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GURGAON
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BENGALURU
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IFMR Capital

Creating capital markets access for financially excluded households and institutions

ANNUAL REPORT 2015-16

ANNUAL REPORT 2015-16

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 head quartered in Chennai, India. Its mission is to provide efficient and reliable access to capital markets for institutions that provide debt capital 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 diverse investors using its own capital to co-invest and credit enhance the transaction. In its capacity as 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, insurance companies, private wealth investors, non-banking financial companies, development finance institutions, offshore funds and others. Transactions arranged by IFMR Capital routinely get upgraded by credit rating agencies. Portfolio performance has been strong with no losses incurred by IFMR Capital or its investors since inception.

Message from the Chairperson

It is my pleasure to present the Annual Report of IFMR Capital for 2015-16. 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 by hundreds of high-quality, local Originators that serve the length and breadth of our country. It was a great source of pride for us to reach the milestone of serving 100 Originators this year - these represent some of the most innovative and customer-centric financial institutions in India today. Collectively, these 100 Originators in turn serve over 16 million clients located in 499 districts of the country. We enabled INR 132.44 billion of financing for our clients - a growth of 78 percent over the previous FY.

In addition to significantly expanding our originator and investor coverage, there was also renewed focus on product innovation during the year. Our fund management platform has successfully launched two domestic funds and has received approval for its third fund. We see tremendous growth potential here, particularly with the new guidelines on FPI participation in AIFs. We offered Tier II funding for partners by way of subordinated non-convertible debentures and preference capital. Perhaps, the biggest breakthrough in product innovation was the launch of "direct origination" where we partner with Originators to on-board customers directly on the IFMR Capital balance sheet. Through this product, we expect to be able to work with a very diverse set of Originators, including the new and rapidly growing category of fin-tech lenders. Irrespective of product structures, we continue to invest in all our Originators in a Principal capacity so that our incentives are well-aligned to good, long-term performance of our securities.

The continued regulatory and policy focus on financial inclusion has been positive for our work. As some of our earliest Originators make the transition to Small Finance Banks, we are well-positioned to support their growth but also to grow the pipeline of other Originators with more differentiated business models. Another interesting trend has been that of Aggregators, particularly Public Sector Banks, increasingly seeking to partner with high-quality Originators rather than depend purely on their internal origination machinery. We believe this is an excellent direction for Banks to pursue, particularly vis-à-vis sectors where they may not have an information and/or cost-to-serve advantage. We worked closely with MUDRA and arranged the first rated microfinance securitisation in which it participated as the investor. We hope to significantly deepen this relationship and enable a role for apex institutions that is better aligned to market development.

The Board for the first time, commissioned an independent customer feedback process. We received extremely encouraging feedback on our offerings, client service and quality of execution. It was also a reminder of the high expectations that our clients have of us, to be thought leaders and maintain the highest standards of transparency and customer protection. We intend to continue this exercise as a regular feature.

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 helps all individuals and enterprises to realise their potential.

Bindu Ananth
IFMR Trust

BINDU ANANTH
President, IFMR Trust

From the CEO's Desk

As the Mahatma said, the future depends on what we do in our present. FY 2016 has indeed been a good year for IFMR Capital, one that has further helped strengthen the foundations for our future. It has been a year of scale-up and rapid execution. IFMR Capital has acquired the DNA of finding opportunities amidst a dynamic evolving environment. One such opportunity for us during this year was granting of in-principle approvals for Small Finance Bank licenses to seven of our MFI clients. While this gave a very positive regulatory signal about the microfinance sector, it also raised questions around our relevance to a class of our Originators who were set to grow to a different scale and evolve into a different class of institutions. We began by treating these SFB clients as a sector in itself with a focus on strengthening our ability to continue adding value to them. We ended the year by doing some of the highest volumes with these clients in Q4 of FY 2016.

Over the years, we have very effectively used the volume of financing enabled by us as a measure of our impact on the sectors we work in. This year too we surpassed our overall budgeted volumes. Microfinance constituted the highest proportion of our business volumes as we maintained expected growth and market share with most clients. The business saw significant growth from clients who will be transforming into Small Finance Banks during the current financial year. We saw a jump in volumes in Small Business Loan and Housing. We continued to exceed the targets in the Vehicle Finance segment. More importantly, we closed the year with a 100 clients! A large number of these relationships are now over five years old. We now have 36 clients in microfinance, 24 in small business loan finance, 15 in vehicle finance, 13 in affordable housing finance, 5 in agricultural finance, 3 clients as business correspondents and 4 in corporate finance. We saw significant growth in guarantee backed structures, securitizations and assignments. We closed our largest single Mutual Fund securitization transaction for a large 'A' rated originator during Q4 of FY 2016. We closed our first NCD placement transaction in affordable housing for a large 'AA-' rated client during Q4 of FY 2016. All our sectors except agriculture saw growth this year.

On the risk front, our portfolio diversification improved significantly on key dimensions - microfinance exposure is now 57 percent of the portfolio as compared to 63 percent as of FY 2015. Our single largest district exposure in microfinance has come down significantly from 15 percent of equity as of FY 2015 to 8 percent of equity. Single largest state exposure in microfinance remains stable at about 20 percent of the portfolio. Our portfolio continues to show zero delinquency. This year we executed complex risk analytics engagements for both clients and investors. We see the momentum on this building up significantly in the coming year with a strong portfolio and risk analytics advisory pipeline. The team continues to invest in automation including an in-house developed portfolio performance data mining tool and transaction cash flow revision tool. The risk team also played a key role this year in designing a catastrophe risk cover product. Our focus on monitoring continued through the year.

KSHAMA FERNANDES
CEO, IFMR Capital

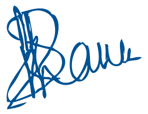
On the capital markets front, IFMR Capital broke new ground this year. We witnessed very good progress on adding new investors. We played a key role in modifying the board policies of a few public sector banks and other institutions to enable their entry into securitization and assignment markets. We continued to deliver superior pricing and liquidity access to SFB clients, and could retain market share with well-priced placements with bank and NBFC investors. Overall we added 24 new investors in FY 2016. Importantly, we added foreign banks as a new investor category. These relationships will be key to expand into newer geographies and raise risk appetite for offshore markets. At INR 8000 plus crores of placement via securitization, assignments, bonds, commercial paper and CBOs, IFMR Capital has become a very significant player in the structured finance space in India. Our expertise in this market has served us well in our efforts to develop a sustainable market for securitization.

We are steadily building our fund management business with commitments of over INR 400 crores across Fund 2 and Fund 3. During the year, the fund business garnered appetite from insurance, NBFC and bank investors. With a robust pipeline of investment opportunities, the fund business promises to be a steady growth opportunity.

This year we raised funds at reasonable cost despite continuing issues on market liquidity and risk appetite. We placed our largest bond issuance with one of India's largest asset manager. All key lenders scaled up their exposure to us. We did our largest secondary sell down of PTCs towards the end of the year helping us demonstrate our ability to manage and create a secondary market for our PTCs. Our financial results continue to be strong. With a profit of over INR 60 crores, the company has achieved ROE of 24 percent with growth across volumes, balance sheet size, revenues and profits. Fee income continued to be diversified. At 2.9 percent, operating costs continue to fall as a share of assets. While cost of funds reduced during the year, so did the spreads. We expect the spread to widen this year post the equity raise. Leverage increased from 4.4 to 5.6, which aided in improving the ROE.

The outlook for the coming year is very positive. A lot of regulatory changes have resulted in creating a potential for newer opportunities for us including the emergence of the Small Finance Banks, positive changes to securitization taxation, permission for FDI into AIFs, the work on bankruptcy code and an overall positive regulatory and business outlook for the sectors we work in. We will continue to pursue the long term business goals we've set for ourselves as also continue to strengthen our role in the capital markets space by creating newer opportunities for IFMR Capital through the fund structure, through tapping into international markets, through building the ability to provide price and liquidity via market making, through providing our clients with the ability to hedge their risks through newer products and access to newer markets such as CDS, interest rate hedges, through expanding our direct origination work and transitioning into a wider platform with access to granular information and credit, and through our concerted efforts on engaging at a strategic level with existing originators and building an ongoing pipeline of originators.

I take this opportunity to thank all our stakeholders - specially our originators, our lenders and our investors for the trust placed in us. I also take this opportunity to thank the IFMR Capital Board for the ongoing guidance on strategy, as well as for the encouragement and the confidence placed in the team, its vision and its ambition. The 100 member IFMR Capital team is committed to the task ahead of us and excited about the journey beyond a 100 originators!



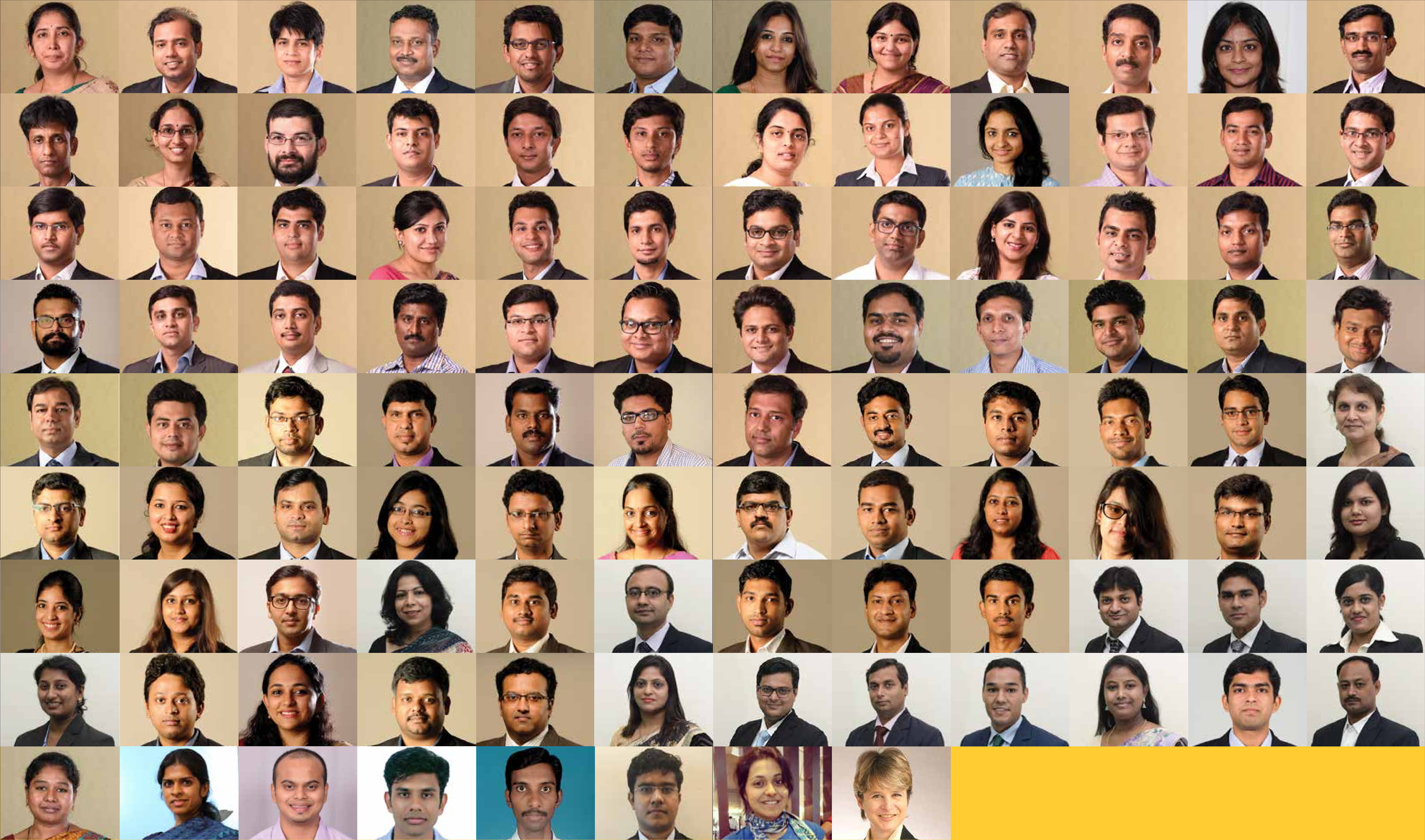
Kshama Fernandes
IFMR Capital

"Thanks a lot for your ever sincere support and goodwill to our company. It is only possible for us to reach such a memorable achievement because of people like you behind the screen. Our little efforts to bring back the lost smiles in thousands of households in rural India will never be successful without your inspiration.
We believe our association will continue in the years ahead."

