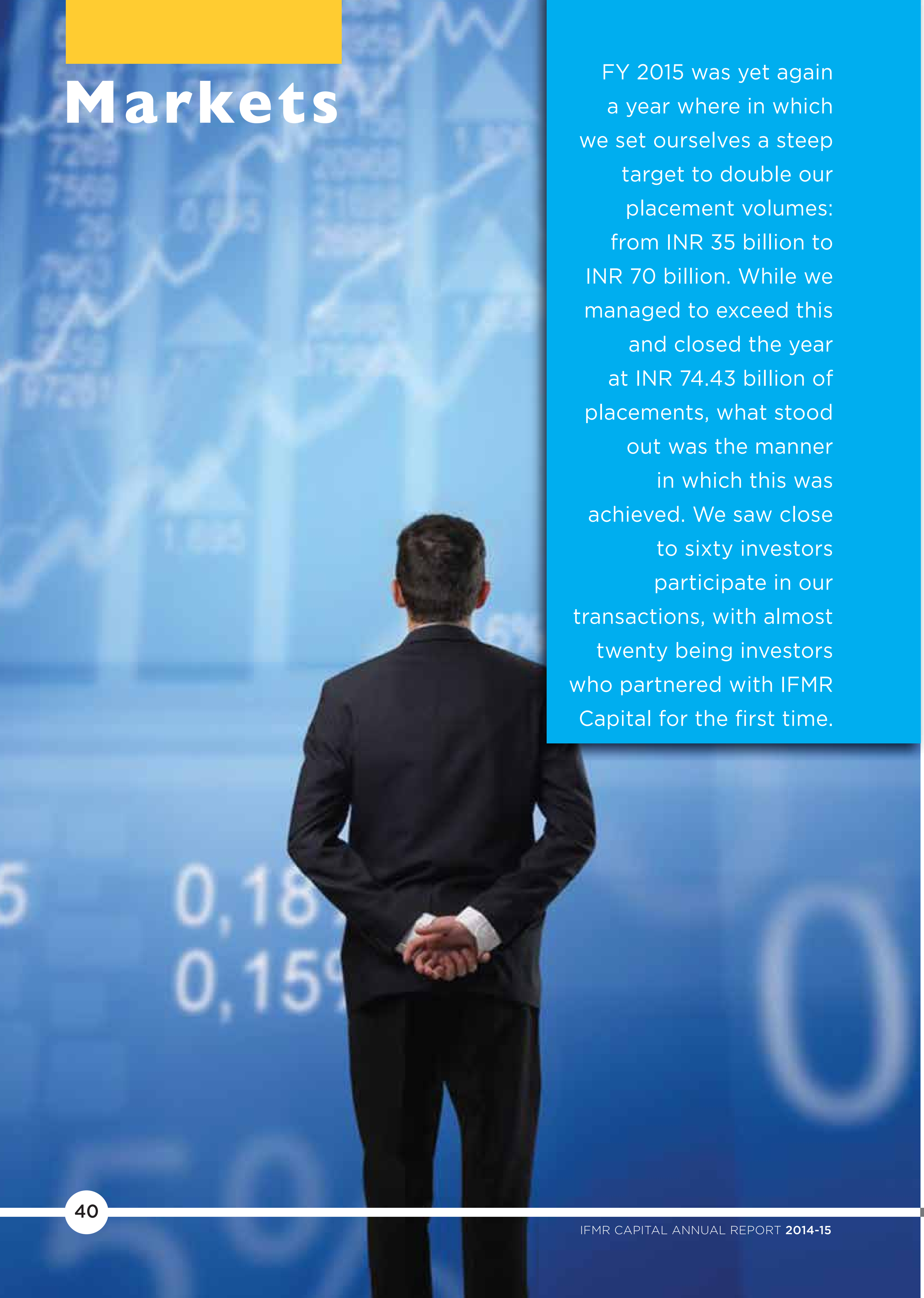
4. Collateralized Bond Obligation programme

IFMR Capital ended FY 2014 with the successful placement of CBO I – the first Collateralized Bond Obligation programme, structured, arranged and co-guaranteed by IFMR Capital. CBO I was concluded in March 2014 with an issuance size of INR 980 million and participation from eleven first-time issuers of non-convertible debentures. The structure, though complex to execute, has seen significant scale over the year under review and represents significant market-making for IFMR Capital's clients. FY 2015 saw the issuance of seven CBO deals, taking the overall CBO tally to eight. Banks and large NBFCs continued to favour this structure.

Through the CBO programme, IFMR Capital has cumulatively unlocked INR 7.13 billion of funding and has seen participation from 18 issuers. A very large proportion of these issuers have been first time issuers of non-convertible debentures.



Markets



FY 2015 was yet again a year where in which we set ourselves a steep target to double our placement volumes: from INR 35 billion to INR 70 billion. While we managed to exceed this and closed the year at INR 74.43 billion of placements, what stood out was the manner in which this was achieved. We saw close to sixty investors participate in our transactions, with almost twenty being investors who partnered with IFMR Capital for the first time.

The year started on a bright note; in Q1 we saw significant scale up by Non-Bank Finance Companies who partnered with us to build a strong and well diversified book across various asset classes and multiple products. The Collateralised Bond Obligation (CBO) product, launched towards the end of FY2014, saw a sharp increase in volumes over the course of FY2015. We closed six more CBOs in FY 2015, totalling close to INR 6 billion. IFMR Capital provided a partial guarantee along with another NBFC in all the CBO transactions. The CBO structure saw acceptance across a variety of investors: with NBFCs as well as Bank Treasuries participating in this.

Our engagement with banks, especially public sector banks increased substantially during the year, and we completed an INR 2.5 billion direct assignment transaction (our largest till date) with a public sector bank in March 2015. The pool consisted of loans for commercial vehicles originated by an NBFC rated A+. During the course of the year, several more banks (both public as well as private sector banks) participated in our transactions – across loan syndications, securitisations and assignments.

> “IFMR Capital has done well to develop debt capital markets' access to the emerging asset classes. Their work in some of the lesser understood segments has helped us understand the underlying asset classes better. We recognize IFMR for their strong due diligence framework, continued rigorous monitoring, and particularly for their responsiveness and proactive approach in handling investor queries. IFMR Capital has successfully brought in new investors, deepened the debt market for such issuers and increased the transparency of the market overall.”
>
> **Rajat Jain,** Chief Investment Officer,
> Principal India AMC

Q2 saw IFMR Capital get upgraded to A1+ (Short Term) and A+ (Long Term); and with it came the promise of a new avenue of debt – from Mutual Funds. In August 2014, IFMR Capital issued a Commercial Paper which was subscribed by a Mutual Fund for the first time. After setting an early benchmark, we raised many more rounds of Commercial Papers and Bonds from AMCs through the course of the year. At IFMR Capital we are continuously looking to expand our investor base and spread our volumes across a greater number of investors. In FY 15, with the addition of mutual funds and insurance companies, along with expansions across other investor categories, the concentration of our top ten investors has dropped from 67 percent to 38 percent. The addition of mutual funds was a highlight and a great value-add to some of our larger Originators, but also helped us achieve greater counter-cyclicality in our business. Mutual funds are typically active in the first and second quarter unlike banks and therefore we were able to smooth our volumes across the year to great effect.

We continued to focus on how we could add value to our clients by expanding our own product suite, helping two of our clients raise foreign currency debt through External Commercial Borrowings in the process. These transactions also saw, for the very first time, commercial banks in India providing long term (7-10 year) cross currency swap facilities to microfinance institutions in order to hedge the currency risk. The ECB route has opened another line of long term financing for our MFI clients and will go a long way in helping these institutions provide debt to under-banked rural and urban households at efficient rates.

Several of our clients felt the need to raise Tier II Capital in FY2015. We responded by bringing in FIIs, HNIs and private wealth investors to participate in subordinated bonds and redeemable preference share issuances by these clients.

As our structured finance papers (PTCs and CBOs) saw rating transitions by way of two to three notch upgrades during the course of the year, we also found a secondary market for these instruments – with both institutional, as well as retail investors. We facilitated a part sell down of CBO I to an NBFC in December 2014 after the rating on the paper was upgraded by two notches from BBB+ (SO) to A (SO). We were also able to facilitate regular secondary trades on junior PTCs held by IFMR Capital to HNI clients and family offices through the course of the year. In March 2015, we also completed a sell down of an MBS transaction from an NBFC to a Housing Finance Company.

The secondary trades are a very significant milestone for us. They present a large window of opportunity to build liquidity in the otherwise shallow debt capital markets. This is very much in line with our strategy to build scalable capital market opportunities in lesser known asset classes and issuers, via efficient structuring and strong rigor on close monitoring of underlying creditors.

The addition of several new Mutual Fund relationships was another significant milestone in FY2015 for IFMR Capital. We saw eight AMCs participate in both Bond and Commercial Paper issuances by our clients – a very strong affirmation of the resilience of the underlying business models. We expect to deepen this market even further in the coming year, as several of our clients' transition to more favourable ratings, and look to tap this market as an efficient diversification to the loan markets.

FY 2016 has begun on a high note, with positive spill-over effects of a great year gone by! We would like to take this opportunity to thank all our investors who have supported us and shown confidence in our work, with a promise to continue doing what we do best: connect providers of debt to financially excluded households across the country to debt capital markets using our expertise in evaluating, structuring and monitoring such assets.

In the words of Leonard I Sweet - "The future is not something we enter. The future is something we create." This has become fundamental to our existence at IFMR Capital; by building ourselves a rock solid foundation, we are on the pathway to achieving great heights in the area of financial inclusion.

> “IFMR Capital's team brings in the dual benefits of identifying fresh product possibilities and services in the securitisation and risk containment space and identification of new asset classes in the financial inclusion space. Financial inclusion has been an area of increased focus but also of increasing challenges to banks. What sets IFMR Capital apart is the right mix of professionalism and partnership valuing culture, which is a rare but welcome combination. For Kotak Bank, the IFMR Capital Markets team has been a very useful bouncing pad to think and ideate for new options & opportunities in the PSL space.”

B.S. Sivakumar, Executive Vice-President,
Agriculture Finance, Kotak Mahindra Bank

> “IFMR Capital has provided investors with a platform to build assets in emerging asset classes using a structured finance approach. IFMR Capital brings to the table strong partnerships with entities built on the strength of proprietary exposures to these companies, innovative structuring using tools such as credit enhancements, as well as regular monitoring of the underlying companies. Their significant value add to both Originators as well as investors comes through a deep understanding of sectors and business models, extensive credit and field due diligence, and sound risk analytics and modeling techniques using underlying loan data. IFMR Capital's work in the financial inclusion space has certainly enhanced our own understanding of the underlying asset classes and has given us satisfaction to once again be able to invest towards a more financially inclusive system.”

R. Balaji, Vice President-Marketing & Strategy,
Mahindra Finance

Risk Management

The risk management function continues to provide a comprehensive framework for effective risk control, monitoring and reporting. The function has evolved and adapted to keep pace with the growing business and diversification during the year. The portfolio exposure has further diversified this year and is spread across 30 states and 480 districts. The exposure comes from multiple asset classes through 72 entities compared to 54 entities at the start of the Financial Year. Microfinance exposure now accounts for 63 percent of total credit exposure compared to 74 percent last year.

The intensive yet comprehensive risk management approach has resulted in consistently high quality portfolios across asset classes with a zero delinquency track record. Till date, there has been no utilization of the first loss credit enhancement for shortfalls in principal repayment of the securitization debt instruments. The instruments have consistently achieved the rating upgrades over the tenure. The cumulative collection efficiency of live securitization transactions was 99.77 percent as of March 31, 2015.

The risk management function at IFMR Capital includes three divisions- risk analytics, risk modelling, and risk monitoring- and is headed by the Chief Risk Officer, who has a dotted line to the Board via the Risk Committee.

The risk analytics team is responsible for periodic reporting - internal and external - and proactive surveillance of transaction and

portfolio performance along with monitoring of our adherence to exposure covenants. The team uses the proprietary models and metrics to calculate various risk and performance indicators, such as collection efficiency, portfolio at risk, and prepayment, along with the future expected cash flows on pool based products. This year the team accomplished a mammoth task of standardizing the underlying loan level socio-economic and account data across its portfolio. This enabled the development of 'n-cube', a propriety tool which allows spatial mapping and multi-dimensional drill down views of data to better understand the risk and performance drivers in the portfolio.

The risk modelling team aims to build and develop understanding of risk at all levels - asset class, Originator, transaction and overall portfolio to ensure better estimation and mitigation of risk. With a wealth of data from almost 6 million underlying loan contracts from more than 200 securitization transactions, financial and portfolio performance from more than 55 Originators in four asset classes, across the whole country, the risk modelling team carries out advanced data based analysis using proprietary models to estimate the credit behaviour of underlying borrowers under the base case and stress case scenarios. The output of our loss estimation work forms a critical input into new product development, transaction structuring and investment decision-making. This year the team developed a framework to estimate value at risk against credit risk and extreme events including natural disasters to better estimate the risk at asset class, product and geography level.

The risk monitoring and surveillance team is responsible for continuous on-the-ground monitoring of IFMR Capital's portfolio. Once a transaction has been completed, the team conducts monitoring visits to every partner institution two to three times in a year, or more if required, and flags any portfolio quality and servicing issues or stress points to the credit committee. The visit design is based on the asset class and an exhaustive list of metrics is analysed to measure stress at an entity and geography level. The team also plays a crucial role in gathering ground level data on the impact of unforeseen extreme events, such as natural disasters and epidemics, on the credit behaviour of borrowers and operations of Originators.

Since inception, the risk monitoring team has conducted a large number of visits to entities covering a significant number of districts, states, branches as well as individual borrowers and enterprises. In the last financial year, the risk monitoring team made 99 visits to 51 entities and conducted 16 transaction pool audits across all asset classes. The breadth of the monitoring team's coverage is illustrated in the table below.

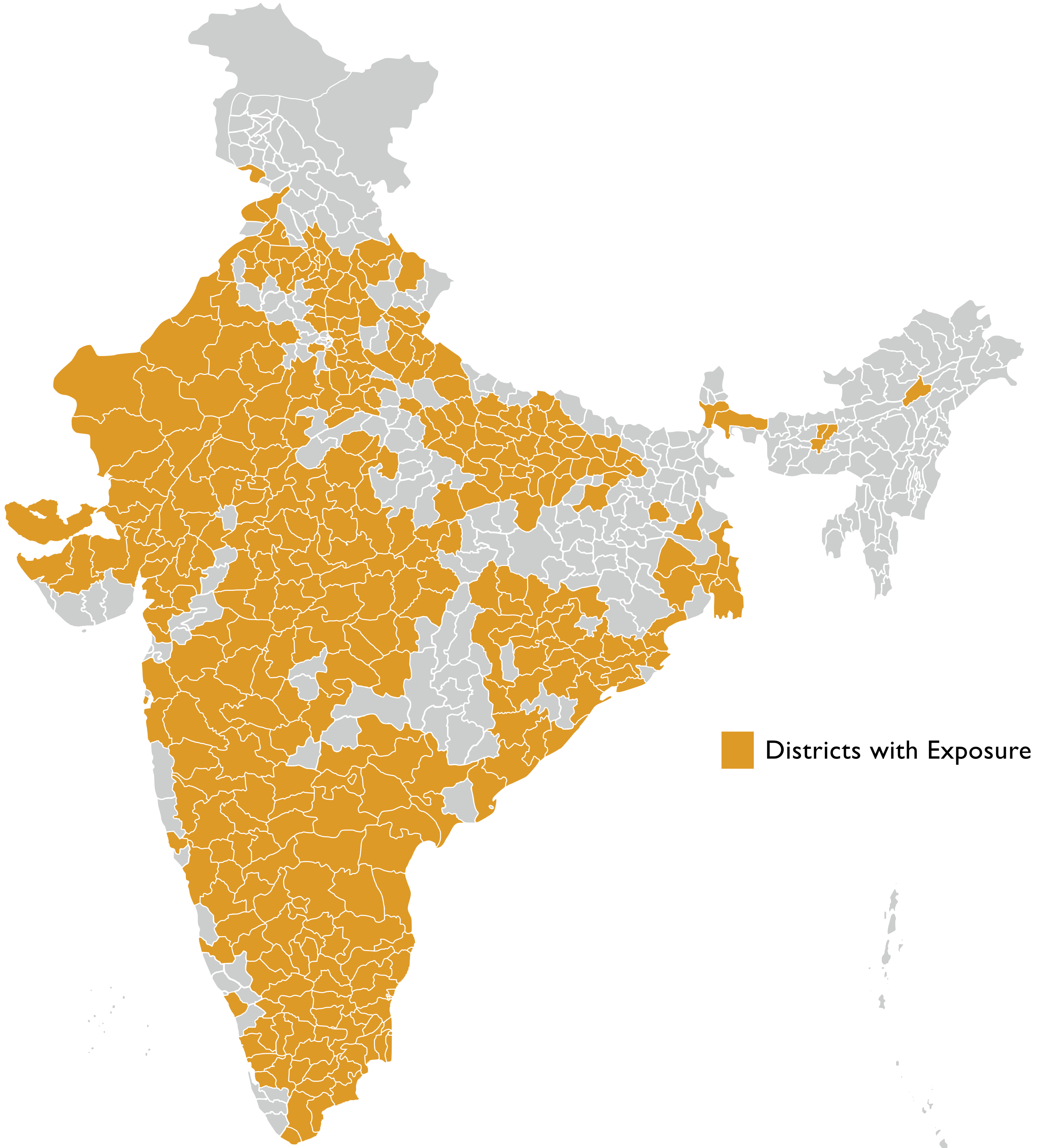
As of March 31, 2015

	Q1	**Q2**	**Q3**	**Q4**	**Total**	**Till Date**
No of Visits	22	25	27	25	99	333
No of Management Meetings	4	6	2	6	18	18
No of entities	25	31	29	26	51	64
No of states/UT	9	10	12	15	20	22
No of districts	27	36	22	30	89	198
No of branches	46	52	41	38	177	868
No of centers	135	136	92	89	452	2184
No of customers / enterprise visited	89	54	36	41	220	501

During the coming year, we will further strengthen our risk analytics and modelling at a transaction and entity level, building more sophisticated data based learning tools, leveraging the qualitative and quantitative data collected by the monitoring team, to refine our risk models and build more accurate and agile stress testing tools. The risk monitoring design will be carefully calibrated to our understanding of the nuances of risk across asset classes to optimize the collective risk management deliverables. Key processes that impact our stakeholders such as investor reporting and client servicing for securitization transactions, will continue to be proactively managed.

IFMR Capital commenced the development of an organization wide ERP solution last year. Requirements gathering process for the solution, which is integrating end-to-end business processes, is completed. This is a customized system being built with different modules getting delivered and implemented in different phases. Currently all modules are in different phases of software development life cycle and are being implemented incrementally in our organization. The System Implementation is expected to be completed by FY2015-16.

IFMR Capital - District Wise Exposure



Treasury

In FY 2015, we started the year with the following challenges for the treasury team: (a) growing the balance sheet, (b) raising longer tenor liabilities to match the growing tenor of the asset book, (c) meeting interest risk and (d) building acceptability of our guarantees to add more value to clients and to our profitability.

We commenced on a high with an infusion of INR 1 billion of equity, and capital adequacy well over 30 percent. ICRA upgraded IFMR Capital to A+ / A1+ in June 2014, and this set the tone for the rest of the year.

During the financial year, our operating revenues grew by 102 percent. This was driven by an increase in interest income by 121 percent and fee income by 71 percent. We managed to keep interest costs in check, with costs rising by 95 percent - this resulted in net interest income growth by 182 percent. Operating expenses - salaries, employee benefit expenses, administrative expenses, depreciation and provisions - went up by a very moderate 41 percent during the year.

As a result of the above, operating profits grew by 186 percent and profits by 215 percent. We ended the financial year with a Return on Equity of 20.3 percent, an excellent performance within 12 months of raising equity.

During the year, the rating upgrade enabled IFMR Capital to hit capital markets for its own borrowing. We initiated with a commercial paper issuance to Principal India AMC, and rapidly/swiftly followed this up with commercial paper issuances to Religare AMC and UTI AMC, a zero-coupon bond issuance to Religare AMC and finally a three-year bond issuance to Franklin Templeton AMC.

The benefit of these issuances to mutual funds was a sharp drop in the cost of funds for IFMR Capital. Our blended cost of funds dropped by 90 basis points to 12.2 percent by the end of March 2015, as high cost historical debt amortised and we added on more affordable funding sources. This has already witnessed a further sharp decline in the first quarter of FY 2016.

We could also scale up our borrowing program with banks and large NBFCs. We received large sanctions from (first time lenders to IFMR Capital) SBI (term loan and cash credit), Axis Bank, Capital First, Tata Capital, Sundaram Finance (term loan and commercial paper) and ING Vysya (now merged with Kotak Mahindra Bank), as well as an increase in existing sanctions from HDFC Bank, Federal Bank and RBL Bank.

With the bond program and medium term loans from banks / NBFCs, we could sufficiently compensate for the asset duration. Weighted average equity duration remained negative at the end of March 2015. With the asset book being fixed rate and approximately fifty percent of the liabilities linked to floating rate benchmarks, the Company could benefit from the reduction in interest rates – our balance sheet spreads went up significantly during the year.

During the year, we were able to capitalise on the success of the Collateralised Bond Obligation (CBO) structure, with six more issuances during the year – to both bank and NBFC investors. The assignment with risk participation structure scaled up well with two more banks added, as did the ADB-guarantee backed program for microfinance companies. As a result, contingent liabilities moved up from INR 3 billion to INR 7.7 billion by end March 2015.

Through the year, the treasury team successfully met the objectives set out in the beginning of the year. As we now look towards FY 2016, we see several challenges: (a) with clients raising equity and re-rating, it becomes critical for IFMR Capital to sharply reduce cost of funds further, (b) the Company needs to explore quasi-equity routes such as securitisations / assignments and subordinated debt raises to meet capital adequacy requirements and enable balance sheet to scale up and (c) raise large working capital lines of credit to develop flexibility in liabilities management.

HUMAN Resources

IFMR Capital maintains that its' most valuable asset lies in its management and staff. During the year, the company has set up a strong and independent HR team in order to maintain high quality recruitment policies, well-defined roles and responsibilities, individual performance management systems and performance-based compensation policies in order to align incentives. IFMR Capital has maintained its' reputation as an excellent company to work for, ensuring we have the processes in place to nurture talent and giving our employees the flexibility and freedom to maximize productivity. In FY15 we continued to attract some of the top talent in the industry while maintaining our practice of filling key management positions with high-performers from within.