Gobinda Pattanik,
MD, Annapurna Microfinance Pvt. Ltd.

"We appreciate IFMR Capital's expertise in developing useful portfolio of products in debt capital market which aid in extending credit support to under privileged sections of the Society. They are truly instrumental in promoting the cause of financial inclusion by acting as a bridge between high quality originators, who are providing finance to the under penetrated and unbanked sections of the society and financial institutions like MUDRA. They are extremely professional in their approach and always receptive to feedback on improvement in process and structure that can provide added value to us. IFMR Capital has been an resource institution in commencing securitization business for MUDRA and we look forward to further nurture and grow the partnership in future"

Jiji Mammen,
CEO, Micro Units Development & Refinance Agency Limited (MUDRA Ltd)

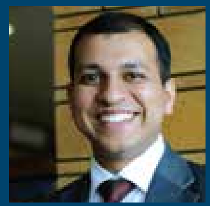


IFMR CAPITAL PEOPLE

GOVERNANCE

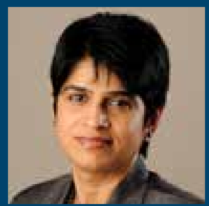
Board of Directors

Bindu Ananth
President, IFMR Trust
Chairperson



Puneet Gupta
Chief Financial Officer,
IFMR Holdings
Director

Sucharita Mukherjee
Chief Executive Officer
IFMR Holdings
Director



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

Michael Fernandes
Partner,
LeapFrog Investments
Nominee Director

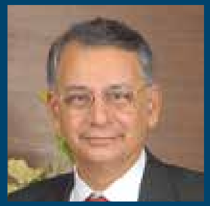
Dr. Jim Roth
Co-founder and Partner,
LeapFrog Investments
Nominee Director

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

Charles Silberstein
Former Director,
FSA - London
Independent Director

Advisors

W Bowman Cutter III
Former Managing Director,
Warburg Pincus



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

Deidra Wager
Former Executive
Vice President,
Starbucks Coffee Company

Dr. Tilman Ehrbeck
Chief Executive Officer,
CGAP

Senior Management

Vineet Sukumar
Senior Partner and
Chief Financial Officer
CEO, IFMR Investment Managers

Gaurav Kumar
Senior Partner and
Head - Origination
CEO, IFMR Investment Advisers

Bama Balakrishnan
Senior Partner and
Chief Risk Officer

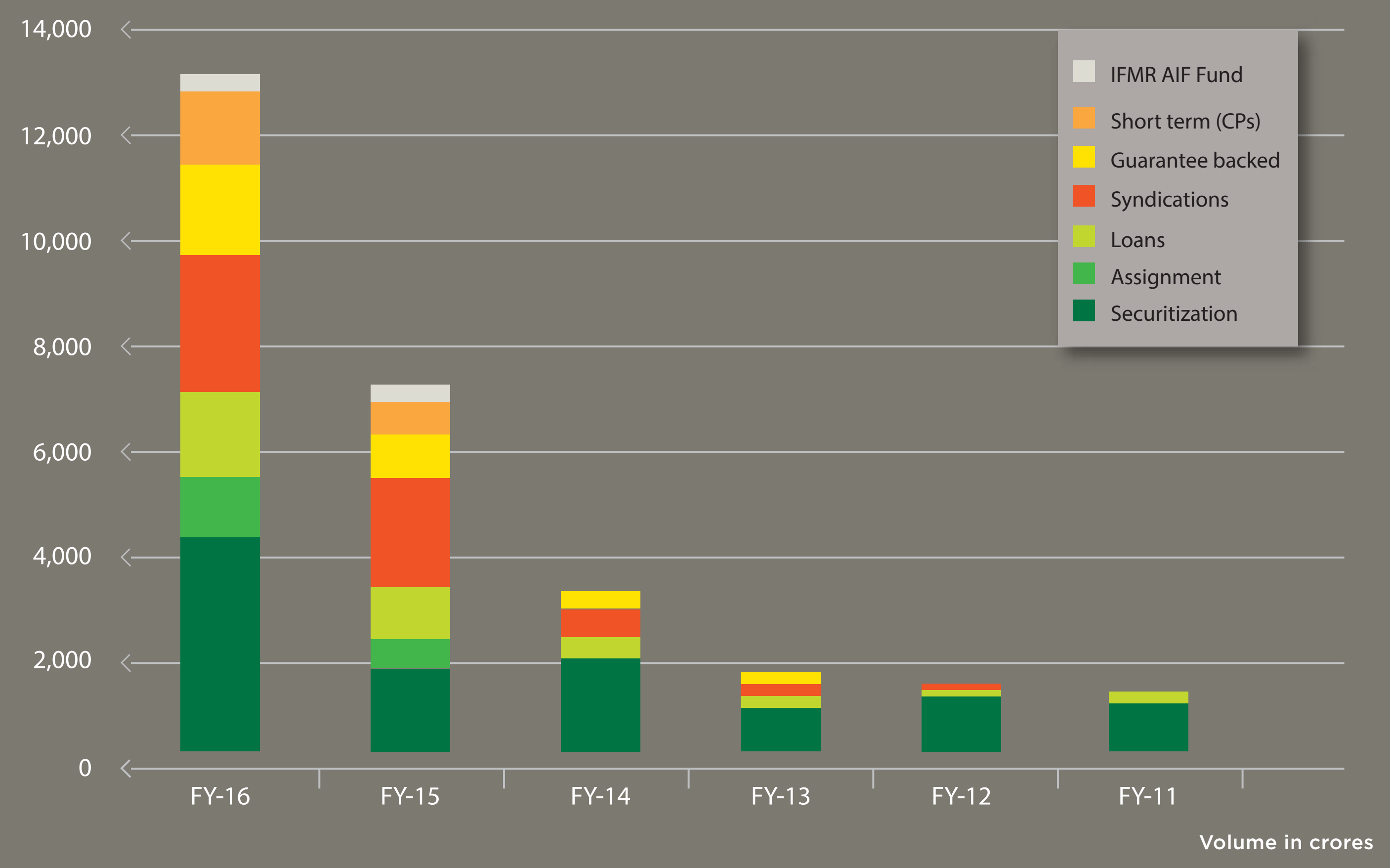
Kalyanasundaram C
Senior Partner and
Head – Operations

Saurabh Jaywant
Chief Legal Counsel

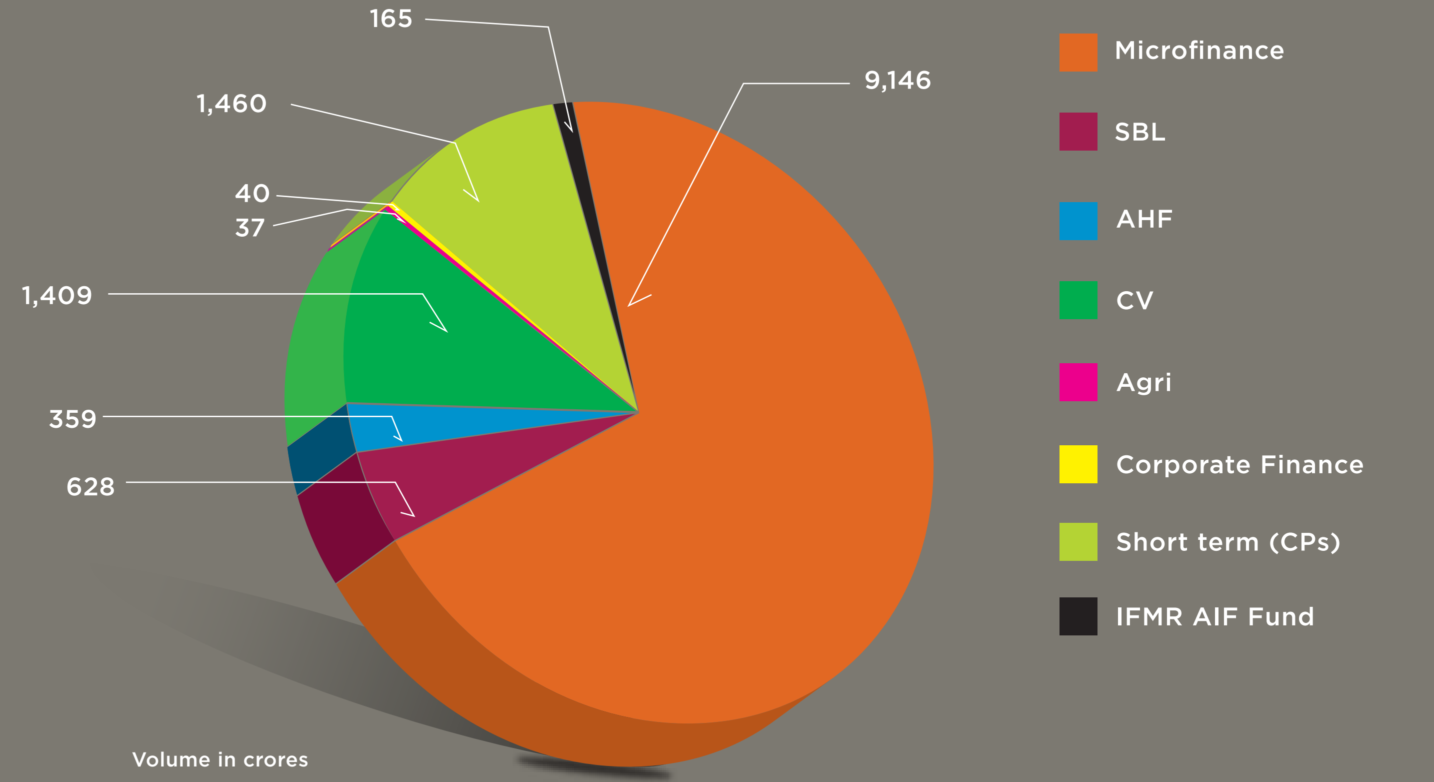
IFMR Capital Business **Highlights**

IFMR Capital has experienced yet another remarkable year of robust growth and strong relationships. Business volumes have grown substantially 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 large and small high-quality originators alike.

- Business volumes witnessed significant expansion to INR 132 billion this year, growing at a rate of more than 78 percent over FY 2015.
- Partners we onboarded by the end of FY 2016 reached a milestone number of 100 high-quality originators across asset classes.
- Diversity of partners, in terms of balance sheet size, increased to accommodate originators across the spectrum of sectors catered to.
- On boarded Corporate Finance as a new asset class, and three new high-quality originators in this asset class.
- Commenced direct origination of MFI and small business loans by tying up with two existing established partners.
- Expanded the access of Mutual Funds to Microfinance
    - Significantly scaled up in FY 2016 as well, with placement of both senior secured and senior unsecured NCDs, as well as CPs
- Closed our ECB deal in Microfinance, marking a landmark deal for the sector.
- Pooled Bond Issuances (PBI) expanded rapidly to over 10 deals at the end of FY 2016 with different investor classes including mutual funds and FIs.
- Introduced much needed Tier II products for our partners by way of long-term subordinated non-convertible debentures and preference shares
    - Significant deal placement in this space including floating rate subordinated NCDs and the closure of the first AIF fund by IFMR Investments
- Business volumes witnessed an uptick in SBL, housing, CV and agri finance, while maintaining a steady growth in microfinance
- Continued high performance in Alternative Investment Fund (AIF) by launching two funds – category I and II AIFs – with commitments from six insurance and one bank investor, totalling INR 265 crores.
    - Both the funds fully deployed
    - Received approval from SEBI for third fund, the MFI fund.