Over the course of the last two years, we have made most of our key hires at the senior management level, and FY15 was dedicated to growing these teams with individuals that had the skill-set and mind-set to assist management in taking the company to a level beyond. We believe that putting in place a strong and competent second line of management will be crucial to IFMR Capital maintaining its' current growth trajectory. We have a highly ambitious team here at IFMR Capital and have therefore made a deliberate attempt to distribute responsibility at an earlier stage in order to maintain steep learning curves and give our employees the motivation and empowerment they desire.

We filled several key positions during the year, taking our employee strength from 47 to 54. Crucially, we have been able to grow our team strength with talented individuals while ensuring that they share in our belief and passion for greater financial inclusion. Attrition levels remained below the industry average, reflecting our ability to, not only attract high quality individuals, but to keep employees challenged and engaged with their work.

Over the course of FY 2015, we embraced a new specialization-based hierarchy in order to gain a deeper understanding of our asset classes and investor base. This was in keeping with our goal to ensure greater functional focus and execution capability within teams. Having taken the feedback of our team, we continued to encourage employees to attend workshops and conferences in order to polish their technical and leadership skills throughout FY 2015. We focused on establishing effective internal training programs for employees and improving our orientation processes to ensure a smoother transition for new recruits / hires.

We have made an effort to establish our company culture of ownership and accountability, expertise and continuous competence building, sense of urgency and timelines, excellence in all we do, a partnership approach vis-à-vis our Originators and investors and the uncompromising approach of following the highest standards of business ethics and transparency. Key to our continued success will be the ability to withhold these values and make them an integral part of all of our endeavours.

Board's Report

Dear Shareholders,

Your directors have pleasure in presenting the sixth annual report along with the financial statements of the company for the year ended March 31, 2015. The summarised consolidated financial results of the Company are given hereunder:

Financial Highlights

INR in Crores

Particulars	As on 31 March, 2015
Income	152.03
Less: Expenditure	102.23
Gross profit before depreciation	49.80
Less: Depreciation for the year	0.20
PBT (Profit Before Tax)	49.60
Less: Provision for tax (Current year)	13.28
Less: Deferred tax	-1.75
PAT (Profit After Tax)	38.07
Profit brought forward from previous year	19.40
Less: Transfer to reserve	7.65
Balance carried forward to balance sheet	49.82

Dividend:
Due to the need for deploying the funds back into the business for the growth of your Company, your Directors have not proposed any dividend for the current year.

Operations:
During the year end March 31, 2015, the company achieved a Profit Before Tax of INR 49.78 Crores, a growth of over 257% over last year.

During the year, your company has enabled financing via securitisation and assignment transactions valuing around INR 2765 Crores, loan transactions worth INR 891 Crores, working capital loans of INR 44 crores loan syndication worth INR 3052 Crores. In addition to this, your company also issued guarantees of INR 692 Crores.

Credit Rating:
The credit rating for the Company's long-term facilities has been upgraded to ICRA A+ with an outlook of 'Stable' of INR 300 crores vis-à-vis a rating of ICRA A in the last financial year for INR 200 crores.

The credit rating for the company's short-term facilities for its commercial paper programme has been upgraded to CARE A1+ for INR 150 crores vis-à-vis a rating of CARE A1 in the last financial year for INR 25 crores.

Regulatory Compliance:
The Company has complied with all the mandatory regulatory compliances as required under the Reserve Bank of India guidelines, the Companies Act, various tax statutes and other regulatory bodies.

Capital adequacy
The Company's capital adequacy ratio as on March 31, 2015 is 19.66% as against 33.70% as on March 31, 2014. The minimum capital adequacy ratio prescribed by RBI is 15%.

State of affairs of the Company 2014-15:

During the year, your Company achieved robust growth achieving financing volumes of INR 74.43 billion across all sectors. The Company also attained better diversification across asset classes (i.e. microfinance – 63 percent of the portfolio, vehicle finance – 13 percent, small business loans – 12 percent, affordable housing finance – 8 percent and 3 percent from agri-financing), and good traction across newer products. Portfolio diversification also improved significantly with presence in 30 states and 480 districts. Operating income grew by 107% and profits grew by 214% with profit margins at 26.7%. Operating costs as percentage of average assets witnessed reduction from 5.7% to 3.2%. Your Company closed financial year 2014-15 with a balance sheet size of INR 118.22 billion and a Profit After Tax (PAT) of INR 382 million (last financial year - INR 121 million) (on a standalone basis).

Your Company continues to remain an important capital markets player in the financial inclusion space via our principal investments across the above sectors with the approach of high quality origination, innovative structuring and state of the art risk management practices.

During financial year 2014-15, your Company acquired 100% equity shareholding in IFMR Investment Adviser Services Private Limited and IFMR Investment Managers Private Limited, consequent to which these companies are the wholly-owned subsidiaries of IFMR Capital within the meaning of Companies Act, 2013. The acquisitions are an important and positive step in harnessing the appetite of capital market for institutions that impact the financially excluded.

IFMR Investment Managers Private Limited is the Investment Manager of the IFMR Finance for Freedom Social Venture Fund registered as an Alternative Investment Fund with SEBI. The fund platform would enable us to work with much larger Originators to create financing structures for their underlying clients via capital markets.

Outlook for 2015-16:

Financial Year 2014-15 successfully demonstrated our ability to diversify from a higher base. In Financial Year 2015-16, your Company plans to deepen its existence by on-boarding more high quality Originators across asset classes and tiers. Our key area of focus would be process innovation and centralisation to build efficiencies. Efforts in this direction have already begun and our sustained focus would enable us to scale up further.

Also, your Company plans to put in place underwriting guidelines for the agri-finance sector, to bolster our understanding of the sector and contribute towards achieving scale. We also see a significant opportunity to explore the potential of direct origination in a model that could play upon our strengths and draw upon our existing competence, understanding and relationships.

The Company also has plans to increase team strength while ensuring that we continue to nurture our culture without diluting the core principles on which the Company was founded. We will make concerted efforts in reinforcing our core principles of ownership and accountability, expertise and continuous competence building, sense of urgency and timeliness, excellence in all we do, a partnership approach vis-à-vis our Originators and Investors and the uncompromising approach of following the highest standards of business ethics and transparency.

Non-acceptance of deposits:

Your Company has not accepted any public deposits during the financial year 2014-15.

Directors:

During the year, Mr. Niclas Thelander was appointed as the Alternate Director to Dr. Jim Roth on 15th July 2014. Mr. Thelander resigned as Alternate Director with effect from 2nd December 2014.

Reconstitution of Committees of the Board:

In terms of the requirements of the Companies Act, 2013, the following Committees of the Board have undergone changes; the revised composition of the Board Committees is as under:

Audit Committee

Current composition	**Revised composition**
Bindu Ananth Puneet Gupta Michael Fernandes Samir Shah	Puneet Gupta Michael Fernandes Samir Shah Susan Thomas Charles Silberstein

Nomination and Remuneration Committee

Current composition	**Revised composition**
Charles Silberstein Jim Roth Sucharita Mukherjee	Charles Silberstein Jim Roth Susan Thomas Sucharita Mukherjee

Secretarial Audit:

In accordance with Section 204 of the Companies Act, 2013, the Company is required to conduct a secretarial audit and annex such report to the Board's Report.

Dr. B. Ravi, Company Secretary in Practice, was engaged to conduct the Secretarial Audit and there were no observations or qualifications in the said Report.

The Secretarial Audit Report is annexed to this Report and forms an integral part of this Report.

Auditors:

M/s. Deloitte Haskins & Sells, chartered accountants, retire at the conclusion of the ensuing annual general meeting and being eligible, offer themselves for re-appointment.

Directors' Responsibility Statement:

The Directors' responsibility statement as required under section 134(5) of the Companies Act, 2013, reporting the compliance with the Accounting Standards is attached and forms a part of the Directors' report.

The Directors accept the responsibility for the integrity and objectivity of the Profit & Loss Account for the year ended March 31, 2015 and the Balance Sheet as at that date ("financial statements") and confirm 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 and loss 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 Directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.

(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.

Information under the Sexual Harassment
of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

Your Company confirms that no complaints were received/ cases filed under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Information to be provided under Section 134 (3) of the Companies Act, 2013 in the Board's report:

(a) Extract of the Annual Return as provided under Section 92 (3) – Annexure 1 of the Report

(b) Number of Meetings of the Board during the Financial Year – 7 (5th May 2014, 15th July 2014, 14th October 2014, 29th October 2014, 30th October 2014, 21st January 2015, 20th February 2015)

(c) Company's policy on Directors' appointment and remuneration including criteria for determining qualifications, positive attributes under Section 178(1) - the policy on Directors' appointment is based on the evaluation of fit and proper criteria for directors prior to appointment of directors by the Nomination and Remuneration Committee. At present, only the Chief Executive Officer cum whole-time Director receives remuneration from the Company, which is decided by the Compensation Committee of the Board.

(d) There were no adverse remarks/ qualification in the Statutory/ Secretarial Auditors' Reports.

(e) Particulars of loans investments guarantees under Section 186 – not applicable

(f) Particulars of related party transactions under Section 188(1) – Annexure 2 of the Report

(g) The amounts proposed to be carried to reserves, if any – Rs. 7.65 Crores (transferred to Statutory Reserve) and Rs. 30.59 Crores (transferred to General Reserves).

(h) In the opinion of the Board, the Company has, since inception developed and implemented Risk Management policies and procedures that are sufficient to combat risks that may threaten the existence of the Company.

(i) Details of CSR initiatives of the Company – Annexure 3 of the Report

(j) Statement indicating the manner in which formal annual evaluation has been made by the Board of its own performance and that of its Committees and Individual Directors:

The Committees of the Board and other Committees of IFMR Capital work within the structure and purview as laid down in the respective Committee charters. The work of the Committee is placed before the Board on a quarterly basis.

A formal method of evaluation of Board, Committee and Director performances are expected to be put in place in the coming financial year.

Information to be provided under Rule 8 of the Companies (Accounts) Rules, 2014:

Change in the nature of business, if any	NIL
Details of Directors or key managerial personnel who were appointed or have resigned during the year	Mr. Niclas Thelander, Alternate Director to Dr. James Darius Roth was appointed on 15th July 2014. Mr. Thelander resigned as Alternate Director with effect from 1st December 2014.
The names of companies which have become or ceased to be its subsidiaries, joint ventures or associate companies during the year	The Company acquired two companies during the Financial Year – IFMR Investment Adviser Services Private Limited and IFMR Investment Managers Private Limited. These companies are now the wholly owned subsidiaries of IFMR Capital.
Details of deposits in compliance and not in compliance with Chapter V of the Act	NA
Details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future	NA
Details in respect of adequacy of internal financial controls with reference to the financial statements	The Company has undertaken a detailed process mapping exercise for areas that require internal financial control. The same has been presented to the Audit Committee; the areas of improvement suggested by the Committee would be implemented in the coming Financial Year.

Requirements of Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014: - Annexure 4

Requirements of Section 197(12) of the Companies Act, 2013:

Ratio of remuneration of each Director to the median employee's remuneration: 6.57:1

Disclosure to be made under Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

- Percentage increase in remuneration of each Director, Chief Executive Officer, Chief Financial Officer, Company Secretary in the Financial Year vis-à-vis last financial year:

Name of director / Key Managerial Personnel	% increase in remuneration vis-à-vis last financial year
Dr. Kshama Fernandes, Chief Executive Officer cum Director	15%
Mr. Vineet Sukumar, Chief Financial Officer	15%
Ms. R. Srividhya, Company Secretary	25%

- Percentage increase in the median remuneration of employees in the financial year:

- Number of permanent employees on the rolls of the Company – 55 (as of 31st March 2015)

- Explanation on the relationship between average increase in remuneration and Company performance – the increase in remuneration of the Company is in line with the achievements of Company's annual targets, along with market benchmarks and industry standards.

- Comparison of the remuneration of KMP against the performance of the Company:
  The average increase in remuneration of the KMP is 18%. The Company's increase in Profit Before Tax over the last Financial Year is 257%.

- Variations in the net worth of the Company as at the close of the FINANCIAL YEAR and previous FINANCIAL YEAR – 30%

- Comparison of each managerial remuneration against the performance of the Company – Dr. Kshama Fernandes received an increased remuneration of 15% against the Company performance of a PBT increase of 257%.

- Key parameters for any variable component of remuneration availed by the Directors – performance of the Company and market standards and industry benchmarks.

- The ratio of remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year - None

- Affirmation that the remuneration is as per the remuneration policy of the Company – the remuneration of Directors and employees of the Company is in accordance with the remuneration policy of the Company.

Information under Section 177 (10) read with Rule 7 of the Companies (Meetings of the Board and its Powers) Rules, 2014:

Adequate vigil mechanism for Directors and employees to report genuine concerns is in place and the same have been disclosed in the website of the Company and can be accessed on the Company's website at **www.capital.ifmr.co.in.**

Acknowledgement:

The Directors wish to thank the Reserve Bank of India and other statutory authorities for their continued support and guidance. The Directors also place on record their sincere thanks for the support and co-operation extended by the Bankers, Share Holders of the Company.

The Directors also thank the employees of the Company for their contribution toward the performance of the Company during the financial year.

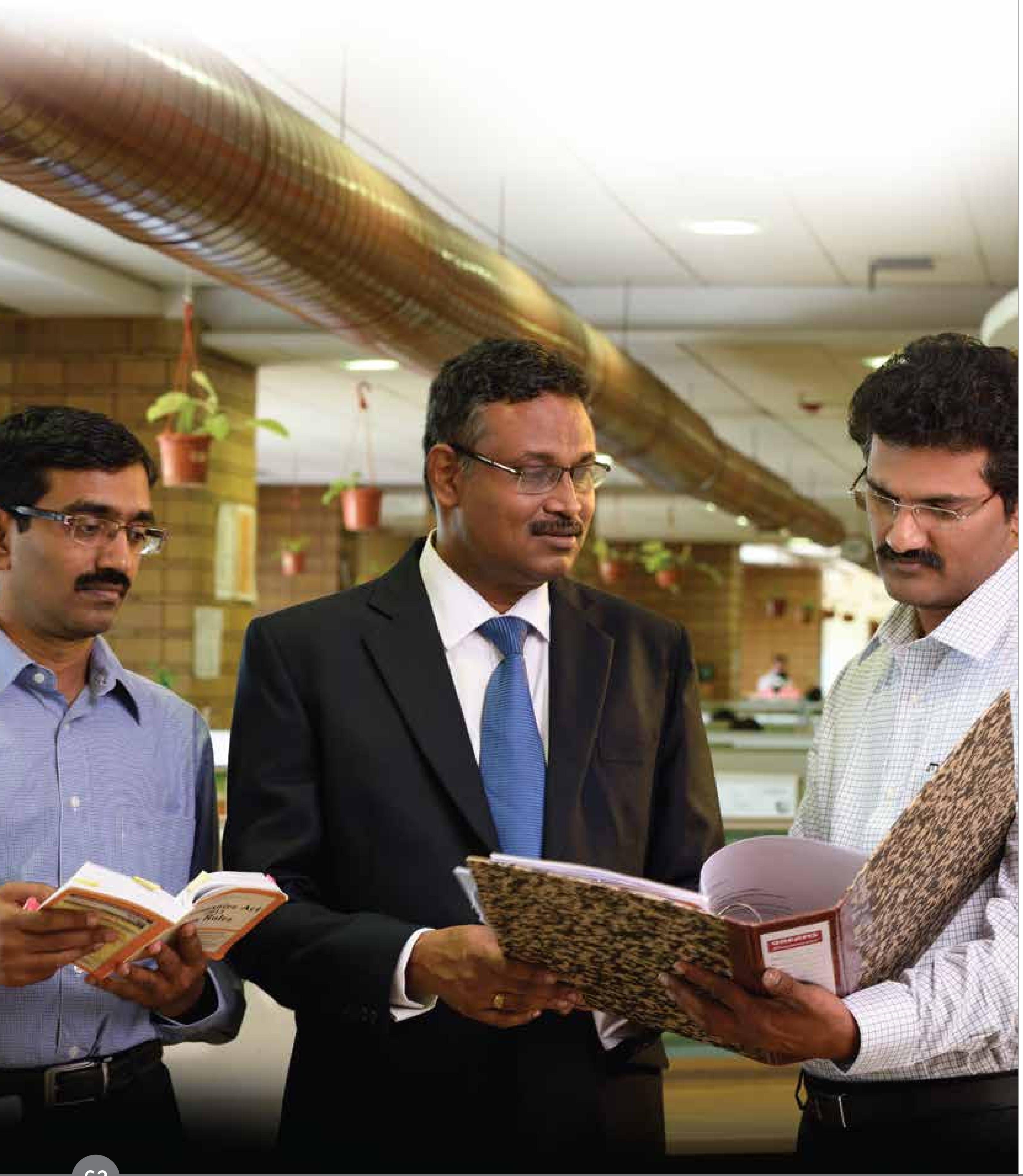
On behalf of the Board
For IFMR Capital Finance Private Limited

Bindu Ananth
Director
(DIN: 02456029)

Kshama Fernandes
Director
(DIN: 02539429)

Date: 5 May 2015
Place: Chennai

Financials



INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF IFMR CAPITAL FINANCE PRIVATE LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of IFMR Capital Finance Private Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

We conducted our audit in accordance with the Standards on Auditing specified under Sections 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 amount and the disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the 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 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 standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, and its profit and its cash flows for the year ended on the date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of Section 143 (11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As requested 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 the audit.

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

c. The Balance Sheet, the Statement of Profit and Loss, 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 31st March, 2015 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.

f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The financial statements disclose the impact of pending litigations on the financial position of the Company – Refer Note 27 (ii) to the financial statements ;
   ii. The Company has made provision as required under the applicable law or accounting standards for material foreseeable losses, if any, on long term contracts – Refer Note 36 to the financial statements. The Company does not have any derivative contracts;
   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm Registration No. 0080725)

Bhavani Balasubramanian
Partner
Membership No. 22156

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

{Referred to in paragraph {1} under "Report on Other Legal and Regulatory Requirements" section of our report of even date}

Having regard to the nature of the Company's business / activities / results during the year, clauses (ii), (v) and (vi) of paragraph 3 of the Order are not applicable to the Company:

(i) In respect of its fixed assets:

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

(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

ii. The Company has not granted any loans to companies, firms or other parties covered in the Register maintained under section 189 of the Companies Act, 2013.

iii. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the sale of services and during the course of our audit we have not observed any continuing failure to correct major weaknesses in such internal control system.

iv. According to the information and explanations given to us, in respect of statutory dues:

a. The Company has been regular in depositing undisputed dues, including Provident Fund, Income-tax, Service Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.

b. There were no undisputed amounts payable in respect of Provident Fund, Income-tax, Service-tax, Cess and other material statutory dues in arrears as at 31st March 2015 for a period of more than six months from the date they become payable.

c. Details of dues of Service Tax and Cess which have not been deposited as on 31st March 2015 on account of disputes are given below:

Nature of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (Rs.)
Finance Act, 1994	Service Tax	Commissioner of Service Tax	Financial Year 2009-10 to 2011-12	Rs. 853,816

d. There are no amounts that are due to be transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder.

v. The Company does not have accumulated losses at the end of the financial year and the Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.

vi. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayments of dues to financial institutions, banks and debenture holders.

vii. In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks and financial institutions are not, prima facie, prejudicial to the interests of the Company.

viii. In our opinion and according to the information and explanations give to us, the term loans have not been applied by the Company during the year for the purposes for which they were obtained, other than temporary deployment pending application.

ix. To the best of our knowledge and according to the information and explanations given to us, no fraud and no material fraud on the Company has been noticed or reported during the year.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm Registration No. 0080725)

Bhavani Balasubramanian
Partner
Membership No. 22156

IFMR Capital Finance Private Limited
Balance Sheet as at 31 March, 2015

Amount in INR

Particulars	Note Reference	As at 31 March, 2015	As at 31 March, 2014
I EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	783,654,730	732,231,410
Reserves and Surplus	4	1,418,984,560	813,679,724
		2,202,639,290	**1,545,911,134**
Non Current Liabilities			
Long Term Borrowings	5	4,249,467,491	1,540,125,938
Other Long Term Liabilities	6	169,448,682	91,041,429
Long Term Provisions	7	18,401,083	10,201,581
		4,437,317,256	**1,641,368,948**
Current Liabilities			
Short Term Borrowings	8	1,898,645,598	625,038,213
Trade Payables	9	52,910,951	61,383,869
Other Current Liabilities	10	3,161,788,500	1,552,171,496
Short Term Provisions	11	19,379,458	7,031,986
		5,132,724,507	**2,245,625,564**
TOTAL		**11,772,681,053**	**5,432,905,646**
II ASSETS			
Non Current Assets			
Fixed Assets			
Tangible Assets	12	2,916,488	3,160,567
Intangible Assets	12	13,173	32,933
Intangible Assets under development		17,561,201	8,640,884
		20,490,862	**11,834,384**
Non Current Investments	13	1,296,989,728	694,979,401
Deferred Tax Assets (Net)	35	18,966,873	1,310,477
Receivables under Financing Activity	17	2,356,237,475	860,126,544
Long-term loans and advances	14	34,121,352	34,681,271
Other Non Current Assets	15	259,292,058	159,032,647
		3,986,098,348	**1,761,964,724**
Current Assets			
Current Investments	16	1,182,793,575	934,929,596
Receivables under Financing Activity	17	5,311,335,910	1,623,192,945
Cash and Cash equivalents	18	817,033,880	830,667,731
Short - Term Loans and Advances	19	194,108,182	137,770,835
Other Current Assets	20	281,311,158	144,379,815
		7,786,582,705	**3,670,940,922**
TOTAL		**11,772,681,053**	**5,432,905,646**

See accompanying notes forming part of the financial statements

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of the Board of Directors

Bhavani Balasubramanian
Partner

Chief Executive Officer and Director

Director

Place: Chennai
Date : 5 May 2015

Chief Financial Officer

Company Secretary

IFMR Capital Finance Private Limited
Statement of Profit and Loss for the Year Ended 31 March, 2015

Amount in INR

Particulars	Note Reference	For the Year ended 31 March, 2015	For the Year ended 31 March, 2014
INCOME			
Revenue from Operations	21	1,498,088,242	741,172,147
Other Income	22	19,830,649	18,424,084
TOTAL REVENUE (I)		**1,517,918,891**	**759,596,231**
EXPENDITURE			
Finance costs	23	663,437,207	337,828,592
Employee Benefits Expense	24	151,161,104	103,590,083
Provision for Standard Assets	25	16,963,149	4,639,878
Depreciation/ Amortisation Expense	12	2,012,158	1,513,663
Other Expenses	26	186,489,465	172,691,479
TOTAL EXPENSES (II)		**1,020,063,083**	**620,263,695**
Profit before Tax (I - II)		**497,855,808**	**139,332,536**
Tax Expenses			
- Current tax expense		132,971,119	23,799,074
- Deferred Tax	35 & 27.3	(17,451,001)	(5,215,970)
Total Tax Expenses		**115,520,118**	**18,583,104**
Profit for the Year		**382,335,690**	**120,749,432**
Earnings Per Share (of INR 10/- each)	34		
a) Basic		4.92	2.01
b) Diluted		4.92	2.01