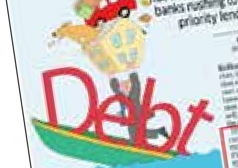


VOLUMES



MEDIA FOOTPRINTS

Securitisation Counter Buzzing in 1st Qtr Itself



MUDRA Bank invests in Janalakshmi

Chennai, April 20

The Micro Units Development and Refinance Agency Bank (MUDRA Bank) has invested ₹50 crore in the A(-) rated senior tranche of securitised MSME loan portfolio of Janalakshmi Financial Services, a Bengaluru-based micro-finance company. This will be a short-term transaction with a tenure of 1.5 years, according to a press release from IFMR Capital, which facilitated this transaction. Through this deal, MUDRA Bank, which provides low-cost loans to micro-finance and non-banking financial institutions, will have exposure to ... finance and NBFCs. ...

Mudra puts ₹50 cr in Janalakshmi

Hyderabad: Mudra Bank, a refinance bank for microfinance and non-banking financial companies, has invested ₹50 crore in Janalakshmi Financial Services Pvt. Ltd through a securitization deal facilitated by IFMR Capital. This is Mudra Bank's first capital market transaction. Mudra, or the Micro Units Development Refinance Agency, is a government initiative to provide cheap loans to companies that finance micro and small firms. IFMR Capital, in a statement on Wednesday, said it had exclusively structured and arranged a securitization transaction where MUDRA would invest ₹50 crore in the A(-) rated senior tranche of securitized loan portfolio of Janalakshmi. TRUSHNA UDGIRKAR

IFMR Capital executes NCDs for Janalakshmi

SANGEETHA G

Chennai

NBFC IFMR CAPITAL has executed the issuance of senior secured non-convertible debentures aggregating to Rs 150 crore for Bangalore-based Janalakshmi Financial Services. The NCDs were subscribed by a large mutual fund house and this is among the largest NCD issuances in the MFI sector and the largest subscription by a single mutual fund.

Startups Choose Debt Row Over Death by Equity Dilution

A flood of easy money dries up, startups put a stop to equity dilution to cash in later

Running on Empty

Even in the non-profit sector, women are getting left behind

IFMR Capital executes NCDs for Janalakshmi

INDUSTRY VIEW

NBFC-MFIs should stay under RBI ambit

By REMYA NAIR

remya.n@livemint.com

NEW DELHI

The microfinance industry wants the Reserve Bank of India (RBI) to continue regulating microfinance institutions (MFIs) registered as non-banking financial companies (NBFCs), although the government may make the proposed Mudra Bank a unified regulator for all MFIs.

The industry has informed the finance ministry of its view that the current regulatory architecture should continue for NBFC-MFIs and they not be brought under the regulatory framework of the proposed Mudra Bank. The finance ministry is working on drafting a legislation to give statutory powers to Mudra Bank.

While NBFC-MFIs are currently regulated by the central bank, other MFIs registered under various state society Acts—called non-governmental organization (NGO)-MFIs—are under no regulatory supervision.

"The industry is comfortable and happy with RBI as a regulator and would not want a change," said Alok Prasad, chief executive officer (CEO) of Microfinance Institutions Network (MFIN), the self-regulatory organization of MFIs. "We have conveyed our views to the finance ministry that we do not want RBI's role to be shifted to Mudra Bank."

IFMR Capital helping small firms connect with capital market: CEO

Kshama Fernandes, Chief Executive, IFMR Capital

MUDRA Invests in Janalakshmi Securitised Debt

Our Bureau

Kolkata: MUDRA Bank has invested ₹50 crore in a securitisation deal with Janalakshmi Financial Services, helping release capital for the micro lender which is busy in small finance bank preparation, reports Atmadip Ray.

This marks MUDRA's first-ever participation in a capital market deal as the MSME loan facilitator looks to explore life beyond refinance given to lenders against their existing loans. MUDRA Bank has been the outcome of the government's initiative to increase lending towards small businesses.

MFIs on Fund-raising Spree with Demand Picking up in Bharat

NCDs in June qtr raise treble the amount at ₹800 crore as NBFCs, funds lap up paper

Microfin Cos Will Soon Have up to ₹450 crore More to Lend

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

NBFCs now depend less on banks for capital

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

MFIs Take Pooled Bond Route to Raise ₹85 crore

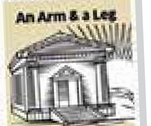
Atmadip Ray

Kolkata: Applicants for small finance bank licence such as Grama Vidyal Microfinance and Sonata Finance have raised ₹85 crore between them in a pooled fund raising, which will help them get a better rating and attract mutual funds as investors.

NBFCs now depend less on banks for capital

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

MFIs May Need ₹2k cr in Domestic Equity to Clear Licence Hurdles



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 Janalakshmi Financial Services. The NCDs were subscribed by a large MF house. The issuance comprised three different strips of ₹50 crore with varying tenures, with a maximum tenure of four years.

ASIA'S BEST UNDER A BILLION — Forbes INDIA

IFMR Capital bets on agri-finance

THE HINDU • SUNDAY, SEPTEMBER 13, 2015

S. Varadharajan

Satin Creditcare raises ₹25 cr

Mumbai, July 22

Microfinance institution Satin Creditcare Network Ltd has raised ₹25 crore by issuing unsecured, subordinated, rated, non-convertible debentures of six years tenure to a non-banking finance company. IFMR Capital executed the issuance of the benchmark-linked long term tier-II NCD. Kshama Fernandes, CEO, IFMR Capital, said this transaction is the first benchmark-linked tier-II issuance in the Indian microfinance sector. Usually, NCDs issued by MFIs, depending on their rating, carry a coupon rate of 10-14 per cent. OUR BUREAU

Janalakshmi raises ₹150 crore

IFMR Capital, from the IFMR Group, has executed the issuance of Senior Secured Non-Convertible Debentures aggregating to ₹150 crore for Janalakshmi Financial Services. PTI

Coming of age: institutional investors see investment merit in NBFCs, MFIs

TANYA THOMAS

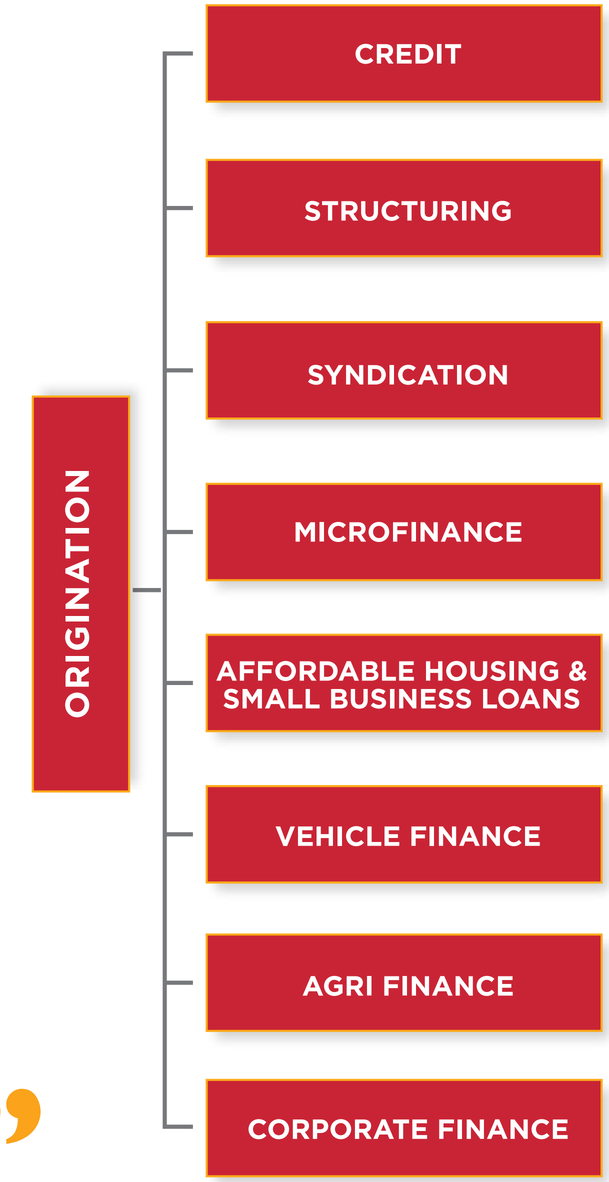
WE ACT NOT ONLY AS A STRUCTURER AND ARRANGER FOR OUR CLIENTS, BUT ALSO AS AN INVESTOR AND LIQUIDITY PROVIDER

KSHAMA FERNANDES, MD AND CEO, IFMR CAPITAL

Origination

In FY 2016, the Origination team built on the foundation of the team structure. This emphasizes on business development through focused sector teams that build synergies with the centralized syndication, structuring and credit teams. The Origination team also brought in fresh talent to facilitate expansion and foray into new sectors. During the year, the Origination team identified a fifth key area of focus and allocated key people to each of the below sub-teams:

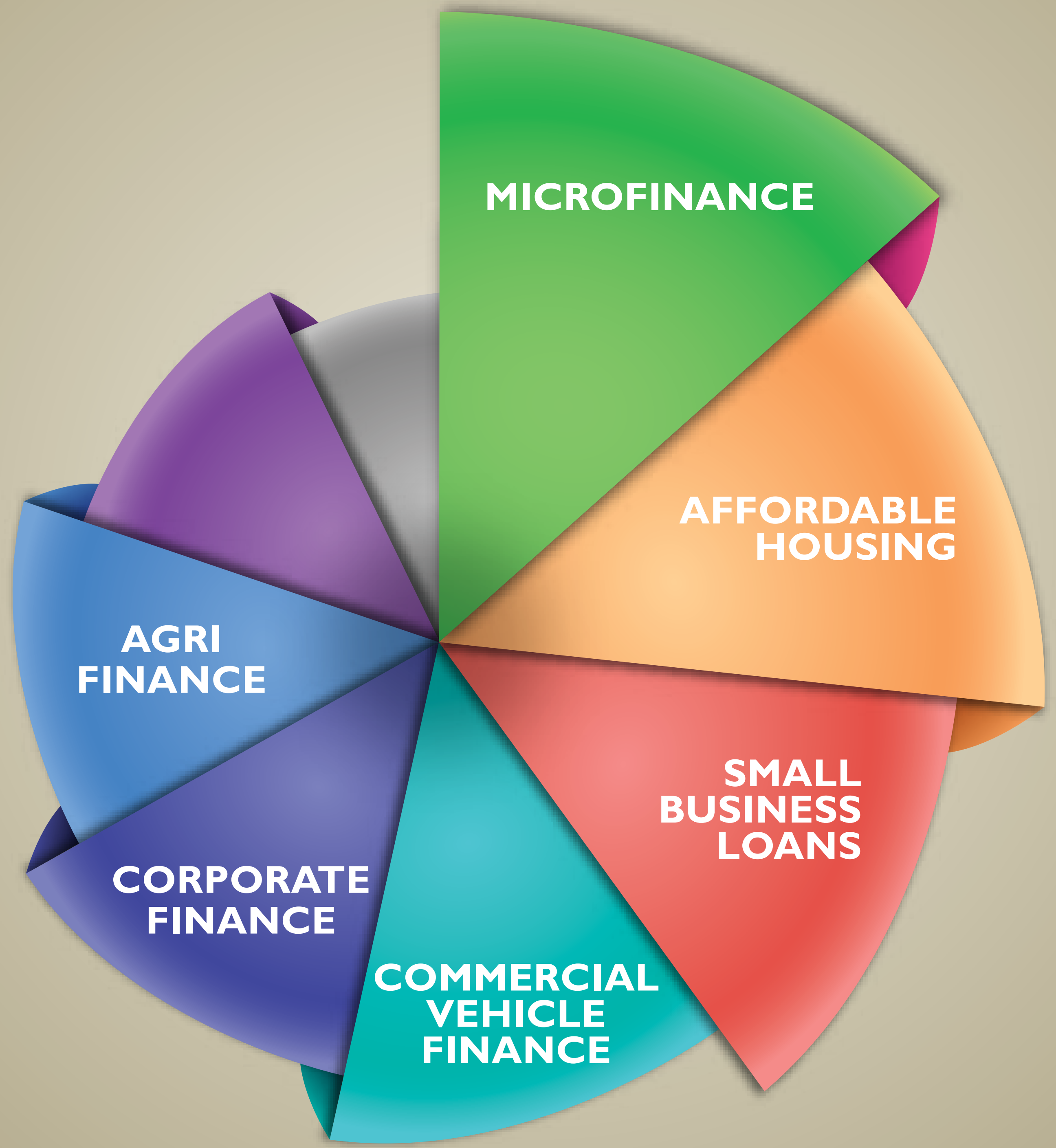
- Business
  - Microfinance
  - Small Business Loans
  - Affordable Housing Finance
  - Commercial Vehicle Finance
  - Agri and Corporate Finance
- Credit
- Structuring
- Syndication



> "The entire IFMR team should feel justifiably proud of their achievements. And the fact that you do this pioneering work with cutting edge analytical skills even as you retain a warmth and relationship orientation makes for a rare brew."

Ramakrishna Nishtala,
Vistaar Finance

Sector Updates



Microfinance and Small Finance Banks

The microfinance sector continued its upward trajectory in FY 2016 on the back of a strong growth story in the preceding two years. This came in the midst of several strong initiatives on the regulatory and infrastructure front by the Government and the Regulator – such as the launch of the MUDRA programme to ease debt flow to MFIs and the issuance of Small Finance Bank licences to 8 MFIs, 7 of whom are our partners.

At IFMR Capital, our response to the changing environment was to build a differentiated approach to working with the Small Finance Bank Licencees by offering products that would cater to their specific requirements during as well as post the journey of becoming a bank. In addition, we extended this differentiated approach to Business Correspondent (BC) Companies as well, specifically those engaged in dissemination of micro-loans through the JLG model. The Microfinance Business team conducted assessments and due diligences towards adding 5 new MFI and BC partners, taking the total to 36.

As an output of this approach, FY 2016 saw several firsts once again for IFMR Capital, with a wider set of investors being reached out to and a further deepening of our product suite. During the year, we facilitated financing of INR 54.01 billion to our MFI & BC partners and INR 42.28 billion to our SFB partners. This has increased from INR 46.41 billion in FY 2015 marking a spike of 107 percent.

On an overall level, we are also happy to report that between our SFB and MFI partners, we've seen consistent portfolio growth, much greater penetration, robust margins and healthy asset quality. Our pipeline of new originators continues to be promising

Key products for us in the SFB and MFI space were:

From the IFMR Capital Balance sheet
- Securitisation
- Tier II products
- Unsecured Loans
- Term Loans and Cash Credit

Guarantee Products:
- ADB Guarantee Product
- Collateralised Bond Obligations
- BC-Risk Participation product
- Direct Assignment

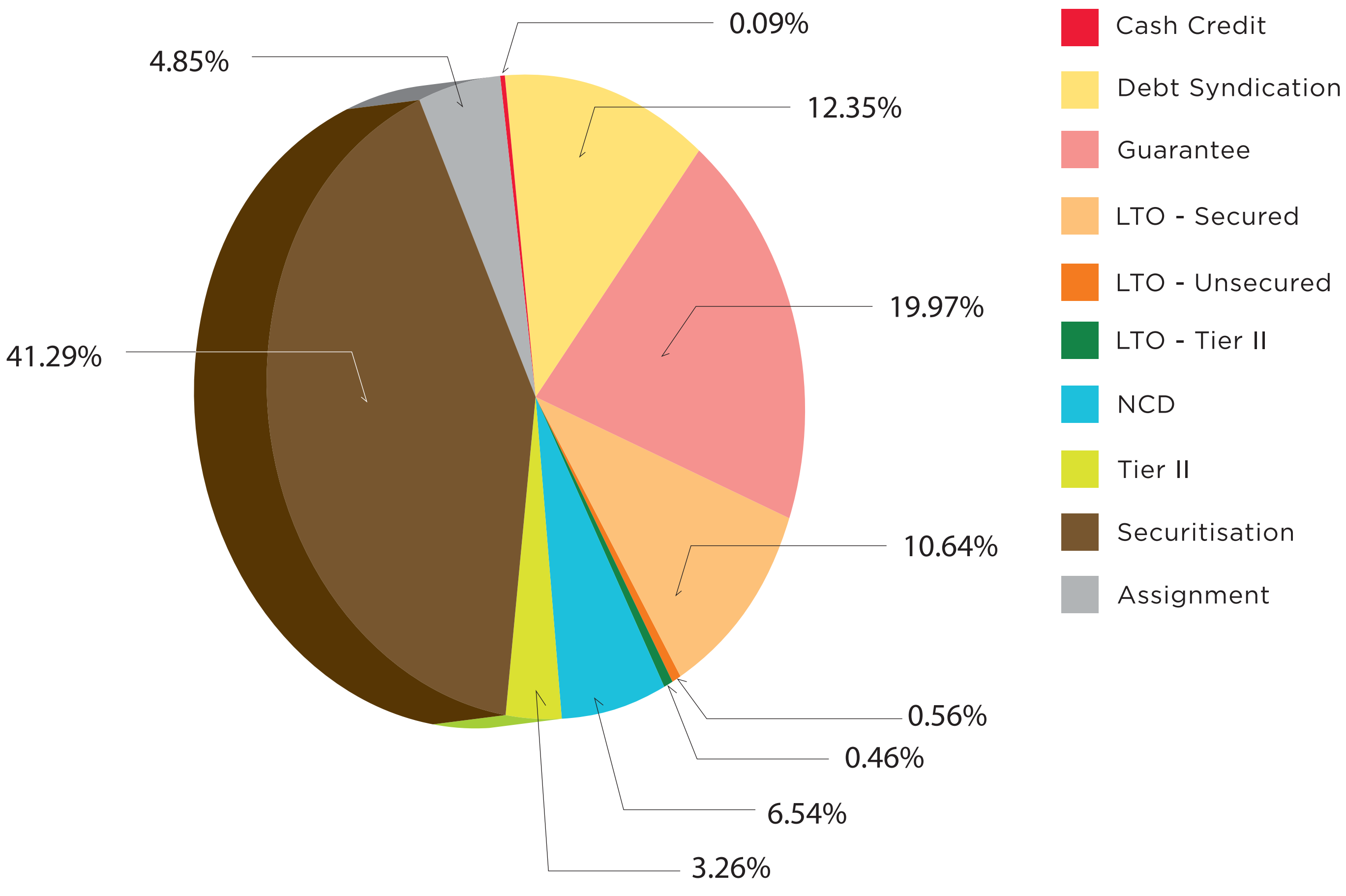
Placement Products:
- Bank Loans
- Secured and Unsecured Non-Convertible

Debentures
- Tier II
- Commercial Paper

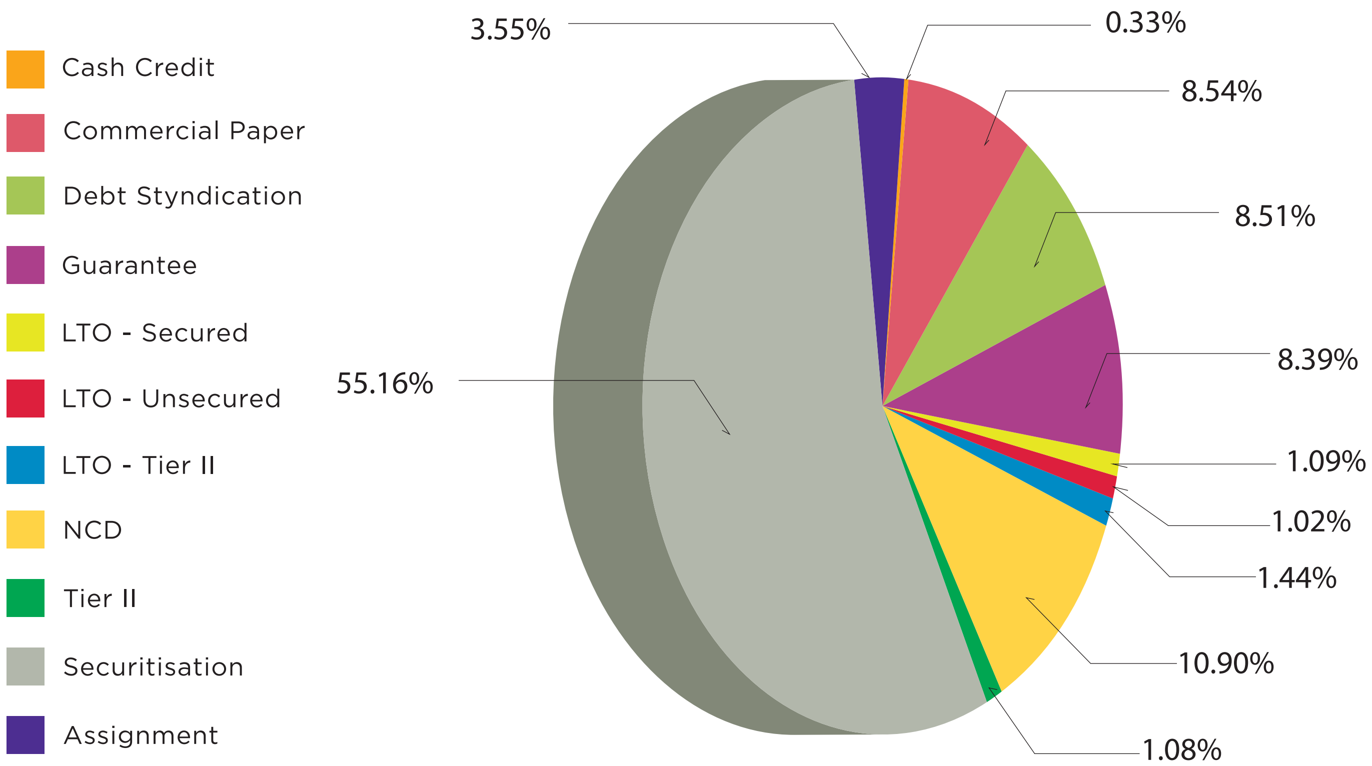
“IFMR is playing a very critical role in providing access to finance to both early & mature microfinance & SME lending businesses. They have used innovative products like on lending and off balance sheet transactions like securitization helping firms access capital markets, mutual funds, insurance companies etc. I would count them as one of the few firms which understand the businesses, add value to the management & also have good credible due diligence & performance tracking processes.”

Manoj Kumar Nambiar, MD, Arohan Financial Services Private Limited

Product wise split in MFIs



Product wise split in SFBs



A landscape of our partners in the Microfinance and Small Finance Bank space is as below:

> IFMR Capital has been working as a debt capital market specialist for emerging asset classes, specifically catering to the informal retail segments and providing NBFCs and other financial institutions with access to funding from large financial institutions and capital market participants. They have developed a deep understanding of the sectors they work in and adopt a credit focused approach via strong due diligence and continued risk monitoring.
>
> IFMR Capital is playing a significant role in achieving and deepening market accessibility for the lesser understood asset classes. I wish them all the very best and success in their future endeavors.