See accompanying notes forming part of the financial statements

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of the Board of Directors

Bhavani Balasubramanian
Partner

Chief Executive Officer and Director

Director

Place: Chennai
Date : 5 May 2015

Chief Financial Officer

Company Secretary

IFMR Capital Finance Private Limited
Cash Flow Statement for the Year ended 31 March, 2015

Amount in INR

Particulars	For the year ended 31 March 2015		For the year ended 31 March 2014	
A. Cash flow from operating activities				
Net Profit before tax		497,855,808		139,332,536
Adjustments for:				
Depreciation/ Amortisation Expenses	2,012,158		1,513,663	
Amortisation of Processing Fees	17,379,702		14,367,905	
Finance costs	645,555,329		323,216,271	
Interest income from Bank on Deposits	(35,241,264)		(19,267,878)	
Provision for Standard Assets	16,963,149		4,639,878	
Provision for Gratuity	2,320,833		2,013,562	
Provision for Compensated Absences	1,262,992		(143,419)	
Provision for Long term incentive	28,641,936		6,638,585	
		668,894,835		332,978,567
Operating profit before working capital changes		1,176,750,643		472,311,103
Changes in working capital and Others:				
Adjustments for (increase) / decrease in operating assets:				
Receivable under financing activity (Current)	(3,688,142,965)		(900,891,837)	
Receivable under financing activity (Non Current)	(1,496,110,931)		(654,814,613)	
Short-term loans and advances	(189,533,521)		(130,912,318)	
Investments in securitisation (Current)	(247,863,979)		(38,418,307)	
Investments in securitisation (Non Current)	(589,130,657)		(261,826,606)	
Other Non current assets	(23,289,410)		(52,297,352)	
Other current assets	(133,235,291)		(31,003,326)	
Adjustments for increase / (decrease) in operating liabilities:				
Trade payables	(23,441,117)		35,161,776	
Collateral deposits from customers	82,741,132		42,280,455	
Other current liabilities	246,747,922		82,783,221	
		(6,061,258,817)		(1,909,938,907)
Cash used in operations		(4,884,508,174)		(1,437,627,804)
Net income tax paid		-		(15,571,913)
Interest received on collateral deposit		15,147,619		9,814,374
Interest paid on borrowings		(573,657,885)		(297,260,875)
Interest paid on security deposits		(37,881,763)		(8,216,733)
Net cash used in operating activities (A)		**(5,480,900,203)**		**(1,748,862,951)**
B. Cash flow from investing activities				
Capital expenditure on fixed assets, including capital advances	(11,272,917)		(11,399,286)	
Collateral deposits - placed (net)	(249,887,516)		(80,636,786)	
Own deposits - (placed) / matured (net)	(123,697,155)		13,195,377	
Interest Income received from Banks	20,093,645		5,081,583	
Investment in shares of subsidiaries	(12,879,670)		-	
		(377,643,613)		(73,759,112)
Net cash used in investing activities (B)		(377,643,613)		(73,759,112)
C. Cash flow from financing activities				
Proceeds from long-term borrowings	5,690,873,151		2,026,500,000	
Repayment of long term borrowings	(1,777,678,194)		(856,219,484)	
Proceeds from Short-term borrowings	2,900,000,003		1,050,123,185	
Repayment of short term borrowings	(1,501,392,619)		(722,220,518)	
Inflow from Share Capital	274,791,352		703,373,572	
Processing fees paid	(22,956,877)		(11,781,213)	
		5,563,636,816		2,189,775,542
Net cash flow used in financing activities (C)		**5,563,636,816**		**2,189,775,542**
Net (decrease)/increase in Cash and cash equivalents (A+B+C)		**(294,907,000)**		**367,153,479**
Cash and cash equivalents at the beginning of the year		603,805,139		236,651,660
Cash and cash equivalents at the end of the year		**308,898,139**		**603,805,139**
Reconciliation of Cash and cash equivalents with the Balance Sheet:				
Cash and cash equivalents as per Balance Sheet (Refer Note 18)		817,033,880		830,667,731
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements (Refer note below)		5,954,581		23,962,196
Restricted balances placed in deposits account (Refer note below)		502,181,160		202,900,396
Cash and cash equivalents at the end of the year *		**308,898,139**		**603,805,139**
* Comprises of:				
Balances with banks in current accounts		308,898,139		603,805,139
		308,898,139		**603,805,139**

Notes: These earmarked account balances with banks can be utilised only for the specific identified purposes.

See accompanying notes forming part of the financial statements

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of the Board of Directors

Bhavani Balasubramanian
Partner

Chief Executive Officer and Director

Director

Place: Chennai
Date : 5 May 2015

Chief Financial Officer

Company Secretary

1. CORPORATE INFORMATION

IFMR Capital Finance Private Limited **(IFMR Capital)**, a subsidiary of IFMR Holdings Private Limited is a non-banking finance companywhose objective is to provide liquidity and develop access to debt-capital markets for institutions that impact financially excluded households and enterprises.

During the year, the Company had acquired 100% of the equity shares of IFMR Investment Adviser Services Private Limited with effect from 26th March, 2015, and 100% of equity shares of IFMR Investment Managers Private Limited with effect from 27th March, 2015.

IFMR Investment Adviser Services Private Limited was incorporated on 27th September 2012, under the Companies Act, 1956 with the aim to undertake the business of facilitating investments and act as advisors to provide financial/ investment advice to both Indian and Foreign Investors.

IFMR Investment Managers Private Limited was incorporated on 17th February 2014, under the Companies Act, 1956 with the aim of carrying on the business of Investment Company and also to provide portfolio management services to Offshore funds and all kinds of Investment Funds. The Company has been appointed as the investment manager by the Trustee of IFMR Finance for Freedom Social Venture Fund ("the Fund"), SBI CAP Trustee Company Limited, for the purpose of advising, managing and administering the grants and contributions received by the Fund.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of accounting and preparation of financial statements:

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules 2014 and the relevant provisions of Companies Act 2013 (the 2013 Act)/ Companies Act 1956 (the 1956 Act) as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

The Company follows the prudential norms for income recognition, asset classification and provisioning as prescribed by the Reserve Bank of India for Systemically Important Non-deposit taking Non-Banking Finance Companies (NBFC-ND-SI).

2.2 Use of estimates:

The preparation of the financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made by the management that affect the reported amount of assets and liabilities on the date of financial statements and the reported amount of revenues and expenses during the year. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the period in which the results are known/materialise.

2.3 Operating Cycle

Based on the nature of activities of the company and the normal time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the company has ascertained its operating cycle as 12 months for the purpose of current, non-current classification of assets and liabilities.

2.4 Fixed Assets and Depreciation/Amortisation:

(a)Tangible / Intangible fixed assets:-

Fixed assets are carried at cost less accumulated depreciation / amortisation. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use.

(b)Capital Work in Progress :

Projects under which tangible/ intangible fixed assets are not yet ready for their intended use are carried at cost, comprising of direct cost and related incidental expenses.

(c)Depreciation:

Depreciation on tangible assets has been provided on the Written Down Value Method as per the remaining useful life of the asset as per the provisions of Schedule II of the Companies Act, 2013, except leasehold improvements which are depreciated over the period of lease.

Intangibles are amortized over their estimated useful life. The estimated useful life of intangible assets and the amortization period are reviewed at the end of each financial year and the amortization period is revised to reflect the changed pattern, if any.

2.5 Impairment of Assets:

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. The following intangible assets are tested for impairment each financial year even if there is no indication that the asset is impaired:

(a) an intangible asset that is not yet available for use; and (b) an intangible asset that is amortised over a period exceeding ten years from the date when the asset is available for use.

If the carrying amount of the assets exceeds the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognised.

2.6 Investments:

Investments that are readily realisable and are intended to be held for not more than one year the date, on which such investments are made, are classified as current investments. All other investments are classified as long term investments. Current investments are stated at lower of cost and fair value. Long-term investments are stated at cost of acquisition. Provision for diminution is made if such diminution is considered other than temporary in nature. Investments in Mutual Funds are valued at the lower of cost or fair value, prevailing as at the balance sheet date.

2.7 Receivables under Financing Activity

All loan exposure to borrowers with installment structure is stated at the full agreement value after netting off installment appropriated up to the year end.

2.8 Revenue Recognition:

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured as under:

I. Interest income from financing activity is recognized under the internal rate of return method.
II. Income from securitization/ investment in Commercial Paper is recognized on straight line basis/ based on coupon rate, as per the terms of respective contracts
III. Income from guarantee facility is recognized on accrual basis in terms of underlying agreement.
IV. Income from other Financial Services is recognized when the services are rendered and related costs are incurred.
V. Interest on Deposits is recognized on accrual basis
VI. Dividend income on mutual fund investments is accounted for when the right to receive is established.

2.9 Employee Benefits:

Employee benefits include provident fund, gratuity and compensated absences.

Defined Contribution Plan:

Provident Fund

The Company's contribution to Provident Fund and Family Pension Fund are considered as defined contribution plan and are charged as expenses based on the amount of contribution required to be made and when services are rendered by the employees.

Defined Benefit Plans (Long term employee benefits):

Gratuity

The company accounts for its liability for future gratuity benefits based on the actuarial valuation, as at the balance sheet date, determined by an Independent Actuary using the Projected Unit Credit method. The company s gratuity plan is non-funded. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the year in which they occur.

Compensated Absences

The benefits of compensated absences are accounted for when the employees render the services that increase their entitlement to future compensated absences. Such liability is accounted for based on actuarial valuation, as at the balance sheet date, determined by an independent Actuary using the Projected Unit Credit Method.

Actuarial gains and losses are recognised in the Statement of Profit and Loss in the year in which they occur.

2.10 Foreign Currency Transactions and Translation:

Transaction in foreign currencies is accounted at the exchange rates prevailing on the date of the transaction and the realized exchange loss /gain are dealt with in the Statement of Profit and Loss. Monetary assets and liabilities denominated in foreign currency are restated at the rates of exchange as on the balance sheet date and the exchange gain/loss is suitably dealt with in the Statement of Profit and Loss.

2.11 Service Tax Input Credit:

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing/utilizing the same.

The services rendered by the Company primarily fall under the service tax category of Banking and Financial Services and in line with Rule No.6(3B) of CENVAT Credit Rules, 2004, the Company can avail 50% of the CENVAT Credit on inputs and input services each month. In line with this, a reversal is accounted for in service tax input credit to the extent of 50% of the total credit available.

2.12 Prepaid finance Charges:

Prepaid finance charges represent ancillary costs incurred in connection with the arrangement of borrowings, including borrowings sanctioned but not availed, and is amortized on a straight line basis, over the tenure of the respective borrowings. Unamortized borrowing costs remaining, if any, is fully expensed off as and when the related borrowing is prepaid/cancelled.

2.13 Earnings per share:

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

2.14 Taxes on Income:

Income tax

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws

Minimum Alternate Tax

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred Tax

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences on items other than unabsorbed depreciation and carried forward business losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

2.15 Provisions and Contingencies:

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

The following is the Company's policy for classification of assets and provisioning thereon, which is in compliance with the Prudential Norms issued by RBI.

i. Classification of Assets

Asset Classification	Period of Over Due
Standard Assets	Not Overdue and Overdue for less than 180 days
Non-Performing Assets (NPA)	Overdue for 180 days or more
Sub Standard Assets	An asset that has been classified as Non-Performing Asset for a period not exceeding 18 months or an asset where the terms of agreement regarding interest and/or principal have been renegotiated or rescheduled or restructured after commencement of operations until the expiry of one year of satisfactory performance under the renegotiated or rescheduled or restructured terms
Doubtful Assets	Sub Standard assets for more than 18 months
Loss Assets	Assets that are identified as loss asset by the Company or the internal auditor or by the Reserve Bank of India

"Overdue" refers to interest and/or principal and/or installment remaining unpaid from the day it become receivable.

There is no Non-Performing Assets (NPA) as at the Balance Sheet date.

ii. Provisioning Norms for Assets

Asset Classification	Percentage of Provision
Standard Assets	0.25%

2.16 Share Issue Expenses

Share issue expenses are adjusted against the Securities Premium Account as permissible under Section 52 of the Companies Act,2013 to the extent any balance is available for utilisation in the Securities Premium Account.

Particulars	As at 31 March, 2015	As at 31 March 2014
Note 3		
Share Capital		
Authorised		
100,000,000 (Previous year - 100,000,000 shares) Equity Shares of INR 10/- each, with voting rights.	1,000,000,000	1,000,000,000
Total	**1,000,000,000**	**1,000,000,000**
Issued, Subscribed and Fully Paid-up		
78,365,473 (Previous year - 73,223,141 shares) Equity Shares of INR 10/- each with voting rights	783,654,730	732,231,410
Preference share capital		
Total	**783,654,730**	**732,231,410**

(a) Reconciliation of Number of Shares and amount outstanding at the beginning and end of the reporting period

Particulars	As at 31 March, 2015		As at 31 March, 2014	
	No. of Shares	Value of Shares Amount in INR	No. of Shares	Value of Shares Amount in INR
Balance as at the beginning of the year	73,223,141	732,231,410	60,000,000	600,000,000
Add: Shares allotted during the year (Refer Note b)	5,142,332	51,423,320	13,223,141	132,231,410
Balance as at the end of the year	78,365,473	783,654,730	73,223,141	732,231,410

(b) Details of Shares held by each shareholder holding more than 5% shares

Name of Share holders	As at 31 March, 2015		As at 31 March, 2014	
	No. of Shares held	% of Shares	No. of Shares held	% of Shares
IFMR Trust represented by IFMR Trusteeship Services Private Limited, Trustee - controlling entity of Holding Company	-	-	13,774,105	19%
IFMR Holding Private Limited - Holding Company	46,225,895	59%	46,225,895	63%
Leapfrog Financial Inclusion India Holdings Limited	32,139,578	41%	13,223,141	18%

During the year, the company issued and allotted 5,142,332 equity shares of INR. 10 each at a premium of INR. 44.45 per share aggregating to INR. 279,999,977 through private placement. Consequently the paid up equity share capital and securities premium has increased by INR. 51,423,320 and INR. 228,576,657 respectively vide resolution dated 27th May, 2014

(c) Disclosure of Rights
The Company has issued one class of equity share at a par value of INR 10 per share. Each holder of Equity share is entitled to one vote per share.
In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company. The distribution will be in proportion to the number of equity shares held by the shareholders.

Particulars	As at 31 March, 2015	As at 31 March 2014
Note 4 Reserves and Surplus		
Statutory Reserve		
Opening Balance	48,509,361	24,359,475
Add : Transfer from surplus in Statement of Profit and Loss	76,467,138	24,149,886
Closing Balance	124,976,499	48,509,361
* Statutory Reserve represents the Reserve Fund created under Section 45IC of the Reserve Bank of India Act, 1934		
Securities Premium Account		
Opening balance	571,142,162	-
Add : Premium on shares issued during the year	228,576,657	587,768,600
Less : Utilised during the year for writing off share issue expenses - (Refer note below)	5,208,625	16,626,438
Closing balance	794,510,194	571,142,162
Note : Expenses of INR 5,208,625 (PY INR 16,626,438) incurred in connection with the issue of equity shares through private placement have been adjusted against Securities Premium Account.		
Surplus in Statement of Profit and Loss		
Opening Balance	194,028,201	97,428,655
Less : Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets with Nil remaining useful life (Net of deferred tax - INR 205,395) (Refer Note 27.3)	(398,886)	-
Add: Profit for the year	382,335,690	120,749,432
	575,965,005	218,178,087
Less:Transferred to Statutory Reserve	(76,467,138)	(24,149,886)
Closing Balance	499,497,867	194,028,201
Total	1,418,984,560	813,679,724

Note 5		
Long Term Borrowings		
Debentures		
Secured - Refer Note (i to vi)		
Secured - Non Convertible Debentures	1,785,000,000	659,000,000
Unsecured - Refer Note (vii)		
Unsecured - Non Convertible Debentures	67,500,000	75,000,000
	1,852,500,000	734,000,000
Term Loan & Other Facility from Banks - Secured - Refer Note (viii to xxvii)	1,704,141,383	723,484,807
Term Loan from Others - Secured - Refer Note (xxviii to xxxiv)	692,826,108	82,641,131
Total	2,396,967,491	806,125,938
Total	4,249,467,491	1,540,125,938

For the current maturities of long term debt, refer Note No 10

Note 5 - Long Term Borrowings - Secured

S. No	Particulars	Rate of interest	Date of loan taken	Date of maturity	Security/ Repayment details	As at 31 March, 2015		As at 31 March, 2014	
						Non current	Current	Non current	Current
Debentures - Secured									
i	Debentures	12.35%	23-Dec-11	30-Jun-15	The Company has issued 360, 12.35% Non Convertible Debentures (Listed) of INR 1,000,000 each redeemable at par in 10 quarterly instalments of INR 36,000,000 each beginning from 2nd April, 2013 for which interest is payable every quarter beginning from March 2012. These debentures are secured by way of exclusive floating charge over the investment into or credit enhancement for asset pools (Securitization Transaction) originated by the MFI and any form of credit exposure in the new asset classes of IFMR Capital with a security cover of 1.25 times.	-	36,000,000	36,000,000	180,000,000
ii	Debentures	12.35%	5-Jun-12	30-Dec-15	The Company has issued 160, 12.35% Non Convertible Debentures (Listed) of INR 1,000,000 each redeemable at par in 10 quarterly instalments of INR 16,000,000 each beginning from 30th September, 2013 for which interest is payable every quarter beginning from September 2012. These debentures are secured by way of exclusive floating charge over the investment into or credit enhancement for asset pools (Securitization Transaction) originated by the MFI and any form of credit exposure in the new asset classes of IFMR Capital with a security cover of 1.25 times.	-	48,000,000	48,000,000	80,000,000
iii	Debentures	12.35%	7-Oct-13	15-Apr-17	The Company has issued 570, 12.35% Non Convertible Debentures (Listed) of INR 1,000,000 each redeemable at par in 6 half yearly instalments of INR 95,000,000 each beginning from 15th October, 2014 for which interest is payable every quarter beginning from January 2014. These debentures are secured by way of exclusive floating charge over the investment into or credit enhancement for asset pools (Securitization Transaction) originated by the MFI and any form of credit exposure in the new asset classes of IFMR Capital with a security cover of 1.15 times.	285,000,000	189,999,810	475,000,000	95,000,000
iv	Debentures	13.00%	28-Mar-14	28-Apr-15	The company has issued 150, 13% Non Convertible Debentures (Listed) of INR 1,000,000 each redeemable at par in 2 installments of INR 5 crore and INR 10 crores in October, 2014 and April, 2015. Secured by way of First ranking and continuing charge over book debts and investments	-	100,000,000	100,000,000	50,000,000
v.	Debentures	11.20%	30-Oct-14	23-Mar-16	The Company has issued 500, 11.20% Non Convertible Debentures (Listed) of INR 1,000,000 each redeemable at a premium of INR 159,890 each in single installment in March, 2016. Secured by way of First ranking and continuing charge over book debts and investments. Refer Note 10 (4).	-	500,000,000	-	-
vi.	Debentures	11.15%	20-Feb-15	13-Mar-18	The Company has issued 1500, 11.15% Non Convertible Debentures (Listed) of INR 1,000,000 each redeemable at par in March 2018. Secured by way of First ranking and continuing charge over books debts and investments	1,500,000,000	-	-	-
					Total	1,785,000,000	873,999,810	659,000,000	405,000,000
Debentures - Unsecured									
vii	Debentures	14.50%	18-Sep-13	18-Dec-18	The Company has issued 1500, 14.5% Non Convertible Debentures (subordinated, listed) of INR 50,000 each redeemable at par in 8 half yearly installments commencing from Sep 2015 and ending December 2018. The debenture issued is unsecured	67,500,000	7,500,000	75,000,000	-
					Total	67,500,000	7,500,000	75,000,000	-
Term Loans from Banks - Secured									
viii	Ratnakar Bank Limited	13.25%	25-Jul-12	25-Jul-14	Repayable in 7 quarterly installments commencing from January 2013 and ending July 2014. Floating and exclusive charge over book debts and investments	-	-	-	57,214,640
ix	Ratnakar Bank Limited	13.75%	22-Feb-13	22-Feb-16	Repayable in 11 quarterly installments commencing from August 2013 and ending October 2015. Floating and exclusive charge over book debts and investments	-	72,727,273	54,545,455	90,909,091
x	South Indian Bank Limited	13.00%	11-Feb-13	11-May-16	Repayable in 12 equal quarterly installments commencing from August 2013 and ending May 2016. Floating and exclusive charge over book debts and investments	20,833,260	83,333,360	104,166,620	83,333,360
xi	Central Bank of India	13.00%	28-Mar-13	28-Jun-16	Repayable in 12 quarterly installments commencing from September 2013 and ending June 2016. Floating and exclusive charge over book debts and investments	12,500,000	50,000,000	62,500,000	50,000,000
xii	Federal Bank Limited	13.00%	30-May-14	31-May-17	Repayable in 10 quarterly installments commencing from May 2014 and ending May 2017. Floating and exclusive charge over book debts and investments	99,959,660	80,000,000	-	-

xiii	Ratnakar Bank Limited	13.25%	31-Dec-13	31-Dec-16	Repayable in 11 equated quarterly installments commencing from June 2014 ending December 2016. Floating and exclusive charge over book debts and investments	40,909,096	54,545,452	95,454,548	54,545,452
xiv	IDBI Bank	13.25%	6-Sep-13	6-Jun-16	Repayable in 10 equated quarterly installments commencing from March 2014 ending June 2016. Floating and exclusive charge over book debts and investments	15,000,000	60,000,000	75,000,000	60,000,000
xv	Uco Bank	13.20%	29-Sep-13	30-Jun-16	Repayable in 10 equated quarterly installments commencing from March 2014 ending June 2016. Floating and exclusive charge over book debts and investments	15,000,000	60,000,000	75,000,000	75,000,000
xvi	Federal Bank Limited	14.00%	23-Sep-13	23-Sep-16	Repayable in 10 equated quarterly installments commencing from June 2014 ending September 2016. Floating and exclusive charge over book debts and investments	49,758,850	100,000,000	150,000,000	99,861,090
xvii	HDFC Bank	12.75%	27-Sep-13	21-Mar-15	Repayable in 6 equated quarterly installments commencing from December 2013 ending March 2015. Floating and exclusive charge over book debts and investments	-	-	-	66,666,668
xviii	HDFC Bank	12.50%	28-Mar-14	28-Sep-15	Repayable in 5 equated quarterly installments commencing from September 2014 ending September 2015. Floating and exclusive charge over book debts and investments	-	40,000,000	25,000,000	75,000,000
xix	HDFC Bank	12.50%	30-Sep-14	30-Sep-16	Repayable in 8 equated quarterly installments commencing from December 2014 ending September 2016. Floating and exclusive charge over book debts and investments	37,500,000	75,000,000	-	-
xx	HDFC Bank	11.75%	31-Mar-15	30-Sep-17	Repayable in 10 equated quarterly installments commencing from December 2014 ending September 2016. Floating and exclusive charge over book debts and investments	180,000,000	120,000,000	-	-
xxi	Bank of Baroda	13.00%	27-Dec-13	30-Sep-16	Repayable in 11 equated quarterly installments commencing from March 2014 ending September 2016. Floating and exclusive charge over book debts and investments	27,272,724	54,545,456	81,818,184	54,545,456
xxii	Ratnakar Bank Limited	12.90%	30-Jun-14	30-Jun-17	Repayable in 11 equated quarterly installments commencing from December 2014 ending June 2017. Floating and exclusive charge over book debts and investments	113,636,368	90,909,088	-	-
xxiii	Ratnakar Bank Limited	12.50%	18-Dec-14	18-Dec-17	Repayable in 10 equated quarterly installments commencing from September 2015 ending December 2017. Floating and exclusive charge over book debts and investments	175,000,000	75,000,000	-	-
xxiv	South Indian Bank Limited	13.00%	29-Sep-14	29-Jun-18	Repayable in 14 equated quarterly installments commencing from March 2015 ending September 2018. Floating and exclusive charge over book debts and investments	128,571,425	57,142,860	-	-