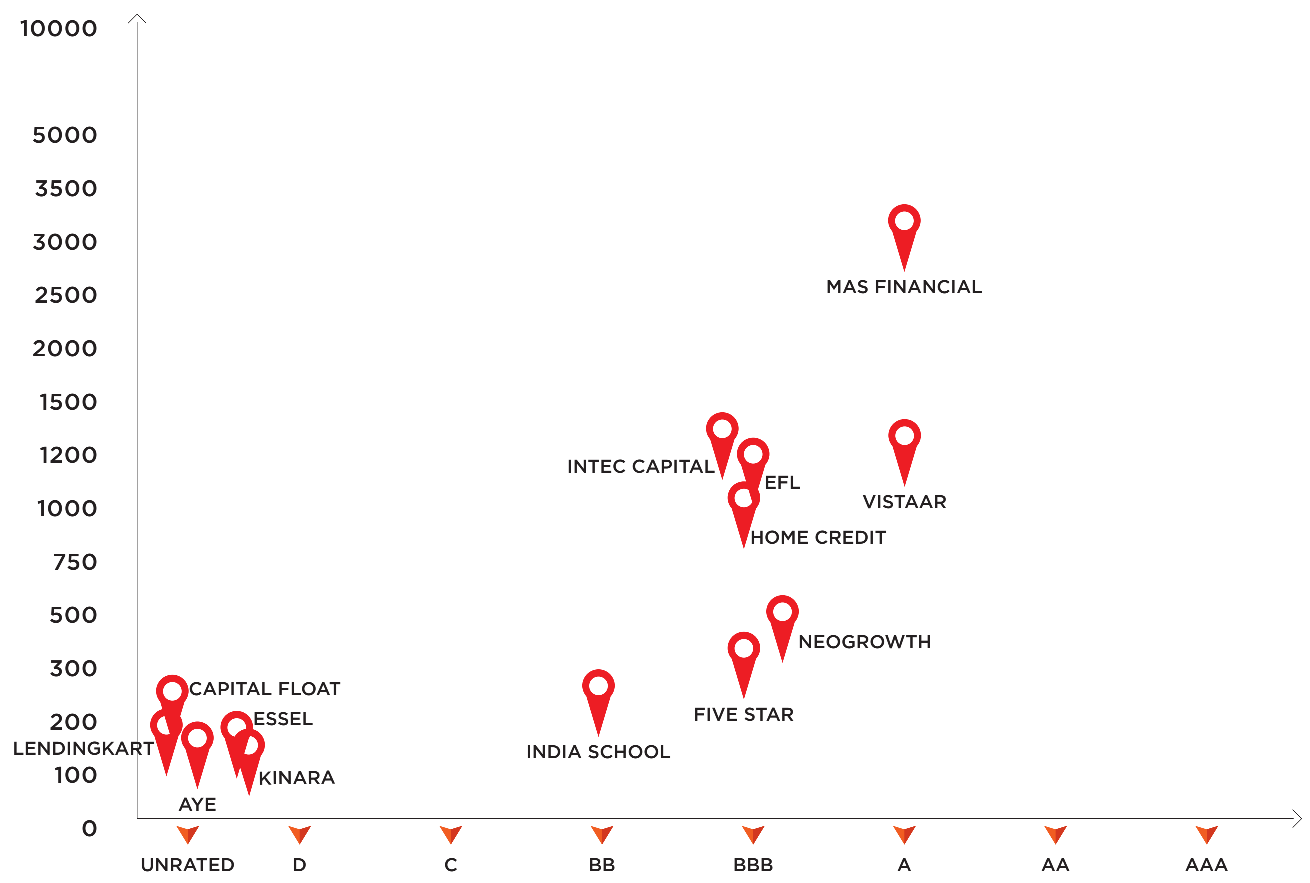
Nilesh Shah
Managing Director, Kotak Mahindra Mutual Fund

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 2016, we had in place 30 approved partners across the Small Business Loans and Affordable Housing Finance. We closed FY 2015 with a strong foundation in these asset classes and had demonstrated scale and relevance. We added ten new partners across the Small Business Loan and Affordable Housing Finance asset classes during FY 2016. 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.

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 will be crucial to ensuring robust growth of these specialized financial institutions and hence addressing the financing needs of a largely untapped market.

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



S E C T O R U P D A T E S

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.

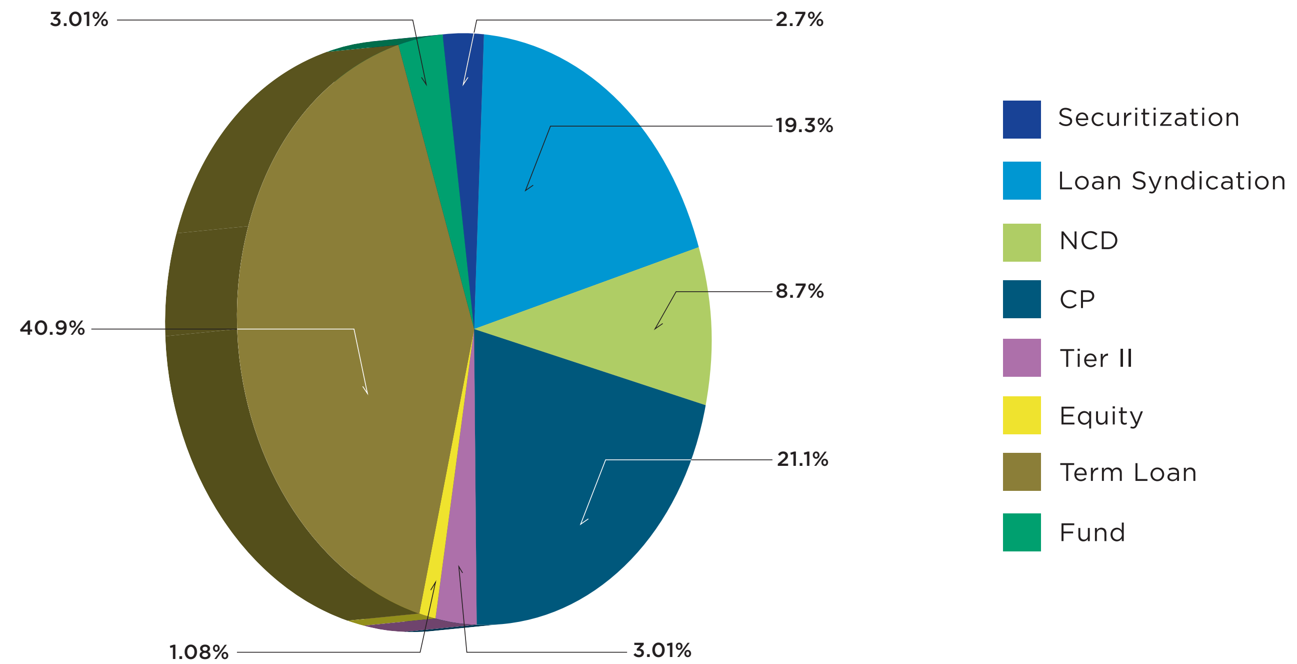
Noteworthy business models that IFMR Capital has inducted on to its portfolio include –

1.) Lendingkart: Unlike conventional banks and NBFCs, Lendingkart's lending model thrives on digital data and analytics to evaluate credit risk and profile a potential client. The Company focuses on cash flows and assesses it through business transaction details, CIBIL & Equifax reports, bank statements and VAT returns. The Company has built a proprietary self-learning algorithm that augments the traditional underwriting standards and helps in taking credit decisions faster. Lendingkart is a new generation lender aiming to leverage technology to manage credit risk as well as optimise processes to drive efficiency. Technology and data management form the core of such models which ultimately aim to address the opex and loan losses at the same time.

At IFMR Capital, we believe that technology should integrate with the business model from risk management point of view. In the world of lending to informal sectors, where credit touch points are critical in credit risk evaluation, technology should aim at primarily addressing the risk assessment challenges in the sector. As these models evolve, with data building up to eventually help in lowering the physical touch points and there by the opex, it would result in repricing the risk on account of appropriate capture of credit costs and lower opex.

2.) Student and Education finance: IFMR Capital has now on boarded 5 originators focussing on education sector. These originators have built their lending model around students or educational institutions including schools, colleges, universities across the country and abroad. Originators have specialised in assessing the risk and structuring the cashflows to suit the end borrower who could be a student or the educational institution. What has kept these originators in good stead is their focussed approach to understand the student and the school and redrawing the entire business processes to suit their customer.

Product-wise volumes in Small Business Loans Finance



We, at IFMR Capital, believe that the sector has immense untapped potential and is critical to the country's future point of view. Traditional approaches, which conventional bankers have adopted, have yielded results that aren't positive which had to be reviewed and revamped, which these originators have been able to do. It is the right time that these originators are backed to get the much required access to finance for the ultimate beneficiary, the student.

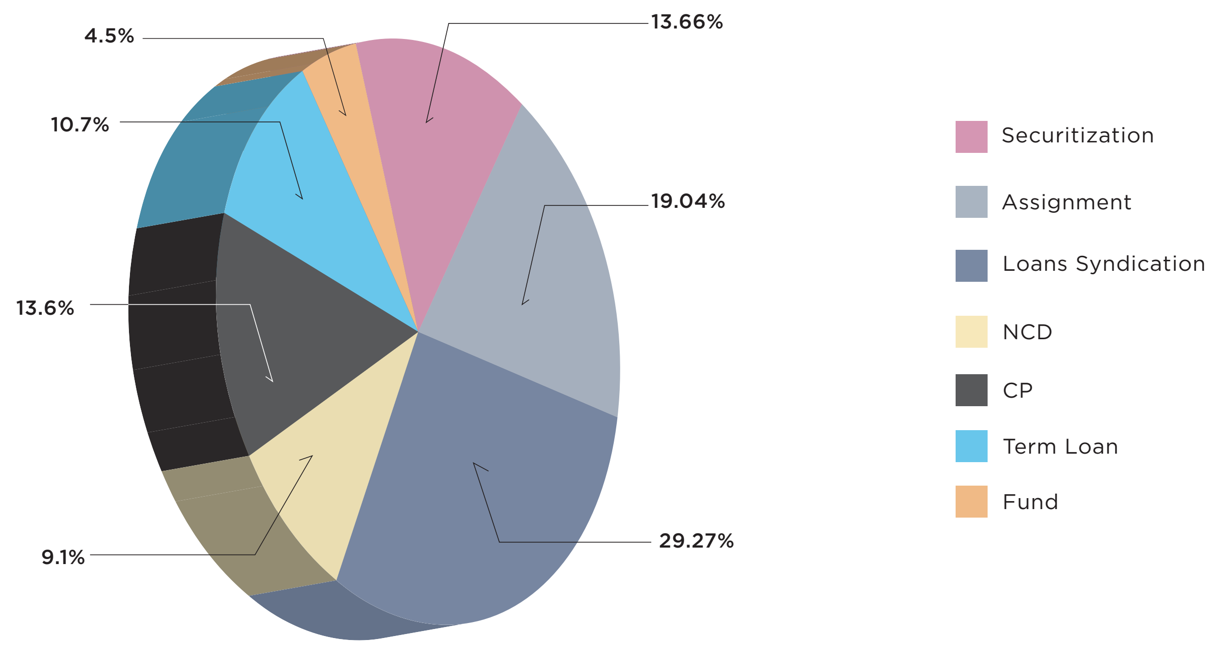
In the Affordable Housing space, our partners have presence across the country and are largely new generation entities promoted by experienced professionals who leverage different models ranging from housing microfinance for incremental housing to micro mortgages with small ticket sizes, to reach out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

In addition to these, other originators in the portfolio of IFMR Capital, have grown tapping the huge untapped marked while embracing technology to systematise their processes as well as to institutionalise controls across the organisation structure. We see the scope of technology getting wider and broader as the models evolve and scale.