Note 5 - Long Term Borrowings - Secured

xxv	Axis Bank Limited	12.00%	12-Mar-15	12-Mar-18	Repayable in 10 equated quarterly installments commencing from December 2015 ending March 2018. Floating and exclusive charge over book debts and investments	400,000,000	100,000,000	-	-
xxvi	Kotak Mahindra Bank	12.70%	27-Nov-14	27-Nov-16	Repayable in 24 equated monthly installments commencing from December 2014 ending November 2016. Floating and exclusive charge over book debts and investments	70,000,000	105,000,000	-	-
xxvii	State Bank of India	12.00%	30-Mar-15	31-Dec-17	Repayable in 11 equated quarterly installments commencing from June 2015 ending December 2017. Floating and exclusive charge over book debts and investments	318,200,000	181,800,000	-	-
					Total	1,704,141,383	1,460,003,489	723,484,807	767,075,757
Term Loans from Others - Secured									
xxviii	Mahindra and Mahindra Financial Services Limited	14.00%	6-Dec-12	31-Dec-14	Repayable in 24 equated monthly installments commencing from January 2013 ending December 2014. Floating and exclusive charge over book debts and investments	-	-	-	40,775,747
xxix	Mahindra and Mahindra Financial Services Limited	13.75%	28-Mar-14	30-Sep-16	Repayable in 30 equated monthly installments commencing from April 2014 ending September 2016. Floating and exclusive charge over book debts and investments	13,693,986	24,733,270	38,427,257	21,572,743
xxx	Mahindra and Mahindra Financial Services Limited	14.00%	30-Sep-13	31-Mar-16	Repayable in 30 equated monthly installments commencing from October 2013 ending March 2016. Floating and exclusive charge over book debts and investments	-	44,294,517	44,213,874	38,505,563
xxxi	Mahindra and Mahindra Financial Services Limited	14.00%	26-Mar-13	31-Mar-15	Repayable in 24 equated monthly installments commencing from April 2013 ending March 2015. Floating and exclusive charge over book debts and investments	-	-	-	53,484,845
xxxii	Capital First Limited	13.25%	30-Jun-14	30-Jun-17	Repayable in 6 equated quarterly installments commencing from March 2016 ending June 2017. Floating and exclusive charge over book debts and investments	416,666,667	83,333,333	-	-
xxxiii	Tata Capital	12.75%	27-Aug-14	10-Aug-17	Repayable in 11 equated quarterly installments commencing from August 2014 ending August 2017. Floating and exclusive charge over book debts and investments	119,945,455	79,963,636	-	-
xxxiv	Sundaram Finance Limited	12.75%	24-Dec-14	22-Dec-17	Repayable in 12 equated quarterly installments commencing from March 2015 ending December 2017. Floating and exclusive charge over book debts and investments	142,520,000	81,440,000	-	-
					Total	692,826,108	313,764,756	82,641,131	154,338,898
					Grand Total	4,249,467,491	2,655,268,055	1,540,125,938	1,326,414,655

Particulars	As at 31 March, 2015	As at 31 March, 2014
Note 6		
Other Long Term Liabilities		
Collateral Deposits from Customers - (Refer Note below)		
- From Related Parties (Refer Note 33)	6,580,343	738,111
- From Others	138,906,111	80,014,826
Long Term Incentive (Refer Note No.29)	23,962,228	10,288,492
Total	169,448,682	91,041,429
Note: Represents amounts received as security from the borrowers towards issue of Term Loans. Such deposits repayable within 31 March 2016 have been grouped under Note No.10 - Other Current Liabilities		

Particulars	As at 31 March, 2015	As at 31 March, 2014
Note 7		
Long Term Provisions		
Provision for Employee benefits		
For Compensated Absences	2,057,006	1,021,683
For Gratuity (Refer Note No. 31 b)	7,243,208	5,292,133
Provision for Standard Asset (Refer Note No.36)		
On Receivable under Financing Activity	5,890,593	2,150,316
On Investments & Others	3,210,276	1,737,449
Total	18,401,083	10,201,581

Particulars	As at 31 March, 2015	As at 31 March, 2014
Note 8		
Short Term Borrowings		
Secured		
(i) Term Loan from Bank (Secured) (Refer (a) below)	-	125,000,000
(ii) Loans repayable on demand		
Cash Credit and Bank overdraft (Refer (b) below)	498,645,598	38,213
Total	498,645,598	125,038,213
(iii) Commercial Paper (Unsecured) (Refer (c) below)	1,150,000,000	250,000,000
(iv) Inter Corporate Deposit (Unsecured) (Refer (d) below)	-	250,000,000
(v) Short term Loan (Unsecured) (Refer (e) below)	250,000,000	-
Total	1,898,645,598	625,038,213

(a) Term loan from Bank is repayable in 12 monthly instalments beginning from February 2013. The interest is payable at 2.7% above the base rate. The Loan is secured by way of hypothecation charge on book debts.

(b) Represented by overdraft facility amounting to INR 65,000,000 secured against Fixed Deposits with Kotak Mahindra Bank, and INR 150,000,000 secured against Fixed Deposits with HDFC Bank, Cash Credit facility of INR 300,000,000 with ING Vysya Bank and Rs. 50,000,000 with Kotak Mahindra Bank

Particulars	As at 31 March, 2015	As at 31 March, 2014

(c) Commercial paper of face value of INR 5,00,000 each have been issued during the year. This discount is being amortised on a straight line basis over the tenor of the Commercial Paper. The unamortised discount has been disclosed under Note 20 Other Current Assets. The details of the Commercial Paper issued are given below:

Current Year

No of units	Date of issue	Maturity Date	Amount in INR	Discount Rate
500	3-Dec-14	20-Oct-15	250,000,000	11.20%
300	29-Dec-14	24-Dec-15	150,000,000	11.00%
1,000	29-Dec-14	24-Dec-15	500,000,000	11.00%
500	27-Mar-15	27-May-15	250,000,000	10.40%

Previous Year

No of units	Date of issue	Maturity Date	Amount in INR	Discount Rate
200	27-Mar-14	31-Oct-14	100,000,000	13.25%
300	27-Mar-14	28-Nov-14	150,000,000	13.25%

(d) Intercorporate deposit has been obtained from Indostar Capital Finance Private Limited at an interest of 12.25% with call option and 12.40% without call option repayable in 90 and 180 days from the date of disbursement, as the case may be.

(e) Short term loan has been obtained from Indostar Capital Finance Private Limited at an interest of 11.50% with call option and 11.70% and 11.90% without call option repayable in 90, 180 and 270 days from the date of disbursement, as the case may be.

Particulars	As at 31 March, 2015	As at 31 March, 2014
Note 9		
Trade Payables		
- Sundry Creditors	52,486,908	59,104,495
- Payable to Related parties (Refer Note No.33)	424,043	2,279,374
Total	52,910,951	61,383,869

Particulars	As at 31 March, 2015	As at 31 March, 2014
Note 10		
Other Current Liabilities		
1. Current Maturities of Long Term Borrowings		
Debentures		
Secured - Non Convertible Debentures Refer Note 5 (i) to (vi)	873,999,810	405,000,000
Unsecured - Non Convertible Debentures Refer Note 5 (vii)	7,500,000	-
	881,499,810	405,000,000
Term Loan and other facilities from Bank (Secured) (Refer Note 5(viii) to 5(xxvii))	1,460,003,489	767,075,757
Term Loan from Others (Secured) (Refer Note 5(xxviii) to 5(xxxiv))	313,764,756	154,338,898
Collateral Deposits from Customers (Refer Note 6)		
- From Related Parties (Refer Note 33)	21,530,996	6,303,290
- Others	267,595,108	127,585,591
2. Interest Accrued but Not Due	76,756,038	42,740,356
3. Other Payables		
(i) Statutory Liabilities	53,625,730	44,717,088
(ii) Payable on purchase of fixed assets	-	1,500,000
(iii) Other Liabilities	7,068,788	2,910,516
4. Premium payable on redemption of Non-Convertible Debentures (Refer Note 5(v))	79,943,785	-
Total	3,161,788,500	1,552,171,496

Particulars	As at 31 March, 2015	As at 31 March 2014
Note 11		
Short Term Provisions		
1. Provision for Employee benefits		
For Compensated Absences	370,140	142,471
For Gratuity (Refer Note No.31 b)	863,967	494,209
2. Provision for Standard Assets (Refer Note No. 36)		
On Receivable under Financing Activity	13,278,340	4,057,982
On Investments & Others	4,867,011	2,337,324
Total	19,379,458	7,031,986
Note 13		
Non Current Investments - At Cost - Non Trade		
Investment in Equity Instruments of Subsidiaries		
125,000 (PY NIL) Equity Shares of INR 100 each in IFMR Investment Adviser Services Private Limited	12,779,670	-
1,000 (PY NIL) Equity Shares of INR 100 each in IFMR Investment Managers Private Limited	100,000	-
Other Investments		
Investment in units of Securitisation	1,184,610,058	694,979,401
Investment in 995 units (Previous year NIL) of INR 100,000 each in IFMR Fimpact Investment Fund	99,500,000	-
Total	1,296,989,728	694,979,401
-Aggregate market value of investment in units of FIMpact Investment Fund	99,876,643	-
- Aggregate value of quoted Investments	-	-
- Aggregate value of unquoted Investments	1,296,989,728	694,979,401
Note 14		
Long term Loans and Advances		
Advance taxes and tax deducted at source (Net of provision for tax INR 211,728,073 (PY INR 79,814,919))	19,121,352	34,681,271
Loans and advances to Subsidiary - Unsecured, considered good (Refer Note below)	15,000,000	-
Total	34,121,352	34,681,271
Note : During the year the company has granted Unsecured Term Loan of INR 17,500,000 to the subsidiary company IFMR Investment Manager Private Limited carrying an interest of 14% and repayable in quarterly instalments for a period of 6 years of which as at 31 March 2015 the Company has advanced an amount of INR 15,000,000. Also refer Note 33.		

Particulars	As at 31 March, 2015	As at 31 March 2014
Note 15		
Other Non Current Assets (Unsecured, considered good)		
Non Current Bank Balances (Refer Note (i) below)		
- Collateral Deposits (Refer Note (ii) below)	147,518,295	73,214,389
Prepaid Finance Charges (Refer Note No.28)	12,962,517	10,296,422
Interest Accrued but Not Due		
On Collateral Deposits	4,743,636	2,252,720
On Investments	94,067,610	73,269,116
Total	259,292,058	159,032,647
Notes: (i) Represents cash and cash equivalents that are restricted from being utilised for more than 12 months from Balance Sheet Date (ii) Represents amounts received as security from the borrowers towards issue of receivable under financing activity		
Note 16		
Current Investments - At cost		
Investments in Securitisation	1,157,793,575	908,929,596
Investment in Commercial Paper	25,000,000	26,000,000
Total	1,182,793,575	934,929,596
- Aggregate value of unquoted Investments	1,182,793,575	906,111,952
- Aggregate value of quoted Investments	-	28,817,644
Note 17		
Receivables Under Financing Activity*		
Secured and considered good		
Non Current		
Loans to others	2,279,290,722	854,069,810
Loan to Related Party (Refer Note No.33)	76,946,753	6,056,734
	2,356,237,475	860,126,544
Current		
Term Loans and Working Capital Loans	4,992,716,195	1,548,613,892
Loan to Related Party (Refer Note No.33)	318,619,715	74,579,053
	5,311,335,910	1,623,192,945
Total	7,667,573,385	2,483,319,489
* Secured either by way of charge created on unencumbered assets of the Borrowers (in case Portfolio has not been created out of the lending) or by way of charge on the loan portfolio created out of the lending by the Company		

Particulars	As at 31 March, 2015	As at 31 March 2014
Note 18		
Cash and cash equivalents		
Cash and cash equivalents as per AS-3 Cashflow Statements		
Balance in Current Account (Refer note (iii) and (iv) below)	314,852,720	627,767,335
Other Bank Balances		
Collateral Deposits (Refer note (i) below)	293,048,843	117,465,233
Own Deposits (Refer note (ii) and (iii) below)	209,132,317	85,435,163
Total	817,033,880	830,667,731

(i) Represents amounts received as security from the borrowers towards financing activities

(ii) Balances in deposit accounts having an original maturity of more than 12 months

(iii) Includes collateral deposits of INR 5,954,581(PY INR 10,712,195) matured as at Balance Sheet date, repaid subsequent to year end.

(iv) PY balance includes INR 13,250,000 of collateral deposits created on 31st March, 2014 but value dated on 2nd April, 2014 by the bank

Particulars	As at 31 March, 2015	As at 31 March 2014
Note 19		
Short Term Loans and Advances (Unsecured, considered good)		
Staff Other advances	2,905,382	4,222,504
Rental & Caution Deposit	610,000	610,000
Prepaid expenses	974,097	282,447
Receivable from other financial services		
- Related Party	15,940,217	1,704,934
- Others	171,019,080	128,203,059
Balances with Government Authorities - Service Tax Credit receivable	2,659,406	2,747,891
Total	194,108,182	137,770,835

Particulars	As at 31 March, 2015	As at 31 March 2014
Note 20		
Other Current Assets		
Prepaid Finance Charges (Refer Note No.28)	16,745,426	13,049,374
Unamortised loss on redemption of Non-Convertible Debentures	56,118,104	-
Unamortised Discount on Issue on Commercial Paper	65,331,837	19,295,912
Interest Accrued but Not Due		
On Receivable under Financing Activities	34,446,825	8,985,670
On Collateral Deposits	13,696,048	4,293,504
On Investments	91,938,164	95,825,097
On Other Deposits	2,786,132	2,930,258
On investment in Fimpact fund	248,622	-
Total	281,311,158	144,379,815

Note 12 Fixed Assets

Description	Gross Block				Accumulated Depreciation/Amortisation					Net Block	
	As at 1 April 2014	Additions	Deletions	As at 31 March 2015	As at 1 April 2014	For the year (Refer Note 27.3)	Transitional Adjustments (Refer Note 27.3)	Deletions	As at 31 March 2015	As at 31 March 2015	As at 31 March 2014
Tangible Assets											
Plant and Machinery	290,437	-	-	290,437	13,011	117,815	20,654	-	151,480	138,957	277,426
Previous year	(10,700)	(279,737)	-	(290,437)	(1,138)	(11,873)	-	-	(13,011)	(277,426)	(9,562)
Computers	3,557,247	2,292,550	42,500	5,807,297	2,602,682	1,310,592	527,277	42,500	4,398,051	1,409,246	954,565
Previous year	(2,754,648)	(802,599)	-	(3,557,247)	(1,742,380)	(860,302)	-	-	(2,602,682)	(954,565)	(1,012,268)
Furniture and Fittings	90,684	-	-	90,684	30,922	9,362	44,207	-	84,491	6,193	59,762
Previous year	(90,684)	-	-	(90,684)	(17,714)	(13,208)	-	-	(30,922)	(59,762)	(72,970)
Leasehold improvements	1,676,066	-	-	1,676,066	123,983	335,213	-	-	459,196	1,216,870	1,552,083
Previous year	-	(1,676,066)	-	(1,676,066)	-	(123,983)	-	-	(123,983)	(1,552,083)	-
Office Equipment	18,313	60,050	-	78,363	3,220	38,435	12,143	-	53,798	24,565	15,093
Previous year	(18,313)	-	-	(18,313)	(782)	(2,438)	-	-	(3,220)	(15,093)	(17,531)
PMS Server	6,609,723	-	-	6,609,723	6,308,085	180,981	-	-	6,489,066	120,657	301,638
Previous year	(6,609,723)	-	-	(6,609,723)	(5,855,626)	(452,459)	-	-	(6,308,085)	(301,638)	(754,097)
Total	12,242,470	2,352,600	42,500	14,552,570	9,081,903	1,992,398	604,281	42,500	11,636,082	2,916,488	3,160,567
Previous year	9,484,068	2,758,402	-	12,242,470	7,617,640	1,464,263	-	-	9,081,903	3,160,567	1,866,428
Intangible Assets											
Website Development cost	789,834	-	-	789,834	756,901	19,760	-	-	776,661	13,173	32,933
Previous year	(789,834)	-	-	(789,834)	(707,501)	(49,400)	-	-	(756,901)	(32,933)	(82,333)
Total	789,834	-	-	789,834	756,901	19,760	-	-	776,661	13,173	32,933
Previous year	789,834	-	-	789,834	707,501	49,400	-		756,901	32,933	82,333
Grand Total	13,032,304	2,352,600	42,500	15,342,404	9,838,804	2,012,158	604,281	42,500	12,412,743	2,929,661	3,193,500
Previous year	10,273,902	2,758,402	-	13,032,304	8,325,141	1,513,663	-	-	9,838,804	3,193,500	1,948,761

Particulars	For the Year ended 31 March, 2015	For the year ended 31 March, 2014
Note 21		
Revenue from Operations		
Interest Income from financing activity	745,379,607	220,307,390
Income from Securitisation	259,980,442	217,256,180
Income from Guarantee Facility	18,659,802	5,524,057
Income from other Financial Services		
- Processing Fee	88,740,000	33,155,390
- Professional Fee	309,338,445	225,223,220
- Arranger fee for Guarantee facility	45,182,000	7,100,000
Income from Investment in Commercial Paper	508,753	1,123,393
Interest Income from banks on Collateral Deposits from Customers	27,041,079	12,129,141
Gain on Investment in Fimpact fund	376,643	-
Profit on Sale of Investments	2,881,471	19,353,376
Total	1,498,088,242	741,172,147
Note 22		
Other Income		
Interest Income from banks on Deposits	8,200,185	7,138,738
Profit on sale of Mutual Fund Investments	11,629,037	11,116,628
Compensated absences - Provision no longer required written back	-	143,419
Other Non Operating Income	1,427	25,299
Total	19,830,649	18,424,084
Note 23		
Finance Cost		
Interest Expenses on		
- Term Loan	373,771,291	215,339,867
- Debentures	155,708,165	91,494,444
- Cash Credits	4,827,358	1,532,004
- Overdraft Account	11,739,764	1,734,751
- On Collateral Deposits	27,041,079	12,129,141
- On Income Tax/ Service Tax	47,479	-
Discount on Commercial Paper	72,467,672	986,065
Amortisation of Processing Fees	17,379,702	14,367,905
Bank charges	454,697	244,415
Total	663,437,207	337,828,592

Particulars	For the Year ended 31 March, 2015	For the year ended 31 March, 2014
Note 24		
Employee Benefits Expense		
Salaries and Wages	135,989,471	92,873,702
Contribution to Provident Fund (Refer Note 31 a)	5,625,628	4,410,242
Gratuity (Refer Note 31 b)	2,954,731	2,013,562
Compensated absences	1,262,992	-
Staff Welfare Expenses	5,328,282	4,292,577
Total	151,161,104	103,590,083
Note 25		
Provisions for Standard Assets (Refer Note 36)		
On Receivable under Financing Activities	12,960,635	3,889,266
On Investments and others	4,002,514	750,612
Total	16,963,149	4,639,878
Note 26		
Other expenses		
Rent	8,887,411	10,882,280
Rates and Taxes	70,726,180	69,929,325
Travelling and Conveyance	22,753,171	19,370,544
Legal and Professional Charges	69,349,905	62,534,473
Corporate Social Responsibility expenditure (Refer Note 27.4)	1,957,130	-
Communication Expenses	1,859,823	2,674,997
Consultancy Charges	-	238,601
Upfront Setup fees	500,000	-
Repairs and Maintenance - Others	992,954	410,952
Printing and Stationery	597,581	443,948
Advertisement and Business Promotion	1,276,738	85,696
Auditors' remuneration:		
-Statutory & Other Audit	2,900,000	2,000,000
-Certification	100,000	100,000
-Tax audit	200,000	100,000
-Out of pocket expenses	33,420	27,890
Miscellaneous Expenses	4,355,152	3,892,773
Total	186,489,465	172,691,479

Additional information to the Financial Statements:-

27. i. Contingent Liabilities (to the extent not provided for)

i. The Company has entered into a Partial Guarantee Facility Agreement with a bank and has provided guarantees of INR 196,502,445(Previous year - INR 171,017,857) favoring the bank, representing 10% of the loans provided by the bank to Microfinance Institutions.

ii. The Company has entered into Risk participation Agreements with banks and provided risk participation to the extent of INR140,877,114 (Previous Year - INR 58,675,081) favoring the bank with respect to loans provided by the bank to Microfinance Institutions.

iii. The Company has entered into Collateralized Bond Obligation with a Non-Banking Finance Company (NBFC) and has provided guarantee to the extent of INR 383,042,625 (Previous Year - INR65,200,000) favoring the Non-convertible Debentures issued by various NBFCs.

iv. The Company has entered into Second Loss Credit Enhancement agreement and has provided guarantee to the extent of INR 43,588,623 (Previous year - NIL)

ii. Disputed demands:

Statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates	Amount involved	
				Current year (in INR)	Previous year (in INR)
Finance Act 1994	Service Tax - Disallowance of Input credit	Assistant Commissioner (Appeals)	AY 2010-11 to 2012-13	853,816	853,816
Income Tax Act	Disallowance under Sec 14 A read with rule 8 D	Deputy Commissioner (Appeals)	AY 2010-11	450,561	450,561
Income Tax Act	Disallowance of processing fees	Commissioner (Appeals)	AY 2012-13	4,703,950	-

iii. Commitments

Particulars	As at 31 March 2015	As at 31 March 2014
Capital Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance)	11,400,000	5,500,000

27.2 Expenditure in Foreign Currency (on accrual basis)

Particulars	YE 31 March 2015 (in INR)	YE 31 March 2014 (in INR)
Travel	1,074,263	964,932
Conference expenses	-	138,133
Legal and Professional charges	28,103	333,850
Books and Periodicals	400,076	457,721
Loan Processing Fees	-	1,266,667
Total	1,502,442	3,161,303

27.3 Revision in estimated useful life of fixed assets (to align with Schedule II of Companies Act, 2013)

The Company has revised the estimated useful life of its assets to align with the useful life with those specified in Schedule II. Assets individually costing Rs. 5,000/- or less that were depreciated fully in the year of purchase are now depreciated based on useful life considered by the Company for the respective category of assets. The details of previously applied depreciation on useful life are as follows:

Asset	Previous depreciation method	Previous depreciation useful life	Revised useful life based on WDV
Plant and Machinery	WDV	14.1% - 31 years	15 years
Computer	WDV	60% - 5 years	3 years
Furniture and Fittings	WDV	18% - 24 years	10 years
Office Equipment	WDV	14.1%- 31 years	6 years
Leasehold Improvements	SLM	Over the lease period	
Website development cost	WDV	60% - 5 years	6 years

Pursuant to the transition provisions prescribed in Schedule II to the Companies Act, 2013, the Company has fully depreciated the carrying value of assets, net of residual value, where the remaining useful life of the asset was determined to be Nil as on April 1, 2014, and has adjusted an amount of Rs.604,281/- (net of deferred tax of Rs.205,395/-) against the opening Surplus balance in the Statement of Profit and Loss under Reserves and Surplus.The depreciation expense in the Statement of Profit and Loss for the year is higher by Rs. 302,720/- consequent to the change in the useful life of the assets.

27.4 Expenditure towards Corporate Social Responsibility (CSR) activities:

Nature of Activity	Partner Entity	Amount
Contribution to Section 25 Company	IFMR Finance Foundation	1,957,130
Total		1,957,130
Amount required to be spent u/s 135 of the Companies Act, 2013		1,957,130
Shortfall in spend		Nil

28. Prepaid Finance Charges

During the year the company borrowed INR.8,656,204,991(Previous Year INR.3,095,919,097) by way of Term Loan, Commercial Paper and Non-convertible debentures, towards which an amount of INR 22,956,875(Previous Year INR 11,781,213) has been paid as processing fees. All these borrowing costs are amortized over the tenor of the loan. The unamortised portion of these expenses amounting to INR29,707,943(Previous year INR23,345,796) is included under Note 15 'Other Non-Current Assets' and Note 20 'Other Current Assets'.

29. Long Term Incentive Plan:

As per the plan, the Participants are allotted Shadow Units which entitles them to receive Shadow Unit Compensation under the Plan. Subject to Participant's continued employment with the Company, the Units shall vest as per the following schedule and can be exercised at the option of the eligible employee:

- 20% at the end of 12 months from the Grant date
- 20% at the end of 24 months from the Grant date
- 30% at the end of 36 months from the Grant date
- 30% at the end of 48 months from Grant Date.

Provision is made in books to the extent of shadow units vested as per the above vesting schedule. Accordingly the company made a provision for INR 28,641,936 (Previous Year INR 6,638,585) during the current year. Out of the total provision made an amount of INR 23,962,228 (Previous Year INR 10,288,492) is included under Note 6 'Other Long Term Liabilities' and an amount of INR 14,968,200 (Previous Year NIL) is included under Note 9 'Trade Payables', based on the compulsory vesting condition by the eligible employees.

30. Distribution Tax on Securitisation Income

As per Section 115TA of Income Tax Act 1961, the securitization income distributed by the Trustee after 1st June, 2013 is subject to distribution tax at 30%, irrespective of the time of accrual of such income. Accordingly, the income from investment in securitization for the year ended 31 March 2015 includes an amount of INR 259,980,442 (Previous Year INR 211,447,322) which has been subjected to a distribution tax of INR 70,392,696 (Previous Year INR 69,924,945) of which INR8,697,861 (Previous year INR 38,362,234)has been accrued by the Company in respect of income to be collected in future periods. This distribution tax of INR 70,392,696(Previous year INR 69,924,945) has been included under Rates and Taxes in Note 26.

Accounting Standard Disclosures:

31. Employee Benefits:

a. Defined Contribution Plan:

The Company makes Provident Fund Contribution which is a defined contribution plan for qualifying employees. Under the scheme, the company is required to contribute a specified percentage of the payroll costs to fund the benefits.

The Company recognizes INR5,625,628(Previous Year INR 4,410,242) for Provident Fund contributions in the statement of Profit and Loss. The contribution payable for the scheme by the Company is at the rate specified in the rates of the scheme.

b. Defined Benefit Plan:

The company's obligation towards Gratuity is a defined benefit plan and no fund is being maintained. The details of actuarial valuation are given below:

Accrued Gratuity Liability

Amount in INR

	2014-15	2013-14
Change in benefit obligation		
Accrued Liability as at beginning of the period:	5,786,342	3,772,780
Interest Cost	470,368	298,050
Current Service Cost	1,271,511	1,195,592
Benefits paid	(633,898)	Nil
Actuarial (gain)/ loss	1,212,852	519,920
Accrued Liability as at the end of the period:	8,107,175	5,786,342
Amounts to be recognized in the Balance Sheet		
Present Value of obligations as on the accounting date:	8,107,175	5,786,342
Fair Value of the Plan Assets:	Nil	Nil
Liability to be recognized in the Balance Sheet:	(8,107,175)	(5,786,342)
Amount payable within next one year is included under Note 11 Short Term Provisions	863,967	494,209
Amount payable beyond a period of one year is included under Note 7 Long Term Provisions	7,243,208	5,292,133
Expenses to be recognized in the Statement of Profit and Loss		
Interest Cost	470,368	298,050
Current Service Cost	1,271,511	1,195,592
Net Actuarial (gain) / loss	1,212,852	519,920
Net Expenses to be recognized in Statement of Profit and Loss	2,954,731	2,013,562
* Rate of Mortality:	Indian Assured Lives (2006-08) Mortality Table	
* Discount Rate:	7.70% per annum	8.60% per annum
* Rate of Salary Escalation:	12.00% per annum	12.00% per annum
* Rate of exit due to reasons other than death or retirement:	15.00% per annum	15.00% per annum
* Rate of Return on Plan Assets:	Does not arise	Does not arise

Note:
1. The estimate of future salary increase takes into account inflation, seniority, promotion and other relevant factors.
2. Discount rate is the prevailing market yields used by LIC for similar computations.
3. Experience Adjustments:

Particulars	2014-15	2013-14	2012-13	2011-12	2010-11
On plan Liability (gain)/loss	1,212,852	519,920	1,081,257	(326,690)	(9,000)
On plan Assets (gain) / loss	Nil	Nil	Nil	Nil	Nil
Present Value of benefit obligations	8,107,175	5,786,342	3,772,780	1,448,157	935,000
Fair Value of Plan Assets	Nil	Nil	Nil	Nil	Nil
Excess of obligation over plan assets	8,107,175	5,786,342	3,772,780	1,448,157	935,000

c. Compensated Absences:

Details of assumptions	2014-15	2013-14
Discount rate as per para 78 of AS15R	7.80%	8.60%
Salary escalation fixed by the Enterprise as per para 83-91 and 120[l] of AS15R	12.00%	12.00%
Attrition rate fixed by Enterprise	15.00%	15.00%
Proportion of Leave availment	40.00%	40.00%
In case Earned leave is not en-cashable proportion of leave that will lapse on separation	60.00%	60.00%

32. Segment Accounting:

(i) Business Segments:

The Company operates in only one business segment, namely arranging or facilitating or providing capital either in the form of Loans or Investments or guarantees.

(ii) Geographical Segment:

The Company does not have any reportable geographical segment as per Accounting Standard 17.

33. Related Party Disclosure

Information relating to related party transactions for the year ended 31 March 2015(as identified by the management and relied upon by auditors)

Parties where control exists:

Controlling Entity: IFMR Trust - Represented by IFMR Trusteeship Services Private Limited

Holding Company: IFMR Holdings Private Limited

Direct subsidiaries:

IFMR Investment Adviser Services Private Limited

IFMR Investment Managers Private Limited

Fellow Subsidiaries with whom the Company had transactions during the year:

Pudhuaaru Financial Services Private Limited

IFMR Finance Foundation

Companies which have common directors:

Future Financial Services Limited

Disha Microfin Private Limited

Key Management Personnel:

a. Dr. Kshama Fernandes, Chief Executive Officer and Director
b. Mr. Vineet Sukumar, Chief Financial Officer
c. Ms. Srividhya. R, Company Secretary

Transactions with Related Parties:

Amount in INR.

Related Party	Transactions	For the Year Ended 31 March 2015	For the Year Ended 31 March 2014
IFMR Trust	Reimbursement of Expenses	1,966,376	17,303,577
	Share of common expenses	6,691,785	9,574,655
Pudhuaaru Financial Services Private Limited	Term Loans disbursed	375,000,000	136,000,000
	Interest on Term Loan	26,380,519	10,331,558
	Cash Collateral	18,750,000	10,200,000
	Interest on Cash Collateral	1,256,811	216,764
	Fee income	7,006,748	8,639,655
Future Financial Services Limited	Term Loans disbursed	220,000,000	50,000,000
	Interest on Term Loan	22,357,506	598,356
	Cash Collateral	12,750,000	5,000,000
	Interest on Cash Collateral	1,116,442	-
	Fee income	19,196,838	4,191,416
Disha Microfin Private Limited	Term Loans disbursed	150,000,000	130,000,000
	Interest on Term Loan	13,635,392	8,371,258
	Cash Collateral	7,500,000	9,750,000
	Interest on Cash Collateral	515,107	698,560
	Fee income	10,763,633	9,731,054
IFMR Finance Foundation	Corporate Social Responsibility	1,957,130	-
IFMR Mezzanine Finance Private Limited	Sale of Investments	-	18,791,179
IFMR Investment Adviser Services Private Limited	Equity investment	12,779,670	-
IFMR Investment Manager Private Limited	Working Capital Loan	15,000,000	-
IFMR Investment Manager Private Limited	Interest on loan	11,507	-
IFMR Investment Manager Private Limited	Equity investment	100,000	-
Kshama Fernandes	Remuneration	8,500,000	6,500,000
	Long Term incentive	6,990,046	2,334,274
Vineet Sukumar	Remuneration	7,500,000	5,750,000
	Long Term Incentive	5,829,221	2,119,883
Srividhya R	Remuneration	1,050,000	850,000

Outstanding Balances with Related Parties:

Amount in INR.

Group Company	Nature of balances outstanding	As at 31 March 2015	As at 31 March 2014
IFMR Trust	Reimbursement of Expenses	246,051	1,729,189
	Share of common expenses	177,992	550,185
IFMR Investment Manager Private Limited	Working Capital Loan	15,000,000	-
Pudhuaaru Financial Services Private Limited	Term Loan	245,663,671	80,635,787
	Cash Collateral	14,580,666	7,041,401
	Accrued Interest receivable on Term Loan	1,740,905	293,933
	Interest payable on Cash Collateral	624,028	291,467
	Fee income outstanding	1,924	-
Future Financial Services Limited	Term Loan	142,728,039	48,159,356
	Cash Collateral	12,738,158	5,000,000
	Accrued Interest receivable on Term Loan	1,120,275	102,916
	Interest payable on Cash Collateral	910,741	39,391
	Fee income outstanding	13,651,929	3,923,415
Disha Microfin Private Limited	Term Loan	7,174,759	20,000,000
	Cash Collateral	792,515	1,500,000
	Accrued Interest receivable on Term Loan	2,949	8,219
	Interest payable on Cash Collateral	429,793	355
	Fee income outstanding	2,341,074	5,703,439
Kshama Fernandes	Advances and Security Deposit	241,947	315,668
	Long Term Incentive*	9,324,320	2,334,274
Vineet Sukumar	Long Term Incentive*	7,949,104	2,119,883

* Represents an accumulated provision since 2010,refer note 29

34. Earnings per share:

Description	For the year ended 31 March 2015	For the year ended 31 March 2014
Profit after Tax attributable to equity shareholders	382,335,690	120,749,432
Weighted average Shares allotted & outstanding during the period	77,576,512	60,144,911
Earnings per Share Basic & Diluted (face value of INR 10/- each)	4.92	2.01

35. Deferred Tax

Break up of Deferred Tax Asset and Deferred Tax Liability arising out of timing differences:

Amount in INR.

Particulars	As at 31 March 2015	As at 31 March 2014
Deferred Tax Liability:		
Unamortized Processing Charges	9,830,917	7,734,397
Depreciation	286,926	358,599
Deferred Tax Asset:		
Gratuity	(2,755,629)	(1,966,778)
Provision for Standard Assets	(9,260,990)	(3,495,216)
Provision for compensated absences	(824,987)	(444,443)
Premium on redemption of Debentures	(8,098,349)	Nil
Provision for Long term incentive	(8,144,761)	(3,497,036)
Net Deferred Tax Asset	(18,966,873)	(1,310,477)

36. Provision for Standard Assets:

Amount in INR

Standard Asset Movement	As at 31 March 2015	As at 31 March 2014
Long Term		
A. Investments and others	3,210,276	1,737,449
B. Receivable under Financing Activities	5,890,593	2,150,316
Short Term		
C. Investments and others	4,867,011	2,337,324
D. Receivable under Financing Activities	13,278,340	4,057,982
Total Provision on Investments and others (A+C)	8,077,287	4,074,773
Total Provision on Receivable under Financing activities (B+D)	19,168,933	6,208,298
Total	27,246,220	10,283,071

Particulars	Opening Balance	Additional provision	Utilization / Reversal	Closing Balance
Provision for standard assets under financing activity (Refer Note below)	6,208,298	12,960,635	NIL	19,168,933
	(2,319,032)	(3,889,266)	(NIL)	(6,208,298)
Provision for standard assets under Investmentsand others (Refer Note below)	4,074,773	4,002,514	NIL	8,077,287
	(3,324,161)	(750,612)	(NIL)	(4,074,773)

Note:

a. The Management has reviewed the loan portfolio and the Investments and has identified that there are no Non Performing Assets as at the Balance Sheet date. Hence provisioning has been made at 0.25% on the standard assets relating to loan portfolio as required by RBI Norms.

b. The Management has made a provision at 0.25% on standard assets relating to investments and guarantee facilities as a matter of prudence.

c. Figures in brackets are for the previous year.

Disclosure Pursuant to Reserve Bank of India Notification DNBS.193DG (VL) - 2007 dated February 22, 2007

37. Disclosure of Capital Adequacy & Liquidity:

The Company has disclosed the following information as per the Guidelines for Systemically Important Non Deposit taking Non-Banking Finance Companies as regards Capital Adequacy, Liquidity and Disclosure Norms issued by the Reserve Bank of India on 1 August 2008:

i. Capital Adequacy Ratio

Particulars	As at 31.03.2015	As at 31.03.2014
Tier I Capital	2,109,164,517	1,544,616,474
Tier II Capital	49,168,933	51,208,299
Total Capital	2,158,333,450	1,595,824,773
Total Risk Weighted Assets	10,976,177,551	4,735,847,561
Capital Ratios		
Tier I Capital as a Percentage of Total Risk Weighted Assets (%)	19.21%	32.62%
Tier II Capital as a Percentage of Total Risk Weighted Assets (%)	0.45%	1.08%
Total (%)	19.66%	33.70%
Amount of Subordinated Debt raised as Tier - II capital	75,000,000	75,000,000
Amount raised by issue of Perpetual Debt instruments	-	-

In Tier II Capital, the standard asset provision for Loan alone is included other than subordinated debt. The above details have been determined based on the financial statements of the Company as on 31 March 2015 and previous year as on 31 March 2014.

The Company has deducted intangible assets including ERP Capital Work in Progress from Tier I Capital.

ii. Exposure to Real Estate Sector, both Direct and Indirect

Category	As at 31 March 2015	As at 31 March 2014
(a) Direct Exposure		
(i) Residential Mortgages		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Individual housing loans up to Rs.15 lakh may be shown separately)	–	–
(ii) Commercial Real Estate -		
Lending secured by mortgages on commercial realestates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	–	–
(iii) Investments in Mortgage Backed Securities (MBS) and other Securitised exposures -		
a. Residential	16,833,135	15,108,375
b. Commercial Real Estate.	–	–
(b) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	865,844,920	401,512,569

38. Asset Liability Management

Maturity Pattern of Certain items of Assets and Liabilities:

Particulars	Upto 1 Month	over 1 Month to 2 Months	Over 2 Months to 3 Months	Over 3 Months to 6 Months	Over 6 Months to 1 Year	Over 1 Year to 3 Years	Over 3 Years to 5 Years	Over 5 Years	Total
Liabilities:									
Borrowing from Banks & Others	512,785,505	343,209,318	280,613,053	413,545,903	972,260,063	2,396,967,491	-	-	4,919,381,333
Market Borrowings	194,999,810	250,000,000	52,000,000	19,750,000	1,514,750,000	1,852,500,000	-	-	3,883,999,810
Assets:									
Advances	712,340,859	444,722,497	487,498,653	1,491,957,899	2,174,816,002	2,311,006,200	45,231,275	15,000,000	7,682,573,385
Investments	54,768,437	60,029,626	106,027,992	391,798,162	570,169,358	1,154,140,732	127,851,958	14,997,038	2,479,783,303

This amount excludes interest accrued but not due and the above figures are based on the financial statements of the Company as on March 31, 2015.

Particulars	Upto 1 Month	over 1 Month to 2 Months	Over 2 Months to 3 Months	Over 3 Months to 6 Months	Over 6 Months to 1 Year	Over 1 Year to 3 Years	Over 3 Years to 5 Years	Over 5 Years	Total
Liabilities:									
Borrowing from Banks & Others	69,348,462	179,845,354	122,317,361	433,044,952	491,896,740	806,125,934	-	-	2,102,578,803
Market Borrowings	52,000,000	-	52,000,000	52,000,000	499,000,000	586,500,000	147,500,000	-	1,389,000,000
Assets:									
Advances	200,072,893	150,044,513	150,825,300	429,385,939	692,864,301	780,119,737	80,006,806	-	2,483,319,489
Investments	127,620,645	80,795,752	69,710,700	273,534,071	383,268,429	675,455,813	13,849,396	5,674,190	1,629,908,996

This amount excludes interest accrued but not due and the above figures are based on the financial statements of the Company as on March 31, 2014

39. Disclosure Pursuant to Reserve Bank of India Notification DNBS.193DG (VL) - 2007 dated 22 February 2007:

As at 31 March 2015

S.No	Particulars	Amount Outstanding in INR.	Amount Overdue in INR.
Liabilities:			
(1)	Loans and Advance availed by the NBFC inclusive of interest accrued thereon but not paid		
(a)	Debentures		
	Secured	2,658,999,810	-
	Unsecured	75,000,000	-
	(Other than Falling within the meaning of public Deposits)		
(b)	Deferred Credits		-
(c)	Term Loans	3,164,144,873	-
(d)	Inter- Corporate Loans and Borrowings		-
(e)	Commercial Paper	1,150,000,000	-
(f)	Other Loans	1,755,236,460	-

S.No	Particulars	Amount Outstanding as on 31 March 2015 in INR.
(2)	Break up of Loans and Advances including Bills Receivables (Other than those included in (3) below):	
(a)	Secured	7,667,573,385
(b)	Unsecured	15,000,000

(3)	Break up of Leased Assets and Stock on Hire and Other Assets counting towards AFC activities	
(i)	Lease Assets including Least Rentals Accrued and Due:	
	a) Financial Lease	-
	b) Operating Lease	-
(ii)	Stock on Hire including Hire Charges under Sundry Debtors:	
	a) Asset on Hire	-
	b) Repossessed Assets	-
(iii)	Other Loans counting towards AFC	
	a) Loans where Assets have been Repossessed	-
	b) Loans other than (a) above	-

S.No	Particulars	Current Investment	Long Term Investment
(4)	Break-up of Investments		
I	Quoted:		
(i)	Shares :		
	(a) Equity		-
	(b) Preference		-
(ii)	Debentures and Bonds		-
(iii)	Government Securities		-
(iv)	Others (Please Specify)		-
II	Unquoted:		
(i)	Shares :		-
	Equity		12,879,670
	Preference		-
(ii)	Debentures and Bonds		-
(iii)	Government Securities		-
(iv)	Others (Investments in Pass Through Certificates and Other Rated Transactions)	1,182,793,575	1,284,110,058

Amount in INR

S.No	Category	As at 31st March 2015 (Net of Provision) (Refer Note below)		
(5)	Borrower Group-wise Classification of Assets Financed as in (2) and (3) above			
		Secured	Unsecured	Total
1	Related Parties			
	(a) Subsidiaries	-	15,000,000	15,000,000
	(b) Companies in the same Group	245,049,512	-	245,049,512
	(c) Other Related Parties	149,528,041	-	149,528,041
2	Other than Related Parties	7,253,826,898	-	7,253,826,898

Note: The amount of Assets financed represents the net owned portfolio outstanding after adjusting the provisions for standard assets amounting to INR 19,168,934 /-

S.No	Category	Market Value/Break- up Value or Fair Value or Net Asset Value	Book Value (Net of Provisioning) (Refer Note below)
(6)	Investor Group-Wise Classification of all Investments (Current and Long Term) in Shares and Securities (both Quoted and Unquoted)		
1	Related Parties		
	(a) Subsidiaries	-	12,879,670
	(b) Companies in the Same Group	-	-
	(c) Other Related parties	-	-
2	Other than Related Parties	-	2,460,736,374
	Total	-	2,473,616,044

Note: The amount of Investments represents the investments made in securitisation and other rated transactions after adjusting the provisions for standard assets amounting to INR 6,167,259/-

(7)	Other Information	Related Parties	Other than Related Parties
(i)	Gross Non-Performing Assets	-	-
(ii)	Net Non-Performing Assets	-	-
(iii)	Assets Acquired in Satisfaction of Debt	-	-