IFMR Capital believes that housing finance as a business model requires the support of large equity base right at the beginning to fund the investment in infrastructure including human resources, technology and control systems. An HFC would require this equity cushion to achieve better rating earlier in its life to access continuous and cheaper debt capital

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

Product-wise volumes in Affordable Housing Finance



that enables the right execution of the strategy to deliver housing finance at sustainable cost to the end customer.

NHB's recent change in regulations will allow HFCs in BBB category to access investors willing to invest through this instrument. This change in regulations will provide debt to these entities in the earlier part of their life, before they can access Mutual Funds, insurance and Provident Fund investors

A number of private equity firms have expressed an interest in the originators at their early stages of growth. The SBL asset class has witnessed significant equity interest from a variety of investors: early stage investors such as Elevar and Lok, development financial institutions such as FMO, Proparco, Lok Capital, DEG and SIDBI, as well as mainstream private equity players such as Matrix Partners, Westbridge, Warburg Pincus, Aspada, SAIF Partners, Khosla Impact, MSDF, Omidyar, Sequoia, Chrys Capital, Kedara, Multiples PE and funds advised by MOPE. Given the nascent stage and vast demand, IFMR Capital expects significant growth from existing players, as well as the emergence of newer players. In the last two years, the SBL partners of IFMR Capital have seen more than INR 10 billion of equity infusion from institutional investors. With significant equity infusion in the recent years, growth in the subsequent years will be funded by debt and that is where IFMR Capital's role in providing them the right access to debt capital markets will fit in.

The cumulative AUM of SBL partners of IFMR Capital has nearly doubled over the last two and half years from approximately INR 30 billion to INR 80 billion. All NBFCs in the market of lending to MSMEs are currently very small in terms of the small business loan portfolio that they manage. The aggregate AUM of all of these entities is estimated at INR 150 billion, with individual AUM under INR 25 billion.

Our volumes in the Small Business Loan and Affordable Housing Finance sector increased from INR 12.63 billion in FY 2015 to INR 13.41 billion, representing a growth rate of 6 percent. Our key products in this sector in FY 2016, were –

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

Vehicle Finance

The growth in Vehicle Finance sector continued in its third year of operations. Business volumes increased from INR 15 billion in FY 2015 to INR 23.15 billion in FY 2016, a growth of 54 percent over the previous year's base.

In FY 2016, commercial vehicle finance sector increased its ambit to include two wheeler finance. Two Wheeler Finance was approved as a different asset class within Vehicle Finance.

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 3 Vehicle Finance clients in the FY 2016. Noteworthy business models that IFMR Capital has inducted on to its portfolio include-

I. **Hinduja Leyland Finance (HLF):** Our engagement with HLF increased further in FY 2016.

- Setting up of a Housing Finance Comapny:
Having built a sizeable portfolio of Loan Against Property, the group has registered a Housing Finance Company focusing on Affordable Housing Space.
- Borrowing strategy:
We took exposure in subordinated unsecured NCDs issued by HLF, and also raised similar NCDs from other Mututal Funds We continued to diversify the borrowing profile by identifying investors for off balance sheet transactions backed by loans originated by HLF
- Analytics:
We have been able to add value by analysing the retail book portfolio of the company which has helped it in its loan origination strategy

ii. **IKF Finance Limited:** IKF is a vehicle finance company with its head office in Hyderabad and operating in 8 states. The company has a vintage of more than 20 years in vehicle finance. IKF was on boarded as a partner in FY 2013. We have been able to add value by diversifying borrowing profile of the company by raising money from term loans and Commercial Papers. We also structured the Company's first assignment transaction with a bank in FY 2016. The Company has diversified its asset base by building a portfolio of loans against property. IKF also plans to launch a Housing Finance Company in the coming year.

iii. **KanakaDurga Finance (KanakaDurga):** Kanakadurga is a NBFC based out of Vijaywada, focusing on financing of three wheelers. Kanakadurga was on boarded as a partner in FY 2016. We have provided various strategic inputs on strengthening its corporate governance. We have also been able to add value to company's borrowing strategy by diversifying its lender base by roping in two new lenders, and assisting the entity in carrying out its first direct assignment transaction

As we continued to increase our exposure in the Commercial Vehicle Finance sector, we managed to demonstrate relevance to large and small originators alike.

A landscape of our partners in the Commercial Vehicle Finance space is as below:

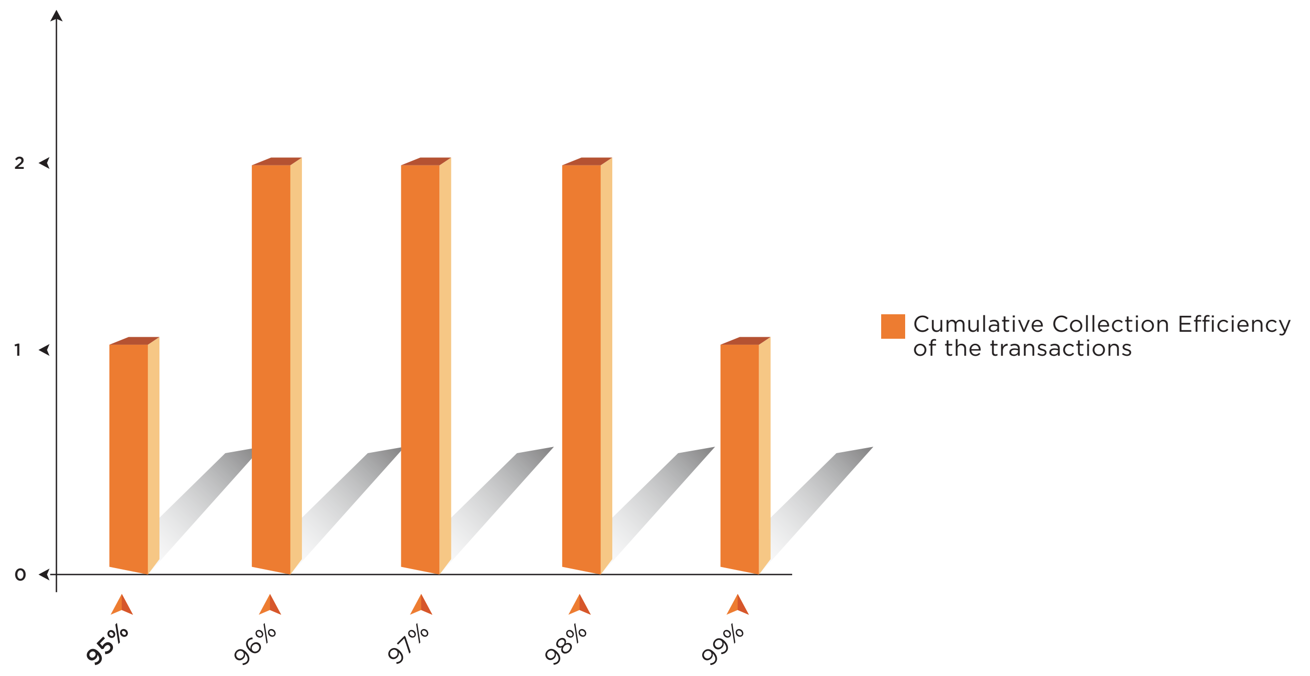
The partners in Vehicle Finance sector grew at an average of 45 percent in FY 2016. Most of the smaller NBFCs diversified their operations by widening their distribution network, some of them gearing up for equity raise from institutional sources in the following year.

The Commercial Vehicle Finance securitization deals structured and arranged by IFMR Capital continued to show robust collection performance.

> "IFMR partnership apart from enabling easy access to capital enhances our borrowing power and competitive strength. IFMR's deep involvement in company helps a lot in improvising processes and systems. Frequent Management meetings with them bring out new ideas for further growth, better controls and faster execution."

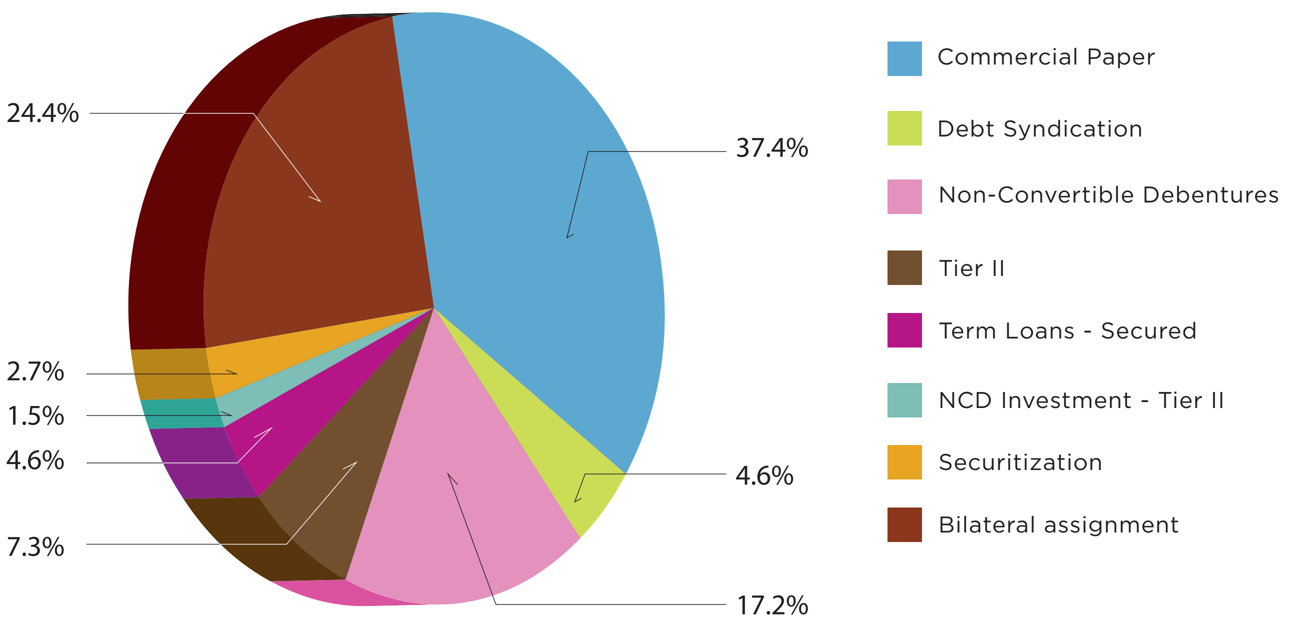
Sandeep Jawanjal,
Executive Director, Berar

Cumulative Collection Efficiency - March 2016



Our volumes in the Commercial Vehicle Finance sector increased from INR 15 billion in FY 2015 to INR 23.15 billion in FY 2016, representing a growth rate of 54 percent. Our key products in this sector in FY 2016.

Product-wise volumes in Vehicle Finance



Agri Finance

Agri Finance, another promising sector in IFMR Capital has witnessed stable business in FY 2016, with the backing of a strong inception story the previous year. In FY2016, we scaled up our exposure in this sector, conducted due-diligence on NBHC (National Bulk Handling Corporation Pvt. Ltd), an integrated commodity and collateral management services company and on-boarded them as our partner. NBHC is recognized for its World-Class Solutions, trusted Risk Management practices, high levels of Governance processes and best-in-industry practices for procurement, handling, storage and upkeep of collateral and agri-commodities across all prominent business and trade centres in India.