The above figures are based on the financial statements of the company as at 31 March 2015

40. Disclosure Pursuant to Reserve Bank of India Notification RBI/2014-15/299 DNBR (PD) CC.No.002/03.10.001/2014-15 dated November 10, 2014:

i. Investments

			Particulars	As at March 31, 2015	As at March 31, 2014
1			Value of Investments		
	(i)		Gross Value of Investments		
		(a)	In India	2,479,783,303	1,629,908,996
		(b)	Outside India,	-	-
	(ii)		Provisions for Depreciation		
		(a)	InIndia	-	-
		(b)	Outside India,	-	-
	(iii)		Net Value of Investments		
		(a)	InIndia	2,479,783,303	1,629,908,996
		(b)	Outside India.	-	-
2			Movement of provisions held towards depreciation on investments.		
	(i)		Opening balance	-	-
	(ii)		Add: Provisions made during the year	-	-
	(iii)		Less: Reversal of provision on account of merger	-	-
	(iv)		Closing balance		

- -

ii. Exposure to the Capital Market

	Particulars	As at March 31, 2015	As at March 31, 2014
(i)	direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	-	-
(ii)	advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii)	advances forany other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
(iv)	advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutualfunds i.e.where the primary security other than shares/ convertible bonds /convertible debentures / units of equity oriented mutual funds'does not fully cover the advances;	-	-
(v)	secured and unsecured advances to stockbrokers and guarantees issued on behalf of stock brokers and marketmakers;	-	-
(vi)	loans sanctioned to corporates against the security of shares/ bonds/ debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii)	bridge loans to companies against expected equity flows/issues;	-	-
(viii)	all exposures to Venture Capital Funds (both registeredandunregistered)	-	-
	Total Exposure	NIL	NIL

iii. Other Regulator Registration

S.No	Regulator	Registration no
1	Ministry of Corporate Affairs	U65910TN1989PTC017021
2	Reserve Bank of India	B-07-00430

iv. Penalties levied by the above Regulator - Nil

v. Ratings assigned by Credit Rating Agencies -

	As at March 31, 2015	As at March 31, 2014
Commercial paper & Non- convertible Debentures -	ICRA A1+ CARE A1+	ICRA A1 CARE A1
Short Term		
Working Capital Demand Loans	Nil	Nil
Cash Credit	Nil	Nil
Bank Term Loans	ICRA A+	ICRA A
Non-Convertible Debentures - Long term	ICRA A+	ICRA A+
Subordinated Debt	ICRA A+	ICRA A+
Perpetual Debt	Nil	Nil

vi. Concentration of Advances

Amount in INR

	As at March 31, 2015	As at March 31, 2014
Total Advances to twenty largest borrowers	4,754,640,682	2,105,519,173
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	62.01%	84.79%

vii. Concentration of Exposures

Amount in INR

	As at March 31, 2015	As at March 31, 2014
Total Exposure to twenty largest borrowers/customers	5,067,285,907	2,246,870,219
Percentage of Exposures to twenty largest borrowers /Customers to Total Exposure of the NBFC on borrowers/customers.	61.17%	81.54%

viii. Concentration of NPAs

	As at March 31, 2015	As at March 31, 2014
Total Exposure to top four NPA accounts	-	-

ix. Sector-wise NPAs as on March 31, 2015

Sl.No	Sector	Percentage of NPAs to Total Advances in that sector as on March 31, 2015	Percentage of NPAs to Total Advances in that sector as on March 31, 2014
1.	Agriculture & alliedactivities	-	-
2.	MSME	-	-
3.	Corporate borrowers	-	-
4.	Services	-	-
5.	Unsecured personal loans	-	-
6.	Autoloans (commercial vehicles)	-	-
7.	Other loans	-	-

x. Movement of NPAs

	Particulars	31.03.15	31.03.14
(i)	Net NPAs to Net Advances (%)	-	-
(ii)	Movement of NPAs (Gross)		
	(a) Opening balance	-	-
	(b) Additions during the year	-	-
	(c) Reductions during the year	-	-
	(d) Closing balance	-	-
(iii)	Movement of Net NPAs		
	(a) Opening balance	-	-
	(b) Additions during the year	-	-
	(c) Reductions during the year	-	-
	(d) Closing balance	-	-
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	(a) Opening balance	-	-
	(b) Provisions made during the year	-	-
	(c) Write-off / write-back of excess provisions	-	-
	(d) Closingbalance	-	-

xi. Customer Complaints

(a)	No. of complaints pending as on April 01, 2014	-
(b)	No. of complaints received during the year	-
(c)	No.of complaints redressed during the year	-
(d)	No. of complaints pending as on March 31, 2015	-

Note:

The above summary is prepared based on the information available with the Company and relied upon by the Auditors.

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

For and on behalf of the Board of Directors

Chief Executive Officer and Director

Director

Place: Chennai
Date:5 May, 2015

Chief Financial Officer

Company Secretary

CONSOLIDATED FINANCIALS

2014-15

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF IFMR CAPITAL FINANCE PRIVATE LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of IFMR CAPITAL FINANCE PRIVATE LIMITED (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at 31st March, 2015, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as 'the Act')that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place 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 Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, as at 31st March, 2015, and theirconsolidated profit and their consolidated 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, 2015 ('the Order'), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditors' reports of the Holding company and subsidiary companies incorporated in India, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required bySection143(3) of the Act, we report, to the extent applicable, that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
   (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and our auditors' report of the holding company and the subsidiaries.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

(d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2015 taken on record by the Board of Directors of the Holding Company and our reportsas the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies, is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

  i. The consolidated financial statements disclose the impact of pending litigations on the financial position of the Group -Refer Note 27 (ii) to the consolidated financial statements;

  ii. The Group has made provision as required under the applicable law or accounting standards for material foreseeable losses, if any, on long-term contracts - Refer Note 36 to the consolidated financial statements. The Company does not have any derivative contracts;

  iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 008072S)

Bhavani Balasubramanian
Partner
Membership No. 22156

CHENNAI
5 May 2015

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph (1) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Having regard to the nature of the business / activities / results during the yearof the Holding Company and Subsidiary Companies incorporated in India, clauses (ii), (v) and (vi) of paragraph 3 of the Order are not applicable to the Group:

i. In respect of its fixed assets of the Holding Company and Subsidiary companies incorporated in India:

  (a) The respective entities have maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

  (b) The fixed assets were physically verified during the year by the Management of the respective entities in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

ii. The Holding Company and Subsidiary companies incorporated in Indiahas not granted any loans to companies, firms or other parties covered in the Register maintained under section 189 of the Companies Act, 2013.

iii. In our opinion and according to the information and explanations given to us, there is an adequate internal control system in the Holding Company and Subsidiary companies incorporated in India,commensurate with the size of the respective entities and the nature of their business for the purchase of fixed assets and for the sale of services and during the course of our audit we have not observed any continuing failure to correct major weaknesses in such internal control system.

iv. According to the information and explanations given to us, in respect of statutory dues of Holding Company and Subsidiary companies incorporated in India:

  (a) The respective entities have been regular in depositing undisputed dues, including Provident Fund, Income-tax, Service Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.

  (b) There were no undisputed amounts payable in respect of Provident Fund, Income-tax, Service Tax,Cess and other material statutory dues in arrears as at 31st March 2015 for a period of more than six months from the date they became payable.

  (c) Details of dues of Service Tax and Cess which have not been deposited as on 31st March 2015 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (Rs.)
Finance Act 1994	Service Tax	Commissioner of Service Tax	Assessment year 2009-10 to 2011-12	853,816

  (d) There are no amounts that are due to be transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder.

v. The Group its associates and jointly controlled entities does not have consolidated accumulated losses at the end of the financial year and the Group, its associates and jointly controlled entities have not incurred cash losses on a consolidated basis during the financial year covered by our audit and in the immediately preceding financial year.

vi. In our opinion and according to the information and explanations given to us, the Holding Company and Subsidiary companies incorporated in India have not defaulted in the repayment of dues to financial institutions, banks and debenture holders.

vii. In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Holding Company and Subsidiary companies incorporated in India for loans taken by others outside of the group from banks and financial institutions are not, prima facie, prejudicial to the interests of the Group.

viii. In our opinion and according to the information and explanations given to us, the term loans have been applied by the Holding Company and Subsidiary companies incorporated in India during the year for the purposes for which they were obtained, other than temporary deployment pending application.

ix. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Holding Company and Subsidiary companies incorporated in India and no material fraud on the Holding Company and Subsidiary companies incorporated in India has been noticed or reported during the year.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No. 008072S)

Bhavani Balasubramanian
Partner
Membership No. 22156

CHENNAI
5 May 2015

IFMR Capital Finance Private Limited
Consolidated Balance Sheet for the Year Ended 31 March, 2015

Amount in INR

Particulars	Note Reference	As at 31 March, 2015
I EQUITY AND LIABILITIES		
Shareholders' Funds		
Share Capital	3	783,654,730
Reserves and Surplus	4	1,417,201,729
		2,200,856,459
Preference shares issued by subsidiary companies outside the Group	3d	44,500,000
Non Current Liabilities		
Long Term Borrowings	5	4,249,467,491
Other Long Term Liabilities	6	169,448,682
Long Term Provisions	7	19,723,836
		4,438,640,009
Current Liabilities		
Short Term Borrowings	8	1,898,645,598
Trade Payables	9	56,184,528
Other Current Liabilities	10	3,163,511,626
Short Term Provisions	11	19,472,560
		5,137,814,312
TOTAL		**11,821,810,780**
II ASSETS		
Non Current Assets		
Fixed Assets		
Tangible Assets	12	3,185,844
Intangible Assets	12	13,173
Intangible Assets under development		17,561,201
		20,760,218
Goodwill on Consolidation		17,463,289
Non Current Investments	13	1,333,860,058
Deferred Tax Assets (Net)	35	18,966,873
Receivables under Financing Activity	17	2,356,237,475
Long-term loans and advances	14	19,904,781
Other Non Current Assets	15	259,292,058
		4,026,484,752
Current Assets		
Current Investments	16	1,183,943,575
Receivables under Financing Activity	17	5,311,335,910
Cash and Cash equivalents	18	823,437,747
Short Term Loans and Advances	19	195,136,114
Other Current Assets	20	281,472,682
		7,795,326,028
TOTAL		**11,821,810,780**

See accompanying notes forming part of the financial statements

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of the Board of Directors

Bhavani Balasubramanian
Partner

Chief Executive Officer and Director

Director

Place: Chennai
Date : 5 May 2015

Chief Financial Officer

Company Secretary

IFMR Capital Finance Private Limited
Consolidated Statement of Profit and Loss for the Year Ended 31 March, 2015

Amount in INR

Particulars	Note Reference	For the year ended 31 March, 2015
INCOME		
Revenue from Operations	21	1,500,306,427
Other Income	22	19,979,615
TOTAL REVENUE (I)		1,520,286,042
EXPENDITURE		
Finance costs	23	663,437,207
Employee Benefits Expense	24	152,864,591
Provision for Standard Assets	25	16,963,149
Depreciation/ Amortisation Expense	12	2,022,914
Other Expenses	26	189,072,202
TOTAL EXPENSES (II)		1,024,360,063
Profit before Tax (I - II)		495,925,979
Tax Expenses		
-Current tax expense		132,824,120
- Deferred Tax	35 & 27.3	(17,451,001)
Total Tax Expenses		115,373,119
Profit for the Year		380,552,860
Earnings Per Share (of INR 10/- each)	34	
a) Basic		4.87
b) Diluted		4.87

See accompanying notes forming part of the financial statements

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

For and on behalf of the Board of Directors

Bhavani Balasubramanian
Partner

Chief Executive Officer and Director

Director

Place: Chennai
Date : 5 May 2015

Chief Financial Officer

Company Secretary

IFMR Capital Finance Private Limited
Consolidated Cash Flow Statement for the Year ended 31 March 2015

Amount in INR

Particulars	For the year ended 31 March, 2015
A. Cash flow from operating activities	
Net Profit before tax	495,925,979
Adjustments for:	
Depreciation/ Amortisation Expenses	2,022,914
Amortisation of Processing Fees	17,379,702
Finance costs	645,555,329
Interest income from Bank on Deposits	(35,241,264)
Profit on sale of Mutual Fund Investments	(11,629,037)
Provision for Standard Assets	16,963,148
Provision for Gratuity	2,320,833
Provision for earned leave	1,262,992
Provision for Long term incentive	28,641,936
Provision no longer required written back	(566,250)
Operating profit before working capital changes	**1,162,636,282**
Changes in working capital and Others:	
Adjustments for (increase) / decrease in operating assets:	
Receivable under financing activity (Current)	(3,688,142,965)
Receivable under financing activity (Non Current)	(1,496,110,932)
Short-term loans and advances	(182,855,985)
Investments in securitisation (Current)	(247,863,979)
Investments in securitisation (Non Current)	(589,130,657)
Other Non current assets	(8,289,410)
Other current assets	(133,235,292)
Adjustments for increase / (decrease) in operating liabilities:	
Trade payables	(35,382,205)
Collateral deposits from customers	82,741,132
Other current liabilities	246,420,730
Other Long term liabilities	193,166
Cash used in operations	(4,889,020,115)
Net income tax paid	(127,889)
Interest received on collateral deposit	15,147,619
Interest paid on borrowings	(573,657,885)
Interest paid on security deposits	(37,881,763)
Net cash used in operating activities (A)	(5,485,540,033)
B. Cash flow from investing activities	
Capital expenditure on fixed assets, including capital advances	(11,270,420)
Investment in Collateral deposits (net)	(249,887,515)
Investment in Own deposits (net)	(123,697,155)
Interest Income received from Banks	20,093,645
Investment in Fimpact Fund	(49,750,000)
Proceeds from sale of mutual funds (net)	11,629,037
Net cash used in investing activities (B)	**(402,882,408)**

IFMR Capital Finance Private Limited
Consolidated Cash Flow Statement for the Year ended 31 March 2015

Amount in INR

Particulars	For the year ended 31 March, 2015
C. Cash flow from financing activities	
Proceeds from long-term borrowings	5,690,873,151
Repayment of long term borrowings	(1,777,678,194)
Proceeds from Short-term borrowings	2,900,000,003
Repayment of short term borrowings	(1,501,392,619)
Inflow from Share Capital	274,791,352
Processing fees paid	(22,956,875)
Net cash generated from financing activities (C)	**5,563,636,819**
Net (decrease)/increase in Cash and cash equivalents (A+B+C)	(324,785,622)
Cash and cash equivalents at the beginning of the year	603,805,139
Cash and cash equivalents as at the date of acquisition of subsidiary	37,432,489
Cash and cash equivalents at the end of the year	316,452,006
Reconciliation of Cash and cash equivalents with the Balance Sheet:	
Cash and cash equivalents as per Balance Sheet (Refer Note 18)	321,256,587
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements (Refer note below)	(5,954,581)
Add: Current Investments considered as part of cash and cash equivalents as defined in AS 3 Cash flow statements	1,150,000
Restricted balances placed in deposits account (Refer note below)	
Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements)	316,452,006
* Comprises of:	
Balances with banks in current accounts	315,302,006
Investment in units of mutual funds	1,150,000

* Notes

These earmarked account balances with banks can be utilised only for the specific identified purposes.

See accompanying notes forming part of the financial statements

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants

Bhavani Balasubramanian
Partner

Place: Chennai
Date : 5 May 2015

For and on behalf of the Board of Directors

Chief Executive Officer and Director

Director

Chief Financial Officer

Company Secretary

1. CORPORATE INFORMATION

IFMR Capital Finance Private Limited **(IFMR Capital)**, a subsidiary of IFMR Holdings Private Limited is a non-banking finance companywhose objective is to provide liquidity and develop access to debt-capital markets for institutions that impact financially excluded households and enterprises.

During the year, the Company had acquired 100% of the equity shareholding of IFMR Investment Adviser Services Private Limited with effect from 26th March, 2015, and 100% of equity shareholding of IFMR Investment Managers Private Limited with effect from 27th March, 2015. Accordingly, the consolidated financial statements have been prepared for the first time and hence there are no comparative figures for the previous year.

IFMR Investment Adviser Services Private Limited was incorporated on 27th September 2012, under the Companies Act, 2013 with the aim to undertake the business of facilitating investments and act as advisors to provide financial/ investment advice to both Indian and Foreign Investors.

IFMR Investment Managers Private Limited was incorporated on 17th February 2014, under the Companies Act, 2013 with the aim of carrying on the business of Investment Company and also to provide portfolio management services to Offshore funds and all kinds of Investment Funds. The Company has been appointed as the investment manager by the Trustee of IFMR Finance for Freedom Social Venture Fund ("the Fund"), SBI CAP Trustee Company Ltd., for the purpose of advising, managing and administering the Grants and contributions received by the Fund.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of accounting and preparation of financial statements:

The consolidated financial statements of the Company and its subsidiaries (together the 'Group') have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules 2014 and the relevant provisions of Companies Act 2013 (the 2013 Act) / Companies Act 1956 (the 1956 Act) as applicable. The consolidated financial statements have been prepared on accrual basis under the historical cost convention.The Company follows the prudential norms for income recognition, asset classification and provisioning as prescribed by Reserve Bank of India for Systemically Important Non-deposit taking Non-Banking Finance Companies (NBFC-ND-SI).

2.2 Principles of Consolidation

The consolidated financial statements relate to IFMR Capital Finance Private Limited (the 'Company') and its subsidiary companies hereinafter collectively referred to as "the Group". The consolidated financial statements have been prepared on the following basis:

(a) The financial statements of the subsidiary companies used in the consolidation are drawn upto the same reporting date as that of the Company i.e., 31 March, 2015.

(b) The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and resulting unrealised profits or losses, unless cost cannot be recovered.

(c) The excess of cost to the Group of its investments in the subsidiary companies over its share of equity of the subsidiary companies, at the dates on which the investments in the subsidiary companies were made, is recognised as 'Goodwill' being an asset in the consolidated financial statements and is tested for impairment on annual basis.The 'Goodwill' is determined separately for each subsidiary company and such amounts are not set off between different entities.

(d) Following subsidiary companies, (all incorporated in India) have been considered for consolidation:

Name of the Company	Relationship	Year end	Proportion of ownership as at 31 March 2015
IFMR Investment Adviser Services Private Limited	Subsidiary (effective from 26 March 2015)	31 March	100%
IFMR Investment Manager Private Limited	Subsidiary (effective from 27 March 2015)	31 March	100%

(e) Goodwill on Consolidation:

Name of the Company	Goodwill on consolidation as at 31 March 2015 in INR
IFMR Investment Adviser Services Private Limited	17,159,809
IFMR Investment Manager Private Limited	303,480
Total	**17,463,289**

2.3 Use of estimates:

The preparation of the consolidated financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made by the management that affect the reported amount of assets and liabilities on the date of financial statements and the reported amount of revenues and expenses during the year. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable.Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the period in which the results are known/materialize.

2.4 Operating Cycle

Based on the nature of activities of the group and the normal time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the group has ascertained its operating cycle as 12 months for the purpose of current, non-current classification of assets and liabilities.

2.5 Fixed Assets and Depreciation/Amortisation:

(a) Tangible / Intangible fixed assets:-

Fixed assets are carried at cost less accumulated depreciation / amortisation. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use.

(b) Capital Work in Progress :

Projects under which tangible/ intangible fixed assets are not yet ready for their intended use are carried at cost, comprising of direct cost and related incidental expenses.

(c) Depreciation:

Depreciation on tangible assets have been provided on the Written Down Value Method as per the remaining useful life of the asset as per the provisions of Schedule II of the Companies Act, 2013, except leasehold improvements which are depreciated over the period of lease.

Intangibles are amortized over their estimated useful life. The estimated useful life of intangible assets and the amortization period are revised at the end of each financial year and the amortization period is revised to reflect the changed pattern, if any.

2.6 Impairment of Assets:

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. The following intangible assets are tested for impairment each financial year even if there is no indication that the asset is impaired:

(a) an intangible asset that is not yet available for use; and (b) an intangible asset that is amortised over a period exceeding ten years from the date when the asset is available for use.

If the carrying amount of the assets exceeds the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognised.

2.7 Investments:

Investments that are readily realisable and are intended to be held for not more than one year the date, on which such investments are made, are classified as current investments. All other investments are classified as long term investments. Current investments are stated at lower of cost and fair value. Long-term investments are stated at cost of acquisition. Provision for diminution is made if such diminution is considered other than temporary in nature. Investments in Mutual Funds are valued at the lower of cost or fair value, prevailing as at the balance sheet date.

2.8 Receivables under Financing Activity

All loan exposure to borrowers with installment structure is stated at the full agreement value after netting off installment appropriated up to the year end.

2.9 Revenue Recognition:

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured as under:

I. Interest income from financing activity is recognized under the internal rate of returnmethod.
II. Income from securitization/ investment in Commercial Paper is recognized on straight line basis/ based on coupon rate, as per the terms of respective contracts
III. Income from guarantee facility is recognized on accrual basis in terms of underlying agreement.
IV. Income from other Financial Services is recognized when the services are rendered and related costs are incurred in the statement of profit and loss.
V. Interest income on deposits / investments in FIMpact Fund is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.
VI. Dividend income on mutual fund investments is accounted for when the right to receive is established.
VII. Investment Management fee and Upfront set up fee is recognised as per agreement entered into with the Trustee of the Fund
VIII. All other income is recognized on an accrual basis, when there is no uncertainty in the ultimate realisation / collection.

2.10 Employee Benefits:

Employee benefits include provident fund, gratuity and compensated absences.

Defined Contribution Plan:

Provident Fund
The group's contribution to Provident Fund and Family Pension Fund are considered as defined contribution plan and are charged as expenses based on the amount of contribution required to be made and when services are rendered by the employees.

Defined Benefit Plans (Long term employee benefits):

Gratuity
The group accounts for its liability for future gratuity benefits based on the actuarial valuation, as at the balance sheet date, determined by an Independent Actuary using the Projected Unit Credit method. The company's gratuity plan is non-funded.

Compensated Absences
The benefits of compensated absences are accounted for when the employees render the services that increase their entitlement to future compensated absences. Such liability is accounted for based on actuarial valuation, as at the balance sheet date, determined by an independent Actuary using the Projected Unit Credit Method.

Actuarial gains and losses are recognised in the Statement of profit and loss in the year in which they occur.

2.11 Foreign Currency Transactions and Translations:

Transaction in foreign currencies is accounted at the exchange rates prevailing on the date of the transaction and the realized exchange loss /gain are dealt with in the Statement of Profit and Loss.Monetary assets and liabilities denominated in foreign currency are restated at the rates of exchange as on the balance sheet date and the exchange gain/loss is suitably dealt with in the statement of profit and loss.

2.12 Segment Reporting

The group identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

2.13 Leases

Lease arrangements where the risks and rewards incidental to ownership substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis.

2.14 Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

2.18 Service Tax Input Credit:

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing/utilizing the same.

The services rendered by the Company primarily fall under the service tax category of 'Banking and Financial Services' and in line with Rule No.6(3B) of CENVAT Credit Rules, 2004, the Company can avail 50% of the CENVAT Credit on inputs and input services each month. In line with this, a reversal is accounted for in service tax input credit to the extent of 50% of the total credit available.

2.19 Prepaid finance Charges:

Prepaid finance charges represent ancillary costs incurred in connection with the arrangement of borrowings, including borrowings sanctioned but not availed, and is amortized on a straight line basis, over the tenure of the respective borrowings. Unamortized borrowing costs remaining, if any, is fully expensed off as and when the related borrowing is prepaid/cancelled

2.20 Taxes on Income:

Income tax
Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

Minimum Alternate Tax
Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Group will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Group.

Deferred Tax

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences.Deferred tax assets are recognised for timing differences on items other than unabsorbed depreciation and carried forward business losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets.Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

2.21 Provisions and Contingencies:

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

The following is the Group's policy for classification of assets and provisioning thereon, which is in compliance with the Prudential Norms issued by RBI.

i. Classification of Assets

Asset Classification	Period of Over Due
Standard Assets	Not Overdue and Overdue for less than 180 days
Non-Performing Assets (NPA)	Overdue for 180 days or more
Sub Standard Assets	An asset that has been classified as Non-Performing Asset for a period not exceeding 18 months or an asset where the terms of agreement regarding interest and/or principal have been renegotiated or rescheduled or restructured after commencement of operations until the expiry of one year of satisfactory performance under the renegotiated or rescheduled or restructured terms
Doubtful Assets	Sub Standard assets for more than 18 months
Loss Assets	Assets that are identified as loss asset by the Company or the internal auditor or by the Reserve Bank of India

'Overdue' refers to interest and/or principal and/or installment remaining unpaid from the day it become receivable.

There is no Non-Performing Assets (NPA) as at the Balance Sheet date.

ii. Provisioning Norms for Assets

Asset Classification	Percentage of Provision
Standard Assets	0.25%

2.22 Share Issue Expenses

Share issue expenses are adjusted against the Securities Premium Account as permissible under Section 52 of the Companies Act,2013 to the extent any balance is available for utilization in the Securities Premium Account.

Amount in INR

Particulars	As at 31 March, 2015
Note 3	
Share Capital	
Authorised	
100,000,000 Equity Shares of INR 10/- each, with voting rights.	1,000,000,000
Total	**1,000,000,000**
Issued, Subscribed and Fully Paid-up	
78,365,473 Equity Shares of INR 10/- each with voting rights	783,654,730
Total	**783,654,730**

(a) Reconciliation of Number of Shares and amount outstanding at the beginning and end of the reporting period

Particulars	As at 31 March, 2015	
	No. of Shares	Value of Shares Amount in INR
Balance as at the beginning of the year	73,223,141	732,231,410
Add: Shares allotted during the year (Refer Note b)	5,142,332	51,423,320
Balance as at the end of the year	78,365,473	783,654,730

(b) Details of Shares held by each shareholder holding more than 5% shares

Particulars	As at 31 March, 2015	
	No. of Shares held	% of Shares
IFMR Holding Private Limited - Holding Company	46,225,895	59%
Leapfrog Financial Inclusion India Holdings Limited	32,139,578	41%

During the year, the company issued and allotted 5,142,332 equity shares of INR. 10 each at a premium of INR. 44.45 per share aggregating to INR. 279,999,977 through private placement. Consequently the paid up equity share capital and securities premium has increased by INR. 51,423,320 and INR. 228,576,657 respectively vide resolution dated 27th May, 2014.

(c) Disclosure of Rights

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company. The distribution will be in proportion to the number of equity shares held by the shareholders.

(d) Preference shares issued by subsidiary companies outside the group

IFMR Investment Adviser Services Private Limited	
85,000 8 % Redeemable Preference Shares of INR 100 each (Refer Note 1 below)	8,500,000
IFMR Investment Manager Private Limited	
360,000 Redeemable Preference Shares of INR 100 each (Refer Note 2 below)	36,000,000
Total	44,500,000
Arrears of Fixed cumulative Dividend on Preference Shares as at 31st March 2015 - INR 3,015,781	

Terms / rights attached to Preference Shares:

Note 1:

Preference Shares are redeemable at par at the end of 4 years from the date of allotment i.e. 28th February 2013 & 31st July 2014

The preference shareholder is entitled to vote only on resolution placed before the Company which directly affects the rights attached to such preference shares as set out in Section 62(1)(a) of the Companies Act, 2013.The right to entitlment for dividend on preference shares not declared in a financial year shall be carried forward to the subsequent financial years.

Note 2

Preference Shares are redeemable at par at the end of 4 years from the date of allotment:

The preference shareholder is entitled to vote only on resolution placed before the Company which directly affects the rights attached to such preference shares as set out in Section 62 (1) (a) of the Companies Act, 1956.The right to entitlement for dividend on preference shares not declared in a financial year shall be carried forward to the subsequent financial years.

Amount in INR

Particulars	As at 31 March, 2015
Note 4	
Reserves and Surplus	
Statutory Reserves	
Opening Balance	48,509,361
Add : Transfer from surplus in Statement of Profit and Loss	76,467,138
Closing Balance	**124,976,499**
* Statutory Reserve represents the Reserve Fund created under Section 45IC of the Reserve Bank of India Act, 1934	
Securities Premium Account	
Opening balance	571,142,162
Add : Premium on shares issued during the year	228,576,657
Less : Utilised during the year for writing off share issue expenses - (Refer note below)	5,208,625
Closing balance	**794,510,194**
Note : Expenses of INR 5,208,625 (PY INR 16,626,438) incurred in connection with the equity raise through private placement have been adjusted against Securities Premium Account.	
Surplus in Statement of Profit and Loss	
Opening Balance	194,028,200
Less : Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets with Nil remaining useful life (Net of deferred tax - INR 205,395) (Refer Note 27.3)	(398,886)
Add: Profit for the year	380,552,860
	574,182,174
Less:Transferred to Statutory Reserve	(76,467,138)
Closing Balance	497,715,036
Total	1,417,201,729

Note 5	
Long Term Borrowings	
Debentures	
Secured - Refer Note (i to vi)	
Secured - Non Convertible Debentures	1,785,000,000
Unsecured - Refer Note (vii)	
Unsecured - Non Convertible Debentures	67,500,000
	1,852,500,000
Term Loan & Other Facility from Banks - Secured - Refer Note (viii to xxvii)	1,704,141,383
Term Loan from Others - Secured - Refer Note (xxviii to xxxiv)	692,826,108
Total	2,396,967,491
Total	4,249,467,491
For the current maturities of long term debt, refer Note No 10	

Note 5 - Long Term Borrowings - Secured (Contd.)

S. No	Particulars	Rate of interest	Date of loan taken	Date of maturity	Security/ Repayment details	As at 31 March, 2015	
						Non current	Current
Debentures - Secured							
i	Debentures	12.35%	23-Dec-11	30-Jun-15	The Company has issued 360, 12.35% Non Convertible Debentures (Listed) of INR 1,000,000 each redeemable at par in 10 quarterly instalments of INR 36,000,000 each beginning from 2nd April, 2013 for which interest is payable every quarter beginning from March 2012. These debentures are secured by way of exclusive floating charge over the investment into or credit enhancement for asset pools (Securitization Transaction) originated by the MFI and any form of credit exposure in the new asset classes of IFMR Capital with a security cover of 1.25 times.	-	36,000,000
ii	Debentures	12.35%	5-Jun-12	30-Dec-15	The Company has issued 160, 12.35% Non Convertible Debentures (Listed) of INR 1,000,000 each redeemable at par in 10 quarterly instalments of INR 16,000,000 each beginning from 30th September, 2013 for which interest is payable every quarter beginning from September 2012. These debentures are secured by way of exclusive floating charge over the investment into or credit enhancement for asset pools (Securitization Transaction) originated by the MFI and any form of credit exposure in the new asset classes of IFMR Capital with a security cover of 1.25 times.	-	48,000,000
iii	Debentures	12.35%	7-Oct-13	15-Apr-17	The Company has issued 570, 12.35% Non Convertible Debentures (Listed) of INR 1,000,000 each redeemable at par in 6 half yearly instalments of INR 95,000,000 each beginning from 15th October, 2014 for which interest is payable every quarter beginning from January 2014. These debentures are secured by way of exclusive floating charge over the investment into or credit enhancement for asset pools (Securitization Transaction) originated by the MFI and any form of credit exposure in the new asset classes of IFMR Capital with a security cover of 1.15 times.	285,000,000	189,999,810
iv	Debentures	13.00%	28-Mar-14	28-Apr-15	The company has issued 150, 13% Non Convertible Debentures (Listed) of INR 1,000,000 each redeemable at par in 2 installments of INR 5 crore and INR 10 crores in October, 2014 and April, 2015. Secured by way of First ranking and continuing charge over book debts and investments	-	100,000,000
v.	Debentures	11.20%	30-Oct-14	23-Mar-16	The Company has issued 500, 11.20% Non Convertible Debentures (Listed) of INR 1,000,000 each redeemable at a premium of INR 159,890 each in single installment in March, 2016. Secured by way of First ranking and continuing charge over book debts and investments. Refer Note 10 (4).	-	500,000,000
vi.	Debentures	11.15%	20-Feb-15	13-Mar-18	The Company has issued 1500, 11.15% Non Convertible Debentures (Listed) of INR 1,000,000 each redeemable at par in March 2018. Secured by way of First ranking and continuing charge over books debts and investments	1,500,000,000	-
					Total	1,785,000,000	873,999,810

S. No	Particulars	Rate of interest	Date of loan taken	Date of maturity	Security/ Repayment details	As at 31 March, 2015	
						Non current	Current
Debentures - Unsecured							
vii	Debentures	14.50%	18-Sep-13	18-Dec-18	The Company has issued 1500, 14.5% Non Convertible Debentures (subordinated, listed) of INR 50,000 each redeemable at par in 8 half yearly installments commencing from Sep 2015 and ending December 2018. The debenture issued is unsecured	67,500,000	7,500,000
					Total	67,500,000	7,500,000
Term Loans from Banks - Secured							
viii	Ratnakar Bank Limited	13.25%	25-Jul-12	1-Jul-14	Repayable in 7 quarterly installments commencing from January 2013 and ending July 2014. Floating and exclusive charge over book debts and investments	-	-
ix	Ratnakar Bank Limited	13.25%	22-Feb-13	22-Oct-15	Repayable in 11 quarterly installments commencing from August 2013 and ending October 2015. Floating and exclusive charge over book debts and investments	-	72,727,273
x	South Indian Bank Limited	13.00%	11-Feb-13	11-May-16	Repayable in 12 equal quarterly installments commencing from August 2013 and ending May 2016. Floating and exclusive charge over book debts and investments	20,833,260	83,333,360
xi	Central Bank of India	13.00%	28-Mar-13	28-Jun-16	Repayable in 12 quarterly installments commencing from September 2013 and ending June 2016. Floating and exclusive charge over book debts and investments	12,500,000	50,000,000
xii	Federal Bank Limited	13.00%	30-May-14	31-May-17	Repayable in 10 quarterly installments commencing from May 2014 and ending May 2017. Floating and exclusive charge over book debts and investments	99,959,660	80,000,000
xiii	Ratnakar Bank Limited	13.25%	31-Dec-13	31-Dec-16	Repayable in 11 equated quarterly installments commencing from June 2014 ending December 2016. Floating and exclusive charge over book debts and investments	40,909,096	54,545,452
xiv	IDBI Bank	13.25%	6-Sep-13	6-Jun-16	Repayable in 10 equated quarterly installments commencing from March 2014 ending June 2016. Floating and exclusive charge over book debts and investments	15,000,000	60,000,000
xv	Uco Bank	13.20%	29-Sep-13	30-Jun-16	Repayable in 10 equated quarterly installments commencing from March 2014 ending June 2016. Floating and exclusive charge over book debts and investments	15,000,000	60,000,000
xvi	Federal Bank Limited	14.00%	23-Sep-13	23-Sep-16	Repayable in 10 equated quarterly installments commencing from June 2014 ending September 2016. Floating and exclusive charge over book debts and investments	49,758,850	100,000,000
xvii	HDFC Bank	12.75%	27-Sep-13	21-Mar-15	Repayable in 6 equated quarterly installments commencing from December 2013 ending March 2015. Floating and exclusive charge over book debts and investments	-	-
xviii	HDFC Bank	12.50%	28-Mar-14	28-Sep-15	Repayable in 5 equated quarterly installments commencing from September 2014 ending September 2015. Floating and exclusive charge over book debts and investments	-	40,000,000
xix	HDFC Bank	12.50%	30-Sep-14	30-Sep-16	Repayable in 8 equated quarterly installments commencing from December 2014 ending September 2016. Floating and exclusive charge over book debts and investments	37,500,000	75,000,000
xx	HDFC Bank	11.75%	31-Mar-15	30-Sep-17	Repayable in 10 equated quarterly installments commencing from December 2014 ending September 2016. Floating and exclusive charge over book debts and investments	180,000,000	120,000,000
xxi	Bank of Baroda	13.00%	27-Dec-13	30-Sep-16	Repayable in 11 equated quarterly installments commencing from March 2014 ending September 2016. Floating and exclusive charge over book debts and investments	27,272,724	54,545,456

S. No	Particulars	Rate of interest	Date of loan taken	Date of maturity	Security/ Repayment details	As at 31 March, 2015	
						Non current	Current
xxii	Ratnakar Bank Limited	12.90%	30-Jun-14	30-Jun-17	Repayable in 11 equated quarterly installments commencing from December 2014 ending June 2017. Floating and exclusive charge over book debts and investments	113,636,368	90,909,088
xxiii	Ratnakar Bank Limited	12.50%	18-Dec-14	18-Dec-17	Repayable in 10 equated quarterly installments commencing from September 2015 ending December 2017. Floating and exclusive charge over book debts and investments	175,000,000	75,000,000
xxiv	South Indian Bank Limited	13.00%	29-Sep-14	29-Jun-18	Repayable in 14 equated quarterly installments commencing from March 2015 ending September 2018. Floating and exclusive charge over book debts and investments	128,571,425	57,142,860
xxv	Axis Bank Limited	12.00%	12-Mar-15	12-Mar-18	Repayable in 10 equated quarterly installments commencing from December 2015 ending March 2018. Floating and exclusive charge over book debts and investments	400,000,000	100,000,000
xxvi	Kotak Mahindra Bank	12.70%	27-Nov-14	27-Nov-16	Repayable in 24 equated monthly installments commencing from December 2014 ending November 2016. Floating and exclusive charge over book debts and investments	70,000,000	105,000,000
xxvii	State Bank of India	12.00%	30-Mar-15	31-Dec-17	Repayable in 11 equated quarterly installments commencing from June 2015 ending December 2017. Floating and exclusive charge over book debts and investments	318,200,000	181,800,000
					Total	1,704,141,383	1,460,003,489
Term Loans from Banks - Secured							
xxviii	Mahindra and Mahindra Financial Services Limited	14.00%	6-Dec-12	31-Dec-14	Repayable in 24 equated monthly installments commencing from January 2013 ending December 2014. Floating and exclusive charge over book debts and investments	-	-
xxix	Mahindra and Mahindra Financial Services Limited	13.75%	28-Mar-14	30-Sep-16	Repayable in 24 equated monthly installments commencing from April 2014 ending September 2016. Floating and exclusive charge over book debts and investments	13,693,986	24,733,270
xxx	Mahindra and Mahindra Financial Services Limited	14.00%	30-Sep-13	31-Mar-16	Repayable in 31 equated monthly installments commencing from October 2013 ending March 2016. Floating and exclusive charge over book debts and investments	-	44,294,517
xxxi	Mahindra and Mahindra Financial Services Limited	14.00%	26-Mar-13	31-Mar-15	Repayable in 31 equated monthly installments commencing from April 2013 ending March 2015. Floating and exclusive charge over book debts and investments	-	-
xxxii	Capital First Limited	13.25%	30-Jun-14	30-Jun-17	Repayable in 6 equated quarterly installments commencing from March 2016 ending June 2017. Floating and exclusive charge over book debts and investments	416,666,667	83,333,333
xxxiii	Tata Capital	12.75%	27-Aug-14	10-Aug-17	Repayable in 36 equated monthly installments commencing from August 2014 ending August 2017. Floating and exclusive charge over book debts and investments	119,945,455	79,963,636
xxxiv	Sundaram Finance Limited	12.75%	24-Dec-14	22-Dec-17	Repayable in 12 equated quarterly installments commencing from March 2015 ending December 2017. Floating and exclusive charge over book debts and investments	142,520,000	81,440,000
					Total	692,826,108	313,764,756
					Grand Total	4,249,467,491	2,655,268,055

Amount in INR

Particulars	As at 31 March, 2015
Note 6	
Other Long Term Liabilities	
Collateral Deposits from Customers - (Refer Note below)	
- From Related Parties	6,580,343
- Others	138,906,111
For Long Term Incentive (Refer Note No.29)	23,962,228
Total	169,448,682

Note: Represents amounts received as security from the borrowers towards issue of Term Loans. Such deposits repayable within 31 March 2016 have been grouped under Note No.10 - Other Current Liabilities

Particulars	As at 31 March, 2015
Note 7	
Long Term Provisions	
Provision for Employee benefits	
For Compensated Absences	2,658,403
For Gratuity (Refer Note No. 31 b)	7,964,564
Provision for Standard Asset (Refer Note No.36)	
On Receivable under Financing Activity	5,890,593
On Investments & Others	3,210,276
Total	19,723,836

Particulars	As at 31 March, 2015
Note 8	
Short Term Borrowings	
Secured	
(i) Loans repayable on demand	
Cash Credit and Bank overdraft (Refer (a) below)	498,645,598
Total	498,645,598
(ii) Commercial Paper (Unsecured) (Refer (b) below)	1,150,000,000
(iii) Short term Loan (Unsecured) (Refer (c) below)	250,000,000
Total	1,898,645,598

(a) Represented by overdraft facility amounting to INR 65,000,000 secured against Fixed Deposits with Kotak Mahindra Bank, and INR 150,000,000 secured against Fixed Deposits with HDFC Bank, Cash Credit facility of INR 300,000,000 with ING Vysya Bank and INR 50,000,000 with Kotak Mahindra Bank

(b) Commercial paper of face value of INR 500,000 each have been issued during the year. This discount is being amortised on a straight line basis over the tenor of the Commercial Paper. The unamortised discount has been disclosed under Note 20 Other Current Assets. The details of the Commercial Paper issued are given below:

Current Year				
No of units	Date of issue	Maturity Date	Amount in INR	Discount Rate
500	3-Dec-14	20-Oct-15	250,000,000	11.20%
300	29-Dec-14	24-Dec-15	150,000,000	11.00%
1,000	29-Dec-14	24-Dec-15	500,000,000	11.00%
500	27-Mar-15	27-May-15	250,000,000	10.40%

(c) Short term loan has been obtained from Indostar Capital Finance Private Limited at an interest of 11.50% with call option and 11.70% and 11.90% without call option repayable in 90, 180 and 270 days from the date of disbursement, as the case may be.

Amount in INR

Particulars	As at 31 March, 2015
Note 9	
Trade Payables	
- Sundry Creditors	53,085,360
- Payable to Related parties (Refer Note No.33)	3,099,168
Total	56,184,528

Particulars	As at 31 March, 2015
Note 10	
Other Current Liabilities	
1. Current Maturities of Long Term Borrowings	
Debentures	
Secured - Non Convertible Debentures Refer Note 5 (i) to (vi)	873,999,810
Unsecured - Non Convertible Debentures Refer Note 5 (vii)	7,500,000
	881,499,810
Term Loan and other facilities from Bank (Secured) (Refer Note 5(viii) to 5(xxvii))	1,460,003,489
Term Loan from Others (Secured) (Refer Note 5(xxviii) to 5(xxxiv))	313,764,756
Collateral Deposits from Customers (Refer Note No.6)	
- From Related Parties (Refer Note 33)	21,530,996
- Others	267,595,108
2. Interest Accrued but Not Due	76,756,038
3. Other Payables	
(i) Statutory Liabilities	54,013,279
(ii) Other Liabilities	8,404,365
4. Premium payable on redemption of Non-Convertible Debentures (Refer Note 5(v))	79,943,785
Total	3,163,511,626

Particulars	As at 31 March, 2015
Note 11	
Short Term Provisions	
1. Provision for Employee benefits	
For Compensated Absences	438,823
For Gratuity (Refer Note No.31 b)	888,386
2. Provision for Standard Assets (Refer Note No. 36)	
On Receivable under Financing Activity	13,278,340
On Investments & Others	4,867,011
Total	19,472,560

Note 12
Fixed Assets

Amount in INR

Description	Gross Block				Accumulated Depreciation/Amortisation					Net Block
	As at 1 April 2014 *	Additions	Deletions	As at 31 March 2015	As at 1 April 2014 *	For the year (Refer Note 27.3)	Transitional Adjustments (Refer Note 27.3)	Deletions	As at 31 March 2015	As at 31 March 2015
Tangible Assets										
Plant and Machinery	290,437	-	-	290,437	13,011	117,815	20,654	-	151,480	138,957
Computers	3,607,001	2,615,477	42,500	6,179,978	2,700,889	1,320,859	527,277	42,500	4,506,525	1,673,453
Furniture and Fittings	90,684		-	90,684	30,922	9,362	44,207	-	84,491	6,193
Leasehold improvements	1,676,066	-	-	1,676,066	123,983	335,213	-	-	459,196	1,216,870
Office Equipment	18,313	65,688	-	84,001	3,220	38,924	12,143	-	54,287	29,714
PMS Server	6,609,723	-	-	6,609,723	6,308,085	180,981	-	-	6,489,066	120,657
Total	12,292,224	2,681,165	42,500	14,930,889	9,180,110	2,003,154	604,281	42,500	11,745,045	3,185,844
Intangible Assets										
Website Development cost	789,834	-	-	789,834	756,901	19,760	-	-	776,661	13,173
Total	789,834	-	-	789,834	756,901	19,760	-	-	776,661	13,173
Grand Total	13,082,058	2,681,165	42,500	15,720,723	9,937,011	2,022,914	604,281	42,500	12,521,706	3,199,017

* Includes the cost and accumulated depreciation of computers of IFMR Investment Adviser Services Private Limited as on the date of acquisition.