During the previous year, the companies on-boarded include an Agri Finance Company offering Commodity Backed Loans and an Agri Warehousing Company providing warehousing, commodity management and commodity procurement services.

In second year of diversifying, we have achieved a cumulative business volume of INR 37 crores with a mix of term loans and structured working capital limit (SWCL).

Given the size of agriculture sector in India and the potential business opportunity in this sector, we intend to scale this vertical further in the years to come.

> "The ability of IFMR team to understand and evaluate new products quickly and their willingness to participate to support the agri eco system is highly appreciable. We value their processes and relationship management and look forward to nurture it in future."
>
> **Ashok Mittal,** CEO,
> Kissandhan Agri Financial Services Pvt Ltd

Corporate Finance

As part of identifying new business opportunities and assessing new asset classes, IFMR Capital conducted due-diligence and brought on board four corporate finance originators during FY 2016. The companies on-boarded include EPS, Leap India, Nilons Enterprise and Singhvi Enterprise.

In pursuit of the accomplishing the mission of providing complete access to financial services for every individual and every enterprise, IFMR has ventured into financing small and growing businesses across technology for financial services, logistics & supply chain and food & beverage industry.

The very first year into Corporate Finance witnessed a significant performance with a cumulative business volume of INR 40 crores. Banking on its great start, IFMR Capital looks to keep the momentum going.

> IFMR Capital has been a pillar of support to us since we started the company. We find IFMR Capital to be always responsive to the needs of the customer. They are ahead of the curve in terms of bringing forth relevant and efficient solutions to their customers.

VL Ramakrishnan
CFO, Suryoday Microfinance Private Limited

Origination - Credit

Over the year, we significantly focussed on beefing up the Credit team further and re-distributed our focus on building sector specialization within the team to build in expertise. This acted as a cornerstone for scaling up from credits' perspective as we took our originators' tally from 72 to 100 during the year. This growth in our partner's base has been achieved by further on boarding high quality originators in the existing sectors where IFMR has presence as well as by on boarding partners in newer segment namely 'Corporate Finance' - we made inroads into during the year.

We progressed well by on boarding four new partners operating in food & beverages, payment services and logistics sectors under 'Corporate Finance' segment during the year. This was a culmination of our in depth assessment of the underlying sectors over last two years where we looked at a wide spectrum of players and cherry picked post a rigorous analysis of various macro as well as micro level factors - consistent with our strong underwriting framework.

Direct Origination: We also made a start on our retail portfolio during the year via 'Direct Origination' and entered into partnership with two partners in SBL and Microfinance asset classes closing the year with a retail book of INR 101 million. From a credit vantage point, focus has been on putting in place framework for credit automation driven by continuous review and analytics of DO portfolio to reduce subjectivity and streamline the process which should also help us in scaling up further.

Credit will continue to be at the heart of the organization, as we launch newer products and foray into newer segments, which is also continuously exhibited by our excellent portfolio quality with zero delinquency since inception.

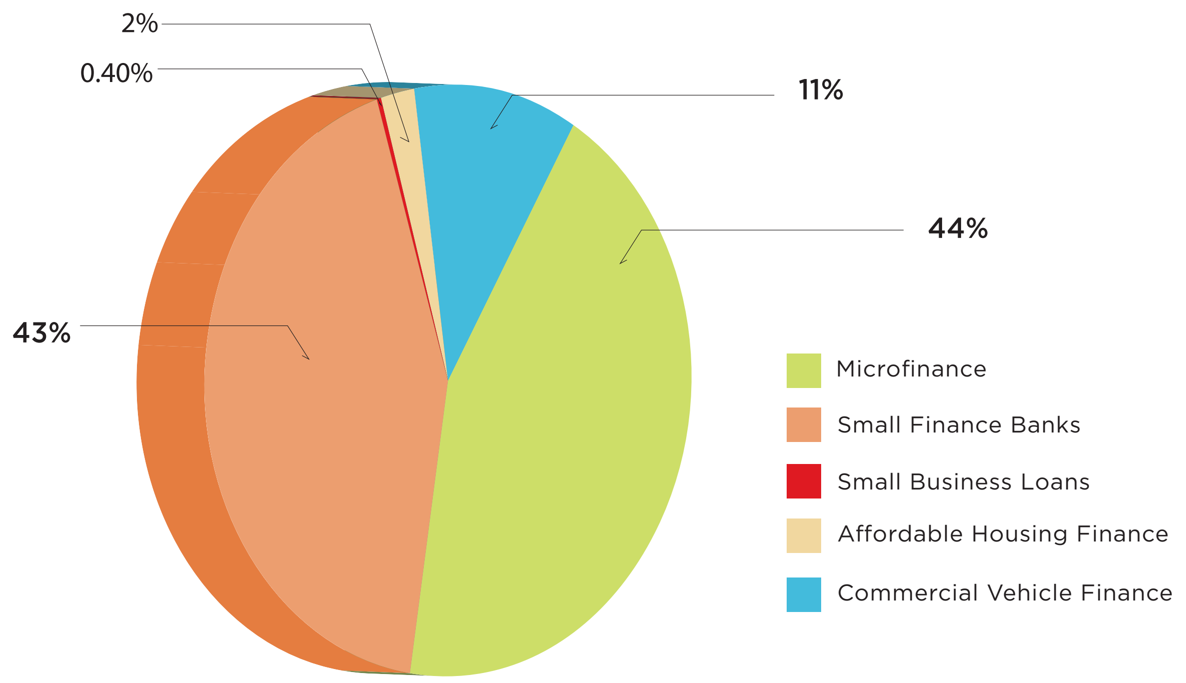
Deals & Highlights

1. Securitization and Direct Assignment

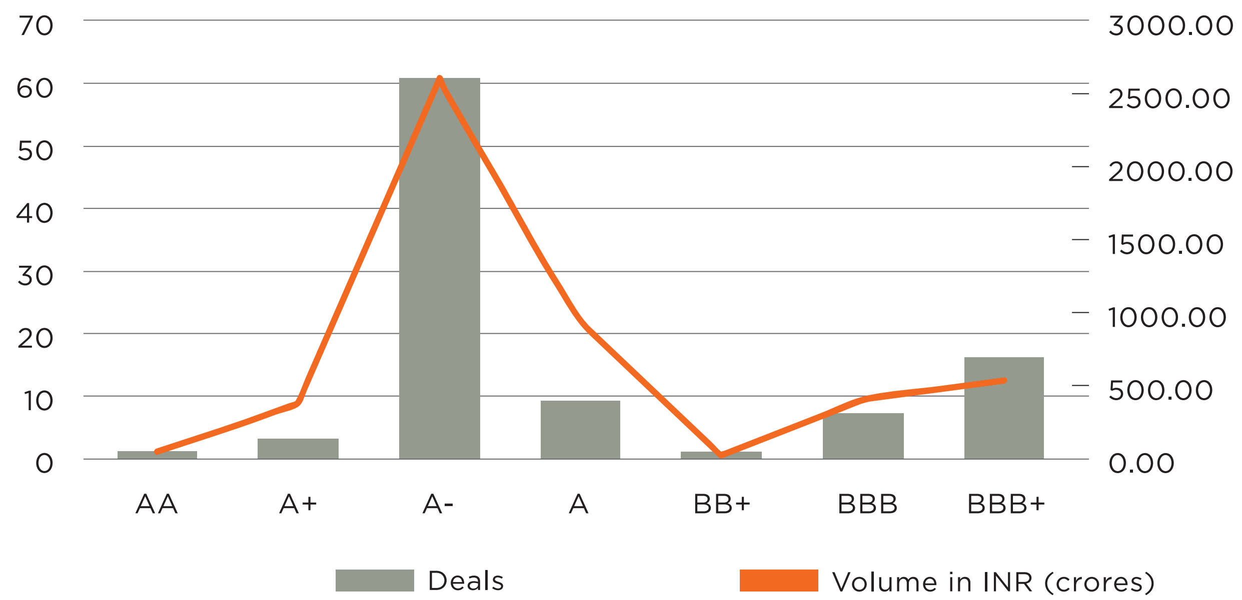
FY 2016 saw a stellar closure of 120 Securitization and Direct Assignment transactions, with a 118 percent jump over deals closed in the previous year. Securitization and Direct Assignment deals contributed 43 percent to total business volumes with a growth of 90 percent over the previous year's base. As our client base crosses a century, we have closed 99 securitization transactions with an expansion in participation to 35 originators, spread across our five major asset classes.

IFMR Capital's securitization and direct assignment volumes have increased across asset classes as we introduced more high-quality originators to debt capital markets. IFMR Capital has structured, arranged and co-invested in 90 securitization and direct assignment deals in the FY 2016 where some of them were first time investors.

Business Volumes FY 2016 - Securitization & Direct Assignment



Ratings Assigned - Securitization & Bilateral Assignment FY 2016

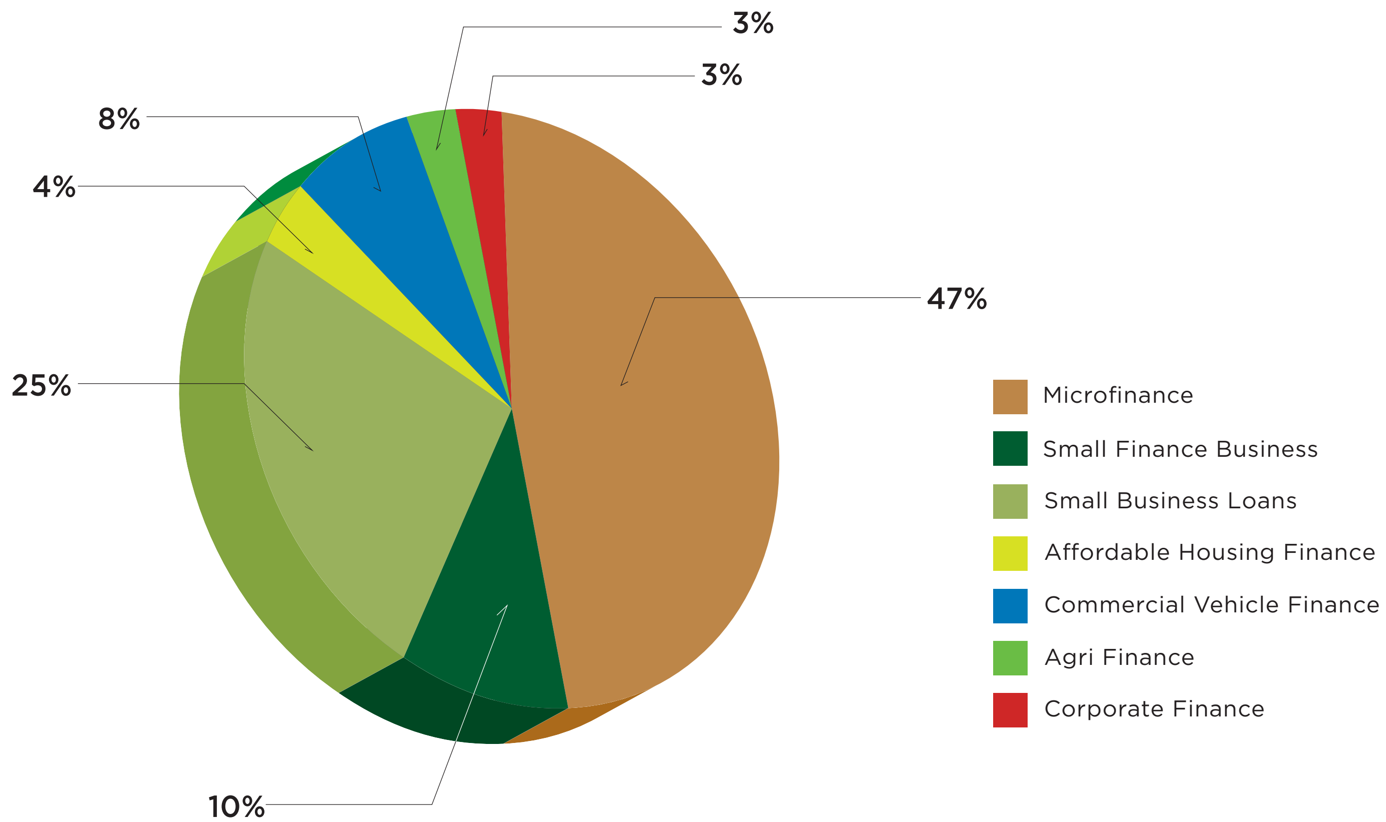


Multi-originator securitization: IFMR Capital concluded FY 2016, with a Mosec tally of 88 since inception. Of these, 11 were concluded in the FY 2016.