Amount in INR

Particulars	As at 31 March, 2015
Note 13	
Non Current Investments - At Cost - Non Trade	
Investment in units of Securitisation	1,184,610,058
Investment in 1492.5 units of INR 100,000 each in IFMR Fimpact Investment Fund	149,250,000
Total	1,333,860,058
- Aggregate value of quoted Investments	-
- Aggregate value of unquoted Investments	1,333,860,058
-Aggregate market value of investment in units of FIMpact Investment Fund	149,814,965

Note 14	
Long term Loans and Advances	
Advance taxes and tax deducted at source (Net of provision for tax INR 211,728,073)	19,904,781
Total	19,904,781

Note 15	
Other Non Current Assets (Unsecured, considered good)	
Non Current Bank Balances (Refer Note (i) below)	
- Collateral Deposits (Refer Note (ii) below)	147,518,295
Prepaid Finance Charges (Refer Note No.28)	12,962,517
Interest Accrued but Not Due	
On Collateral Deposits	4,743,636
On Investments	94,067,610
Total	259,292,058
Notes:	
(i) Represents cash and cash equivalents that are restricted from being utilised for more than 12 months from Balance Sheet Date	
(ii) Represents amounts received as security from the borrowers towards issue of receivable under financing activity	

Note 16	
Current Investments - (Unquoted - fully paid-up)	
Investments in Securitisation (Valued at Cost)	1,157,793,575
Investment in Commercial Paper (Valued at Cost)	25,000,000
Investments in Mutual Fund (valued at lower of cost and fair value)	
Franklin Templeton India Treasury Management Account Fund - Super IP (550.871 units) of INR 2,089.8,896 each	1,150,000
Total	1,183,943,575
- Aggregate value of unquoted Investments	1,183,943,575
- Aggregate value of quoted Investments	

Amount in INR

Particulars	For the Year ended 31 March 2015
Note 17	
Receivables Under Financing Activity*	
Secured and considered good	
Non Current	
Term Loans	2,279,290,722
Loan to Related Party (Refer Note No.33)	76,946,753
	2,356,237,475
Current	
Term Loans and Working Capital Loans	4,992,716,195
Loan to Related Party (Refer Note No.33)	318,619,715
	5,311,335,910
Total	7,667,573,385
* Secured either by way of charge created on unencumbered assets of the Borrowers (in case Portfolio has not been created out of the lending) or by way of charge on the loan portfolio created out of the lending by the Company	

Note 18	
Cash and cash equivalents	
Cash and cash equivalents as per AS-3 Cashflow Statements	
Balance in Current Account (Refer note (iii) below)	321,256,587
Other Bank Balances	
Collateral Deposits (Refer note (i) below)	293,048,843
Own Deposits (Refer note (ii) and (iii) below)	209,132,317
Total	823,437,747
Notes	
(i) Represents amounts received as security from the borrowers towards financing activities	
(ii) Balances in deposit accounts having an original maturity of more than 12 months	
(iii) Includes collateral deposits of INR 5,954,581 matured as at Balance Sheet date, repaid subsequent to year end.	

Note 19	
Short Term Loans and Advances (Unsecured, considered good)	
Staff Other advances	3,538,382
Rental & Caution Deposit	610,000
Prepaid expenses	1,060,304
Receivable from other financial services	
- Related Party (Refer Note 33)	15,940,217
- Others	171,037,765
Balances with Government Authorities - Service Tax Credit receivable	2,949,446
Total	195,136,114

Note 20	
Other Current Assets	
Prepaid Finance Charges (Refer Note No.28)	16,745,426
Unamortised Discount on Issue on Commercial Paper	65,331,837
Unamortised loss on redemption of Non-Convertible Debentures	56,118,104
Interest Accrued but Not Due	
On Receivable under Financing Activities	34,446,825
On Collateral Deposits	13,696,048
On Investments	91,938,164
On Other Deposits	2,786,132
On investment in Fimpact fund	410,146
Total	281,472,682

Amount in INR

Particulars	For the Year ended 31 March 2015
Note 21	
Revenue from Operations	
Interest Income from financing activity	745,368,100
Income from Securitisation	259,980,442
Income from Guarantee Facility	18,659,802
Income from other Financial Services	
- Processing Fee	88,740,000
- Professional Fee	309,338,445
- Arranger fee for Guarantee facility	45,182,000
Income from Investment in Commercial Paper	508,752
Interest Income from banks on Collateral Deposits from Customers	27,041,079
Profit on Sale of Investments	2,881,471
Upfront Setup fees (Refer Note 37)	2,024,742
Investment Management Fees (Refer Note 37)	16,629
Gain on Investment in Fimpact fund	564,965
Total	1,500,306,427

Note 22	
Other Income	
Interest Income from banks on Deposits	8,200,185
Profit on sale of Mutual Fund Investments	11,778,002
Other Non Operating Income	1,428
Total	19,979,615

Note 23	
Finance Cost	
Interest Expenses on	
- Term Loan	373,771,291
- Debentures	155,708,165
- Cash Credits	4,827,358
- Overdraft Account	11,739,764
- On Collateral Deposits	27,041,079
- On Income Tax/ Service Tax	47,479
Discount on Commercial Paper	72,467,672
Amortisation of Processing Fees	17,379,702
Bank charges	454,697
Total	663,437,207

Amount in INR

Particulars	For the Year ended 31 March 2015
Note 24	
Employee Benefits Expense	
Salaries and Wages	137,438,148
Contribution to Provident Fund(Refer Note 31 a)	5,639,914
Gratuity (Refer Note 31 b)	3,054,836
Compensated absences	1,371,069
Staff Welfare Expenses	5,360,624
Total	152,864,591

Note 25	
Provisions for Standard Assets (Refer Note 36)	
On Receivable under Financing Activities	12,960,635
On Investments and others	4,002,514
Total	16,963,149

Note 26	
Other expenses	
Rent	8,926,280
Rates and Taxes	70,730,380
Travelling and Conveyance	22,846,980
Legal and Professional Charges	69,879,629
Corporate Social Responsibility expenditure (Refer note 27.4)	1,957,130
Communication Expenses	1,870,802
Upfront cost on investment	500,000
Setup Cost - Fund (Refer Note 37)	1,885,388
Repairs and Maintenance - Others	999,513
Printing and Stationery	610,130
Advertisement and Business Promotion	1,276,738
Auditors' remuneration:	
-Statutory & Other Audit	2,900,000
-Certification	100,000
-Tax audit	200,000
-Out of pocket expenses	33,420
Miscellaneous Expenses	4,355,812
Total	189,072,202

27. i. Contingent Liabilities (to the extent not provided for)

i. The Company has entered into a Partial Guarantee Facility Agreement with a bank and has provided guarantees of INR 196,502,445 favoring the bank, representing 10% of the loans provided by the bank to Microfinance Institutions.

ii. The Company has entered into Risk participation Agreements with banks and provided risk participation to the extent of INR140,877,114 favoring the bank with respect to loans provided by the bank to Microfinance Institutions.

iii. The Company has entered into Collateralized Bond Obligation with a Non-Banking Finance Company (NBFC) and has provided guarantee to the extent of INR 383,042,625 favoring the Non-convertible Debentures issued by various NBFCs.

iv. The Company has entered into Second Loss Credit Enhancement agreement and has provided guarantee to the extent of INR 43,588,623.

ii. Disputed demands:

Statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates	Amount involved (in INR)
Finance Act 1994	Service Tax - Disallowance of Input credit	Assistant Commissioner (Appeals)	AY 2010-11 to 2012-13	853,816
Income Tax Act	Disallowance under Sec 14 A read with rule 8 D	Deputy Commissioner (Appeals)	AY 2010-11	450,561
Income Tax Act	Disallowance of processing fees	Commissioner (Appeals)	AY 2012-13	4,703,950

iii. Commitments

Particulars	As at 31 March 2015
Capital Commitments	
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance)	11,400,000

27.2 Expenditure in Foreign Currency (on accrual basis)

Particulars	Amount in INR
Travelling Expenses	1,078,863
Legal and Professional charges	28,103
Books and Periodicals	400,076
Total	1,507,042

27.3 Revision in estimated useful life of Fixed assets (to align with Schedule II of Companies Act, 2013)

The Company has revised the estimated useful life of its assets to align with the useful life with those specified in Schedule II. Assets individually costing Rs. 5,000/- or less that were depreciated fully in the year of purchase are now depreciated based on useful life considered by the Company for the respective category of assets. The details of previously applied depreciation rates/ useful life are as follows:

Asset	Previous depreciation method	Previous depreciation rate/ useful life	Revised useful life based on WDV
Plant and Machinery	WDV	14.1% - 31 years	15 years
Computer	WDV	60% - 5 years	3 years
Furniture and Fittings	WDV	18% - 24 years	10 years
Office Equipment	WDV	14.1%- 31 years	6 years
Leasehold Improvements	SLM	Over the lease period	
Website development cost	WDV	60% - 5 years	6 years

Pursuant to the transition provisions prescribed in Schedule II to the Companies Act, 2013, the Company has fully depreciated the carrying value of assets, net of residual value, where the remaining useful life of the asset was determined to be Nil as on April 1, 2014, and has adjusted an amount of INR 604,285/- (net of deferred tax of INR 205,395/-) against the opening Surplus balance in the Statement of Profit and Loss under Reserves and Surplus.The depreciation expense in the Statement of Profit and Loss for the year is higher by Rs. 302,720/- consequent to the change in the useful life of the assets.

27.4 Expenditure towards Corporate Social Responsibility (CSR) activities:

Nature of Activity	Partner Entity	Amount
Contribution to Section 25 Company	IFMR Finance Foundation	1,957,130
Total		1,957,130
Amount required to be spent u/s 135 of the Companies Act, 2013		1,957,130
Shortfall in spend		Nil

28. Prepaid Finance Charges

During the year the company borrowed INR 8,656,204,991 by way of Term Loan, Commercial Paper and Non-convertible debentures, towards which an amount of INR 22,956,875 has been paid as processing fees. All these borrowing costs are amortized over the tenor of the loan. The unamortised portion of these expenses amounting to INR 29,707,943 is included under Note 15 'Other Non-Current Assets' and Note 20 'Other Current Assets'.

29. Long Term Incentive Plan:

As per the plan, the Participants are allotted Shadow Units which entitles them to receive Shadow Unit Compensation under the Plan. Subject to Participant's continued employment with the Company, the Units shall vest as per the following schedule and can be exercised at the option of the eligible employee:

- 20% at the end of 12 months from the Grant date
- 20% at the end of 24 months from the Grant date
- 30% at the end of 36 months from the Grant date
- 30% at the end of 48 months from the Grant Date.

Provision is made in books to the extent of shadow units vested as per the above vesting schedule. Accordingly the company made a provision for INR 28,641,936 during the current year. Out of the total provision made an amount of INR 23,962,228 is included under Note 6 'Other Long Term Liabilities' and an amount of INR14,968,200 is included under Note 9 'Trade Payables', based on the compulsory vesting conditionby the eligible employees.

30. Distribution Tax on Securitisation Income

As per Section 115TA of Income Tax Act 1961, the securitization income distributed by the Trustee after 1st June, 2013 is subject to distribution tax at 30%, irrespective of the time of accrual of such income. Accordingly, the income from investment in securitization for the year ended 31 March 2015 includes an amount of INR 259,980,442 which has been subjected to a distribution tax of INR 70,392,696 of which INR 8,697,861 has been accrued by the Company in respect of income to be collected in future periods. This distribution tax of INR 70,392,696 has been included under Rates and Taxes in Note 26.

Accounting Standard Disclosures:

31. Employee Benefits:

a. Defined Contribution Plan:

The Group makes Provident Fund Contribution which is a defined contribution plan for qualifying employees. Under the scheme, the company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Group recognizes INR 5,639,914 for Provident Fund contributions in the statement of Profit and Loss. The contribution payable for the scheme by the group is at the rate specified in the rates of the scheme.

b. Defined Benefit Plan

The group's obligation towards Gratuity is a defined benefit plan and no fund is being maintained. The details of actuarial valuation are given below:

Accrued Gratuity Liability

Change in benefit obligation	Amount in INR 2014-15
Accrued Liability as at beginning of the period:	5,786,342
Accrued liability of Subsidiary Company as at the date of acquisition	645,670
Interest Cost	470,553
Current Service Cost	1,275,064
Benefits paid	(633,898)
Actuarial gain / loss	1,309,219
Accrued Liability as at the end of the period:	**8,852,950**
Amounts to be recognized in the Balance Sheet	
Present Value of obligations as on the accounting date:	8,852,950
Fair Value of the Plan Assets:	NIL
Liability to be recognized in the Balance Sheet:	**(8,852,950)**
Amount payable within next one year is included under Note 11 Short Term Provisions	888,386
Amount payable beyond a period of one year is included under Note 7 Long Term Provisions	7,964,564
Expenses to be recognized in the Statement of Profit and Loss	
Interest Cost	470,553
Current Service Cost	1,275,064
Net Actuarial (gain) / loss	1,309,219
Net Expenses to be recognized in Statement of Profit and Loss	**3,054,836**

Name of the Company	IFMR Capital Finance Private Limited	IFMR Investment Adviser Services Private Limited
* Discount Rate:	7.70% per annum	7.80%
* Rate of Salary Escalation:	12.00% per annum	10.00%
* Rate of exit due to reasons other than death or retirement:	15.00% per annum	10.00%
* Rate of Return on Plan Assets:	Does not arise	Does not arise

1. The estimate of future salary increase takes into account inflation, seniority, promotion and other relevant factors.
2. Discount rate is the prevailing market yields used by LIC for similar computations.
3. Experience Adjustments:

Particulars	2014-15
On plan Liability (gain)/loss	1,606,080
On plan Assets (gain) / loss	Nil
Present Value of benefit obligations	8,852,950
Fair Value of Plan Assets	Nil
Excess of obligation over plan assets	8,852,950

c. Compensated absences

The key assumptions used in the computation of provision for long term compensated absences as per the Actuarial Valuation done by an Independent Actuary are as given below:

Particulars	IFMR Capital Finance Private Limited	IFMR Investment Adviser Services Private Limited
Assumptions		
Discount Rate	7.8%	7.80%
Future Salary Increase	12%	10.00%
Mortality Rate	Indian Assured Lives (2006 -08)	Indian Assured Lives (2006 -08)
Attrition rate	15%	10.00%

32. Segment Reporting:

(i) Business segments

The Group has identified business segments as its primary segments and there are no geographic segments. Business segments are primarily "Financing Activity" comprising of direct lending, arranging or facilitating or providing capital either in the form of investments or guarantees and "Advisory Services" and Investment "Management Services". Revenues and expenses directly attributable to segments are reported under each reportable segment. Expenses which are not directly identifiable to each reportable segment have been disclosed as unallocable expenses. Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as unallocable. Fixed assets that are used interchangeably amongst segments are not allocated to any segments.

Particulars	For the year ended 31 March, 2015 Amount (in INR)				
	Business segments			Eliminations	Total
	Financing activity	Advisory Services	Investment Management Services		
Revenue	1,498,076,735	-	2,229,692		1,500,306,427
Inter-segment revenue	11,507	456,165		467,672	-
Total	1,498,088,242	456,165	2,229,692	467,672	1,500,306,427
Segment result	**478,025,160**	**(1,414,196)**	**(664,598)**	**-**	**475,946,364**
Unallocable expenses (net)					-
Operating income					475,946,364
Other income (net)					19,979,615
Profit before taxes					495,925,979
Tax expense					115,373,119
Profit for the year					**380,552,860**

Particulars	For the year ended 31 March, 2015			
	Business segments			Total
	Financing activity	Advisory Services	Investment Management Services	
Segment assets	11,706,713,163	7,388,173	50,224,501	11,764,325,837
Unallocable assets				57,484,943
Total assets				**11,821,810,780**
Segment liabilities	9,570,041,763	5,875,389	537,169	9,576,454,321
Unallocable liabilities				44,500,000
Total liabilities				**9,620,954,321**
Other information				
Capital expenditure (allocable)	19,913,801	328,565		20,242,366
Depreciation and amortisation (allocable)				2,022,914

(ii) Geographical Segment:

The Group does not have any reportable geographical segment as per Accounting Standard 17.

33. Related Party Disclosure

Information relating to related party transactions for the year ended 31 March 2015 (as identified by the management and relied upon by auditors)

Parties where control exists:

Controlling Entity : IFMR Trust - Represented by IFMR Trusteeship Services Private Limited

Holding Company : IFMR Holdings Private Limited

Fellow Subsidiaries with whom the Group had transactions during the year:
Pudhuaaru Financial Services Private Limited
IFMR Finance Foundation
IFMR Mezzanine Finance Private Limited

Companies which have common directors:
Future Financial Services Limited
Disha Microfinance Private Limited

Associate entities with whom the Company had transactions during the year
IFMR Finance for Freedom social Venture Fund

Key Management Personnel:
a. Dr. Kshama Fernandes Chief Executive Officer and Director
b. Mr. V G Suchindran, Chief Executive Officer and Director of IFMR Investment Adviser Services Private Limited
c. Mr. Vineet Sukumar, Chief Financial Officer
d. Ms. Srividhya.R, Company Secretary

Transactions with Related Parties:

Related Party	Transactions	Amount in INR
IFMR Trust	Reimbursement of Expenses	1,976,896
	Employee sharing cost	2,154
	Infrastructure Cost	10,771
	Share of common expenses	6,691,785
Pudhuaaru Financial Services Private Limited	Term Loans disbursed	375,000,000
	Interest on Term Loan	26,380,519
	Cash Collateral	18,750,000
	Interest on Cash Collateral	1,256,811
	Fee income	7,006,748
Future Financial Services Limited	Term Loans disbursed	220,000,000
	Interest on Term Loan	22,357,506
	Cash Collateral	12,750,000
	Interest on Cash Collateral	1,116,442
	Fee income	19,196,838
DishaMicrofin Private Limited	Term Loans disbursed	150,000,000
	Interest on Term Loan	13,635,392
	Cash Collateral	7,500,000
	Interest on Cash Collateral	515,107
	Fee income	10,763,633

Related Party	Transactions	Amount in INR
IFMR Finance Foundation	Corporate Social Responsibility	1,957,130
Kshama Fernandes	Remuneration	8,500,000
	Long Term incentive	6,990,046
V G Suchindran	Remuneration	82,192
Vineet Sukumar	Remuneration	7,500,000
	Long Term Incentive	5,829,221
Srividhya R	Remuneration	1,050,000
IFMR Finance for Freedom social venture fund (Fimpact Investment Fund)	Upfrount Setup charges	2,275,000
	Management Fees	18,684
	Gain on investment	188,322
	Reimbursement of expenses	45,378

Outstanding Balances with Related Parties:

Group Company	Nature of balances outstanding	Amount in INR
IFMR Trust	Reimbursement of Expenses	2,921,180
	Share of common expenses	177,992
Pudhuaaru Financial Services Private Limited	Term Loan	245,663,671
	Cash Collateral	14,580,666
	Accrued Interest receivable on Term Loan	1,740,905
	Interest payable on Cash Collateral	624,028
	Fee income outstanding	1,924
Future Financial Services Limited	Term Loan	142,728,039
	Cash Collateral	12,738,158
	Accrued Interest receivable on Term Loan	1,120,275
	Interest payable on Cash Collateral	910,741
	Fee income outstanding	13,651,929
Disha Microfin Private Limited	Term Loan	7,174,759
	Cash Collateral	792,515
	Accrued Interest receivable on Term Loan	2,949
	Interest payable on Cash Collateral	429,793
	Fee income outstanding	2,341,074
IFMR Finance for Freedom Social Venture Fund (Fimpact Investment fund)	Advances Receivable	18,684
Kshama Fernandes	Advances and Security Deposit	241,947
	Long Term Incentive*	9,324,320
Vineet Sukumar	Long Term Incentive*	7,949,104

* Represents an accumulated provision since 2010, Refer note 29

34. Earnings per share:

Amount in INR

Description	For the year ended 31 March 2015
Profit after tax	380,552,860
Less : Preference dividend payable	3,015,781
Profit after tax attributable to equity share holders	377,537,079
Weighted average Shares allotted & outstanding during the period	77,576,512
Earnings per Share - Basic & Diluted (face value of INR 10/- each)	4.87

35. Deferred Tax

Break up of Deferred Tax Asset and Deferred Tax Liability arising out of timing differences:

Amount in INR

Particulars	As at 31 March 2015
Deferred Tax Liability:	
Unamortized Processing Charges	9,830,917
Depreciation	286,926
Deferred Tax Asset:	
Gratuity	(2,755,629)
Provision for Standard Assets	(9,260,990)
Premium on NCD redemption	(8,098,349)
Provision for compensated absences	(824,987)
Provision for Long term incentive	(8,144,761)
Net Deferred Tax Asset	**(18,966,873)**

36. Provision for Standard Assets:

Amount in INR

Standard Asset Movement	As at 31 March2015
Long Term	
Investments and others	3,210,276
Receivable under Financing Activities	5,890,593
Short Term	
Investments and others	4,867,011
Receivable under Financing Activities	13,278,340
Total Provision on Investments and others	**8,077,287**
Total Provision on Receivable under Financing activities	**19,168,933**
Total	**27,246,220**

Amount in INR

Particulars	Opening Balance	Additional provision	Utilization / Reversal	Closing Balance
Provision for standard assets under financing activity (Refer Note below)	6,208,298	12,960,635	NIL	19,168,933
Provision for standard assets under Investments and others (Refer Note below)	4,074,773	4,002,514	NIL	8,077,287

Note:

a. The Management has reviewed the loan portfolio and the Investments and has identified that there are no Non Performing Assets as at the Balance Sheet date. Hence provisioning has been made at 0.25% on the standard assets relating to loan portfolio as required by RBI Norms.

b. The Management has made a provision at 0.25% on standard assets relating to investments and guarantee facilities as a matter of prudence.

37. IFMR Investment Managers Private Limited has been appointed as the investment manager by the Trustee of IFMR Finance for Freedom Social Venture Fund ("the Fund"), SBI CAP Trustee Company Limited, for which the Company receives an upfront set up fee of 0.5% of the total capital committed by the Contributors of the Fund and disclosed as 'Upfront Set up fee' in Note 21 and also management fee of 1% per annum on the capital committed by the Class B and Class C unit holders of the Fund and disclosed as 'Investment Management Fee' under Note 21.

38. These Consolidated Financial Statements have been prepared for the first time during the current year. Hence there are no comparative figures for the previous year.

For and on behalf of the Board of Directors

Chief Executive Officer and Director Director Chief Financial Officer

CompanySecretary

Place: Chennai

Date:5 May, 2015