2. Term loans & cash credit

IFMR Capital extended term loans and cash credit sanctions worth INR 13.29 billion in the FY 2016, achieving a jump of 45 percent over previous year base.

Spread of term loans and 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 first generation entrepreneurs like us."

M. Anandan,
Chief Managing Director, Aptus Value Housing Finance India Ltd

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

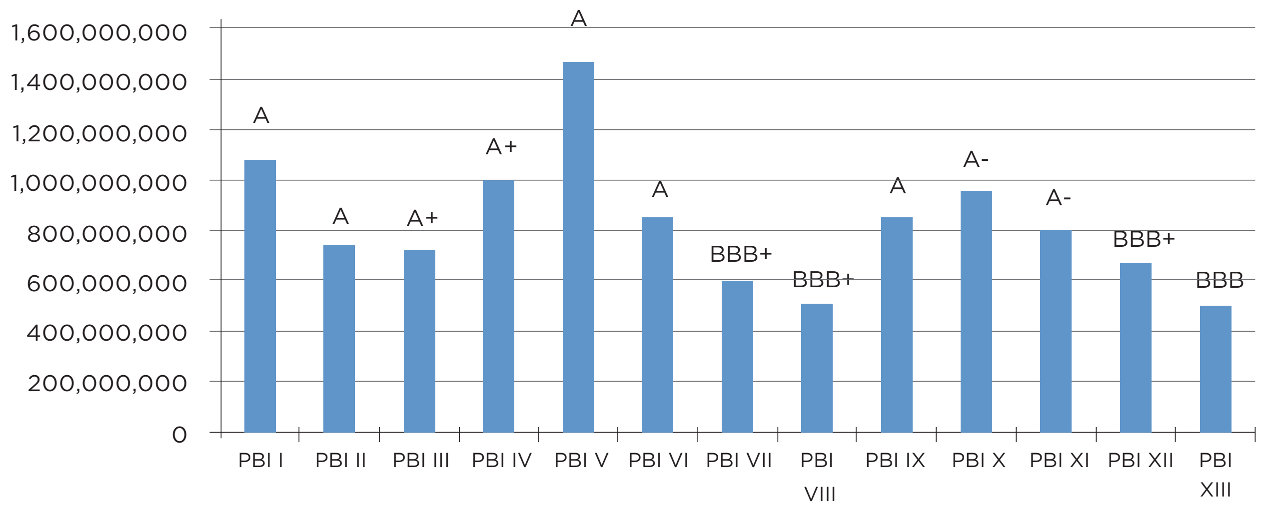
IFMR Capital is the first financial institution that ADB has partnered with under this program. This partnership with ADB is recognition of IFMR Capital's sector expertise, its ability to identify high quality originators and provide regular risk monitoring & surveillance support to ADB through the course of the 5 year program.

In the third year of the programme, IFMR Capital facilitated and co-guaranteed term loans worth INR 3.85 billion - an increase of 206 percent over the previous financial year. Under this programme framework, IFMR Capital recommends eligible MFIs to ADB and the domestic banking partner using its own internal due diligence standards and also provides subsequent portfolio monitoring and surveillance support.

First time participants in this programme were – Janalakshmi Financial Services and SV Creditline Pvt. Limited. The programme in its third year of execution saw the participation of two important investors- IndusInd Bank & Kotak Mahindra Bank.

4. Pool Bond Issuance programme

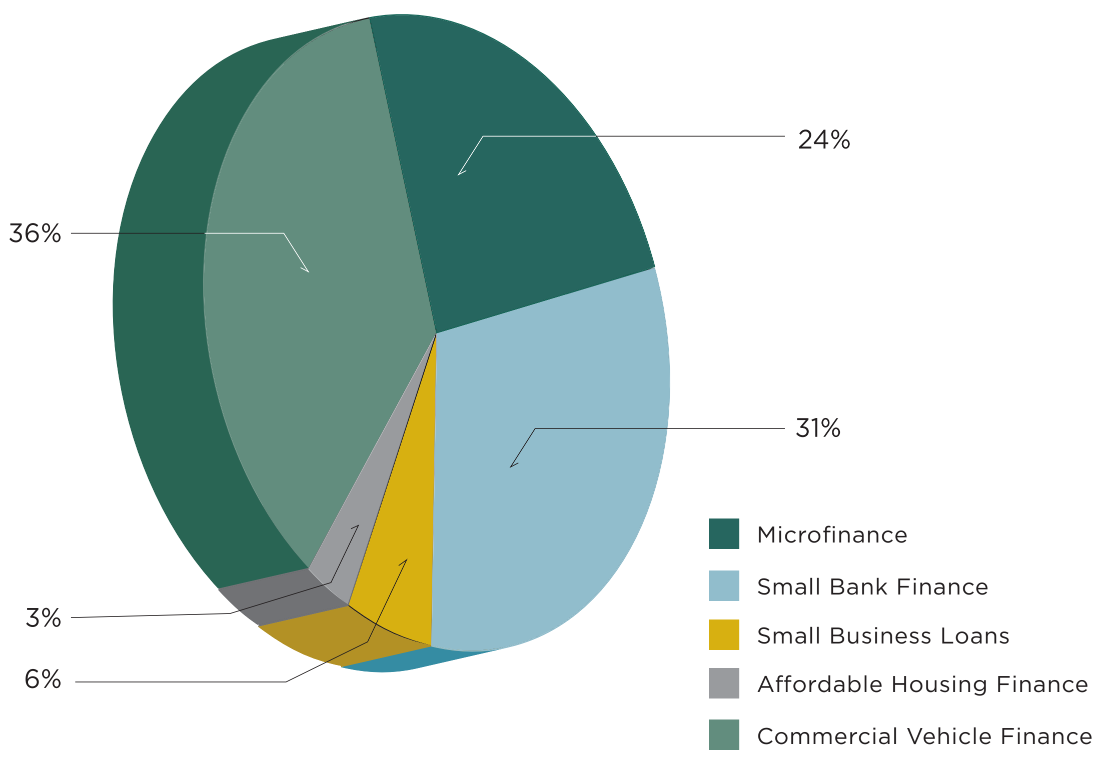
After the successful placement of PBI I- the first Pool Bond Issuance programme, structured, arranged and co-guaranteed by IFMR Capital in FY-2014, we have traversed a long way; working with a diverse combination of investors and large NBFCs. FY 2016, saw the issuance of six PBI deals, taking the overall PBI tally to fourteen. This year also saw a landmark deal where for the first time three mutual funds have invested in a Pooled Bond Issuance programme.



5. Placement of Non-Convertible Debentures and Commercial Paper

IFMR Capital acts as an arranger for investment in non-convertible debentures and commercial paper issuances of its partner institutions. We have completed the FY 2016 with an NCD volume of INR 10.67 billion and CP volume of INR 8.01 billion.

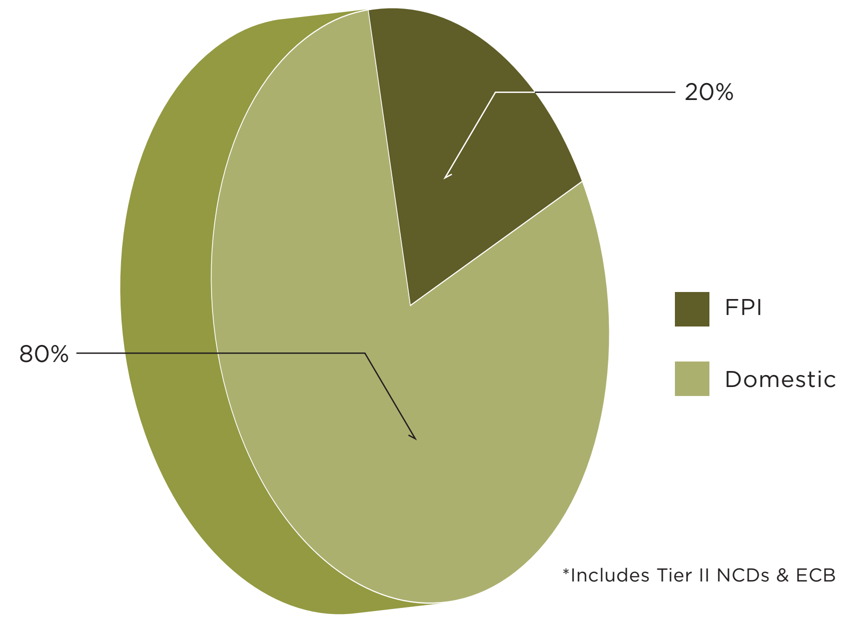
Long Term Market Issuances in FY 2016 Sector distribution



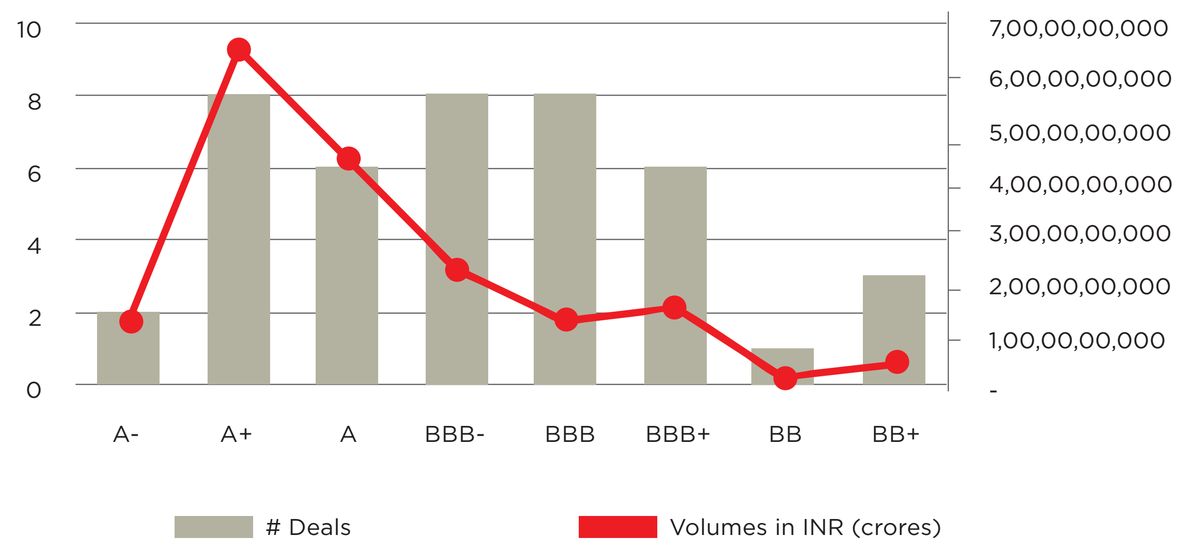
Our interactions with IFMR Capital have been very fruitful and beneficial. They have truly played a pioneering role in getting debt funds available through various instruments, for the MSME segment, of which we are a part. IFMR Capital's ability to evolve a comprehensive strategy for raising debt and 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, Vistaar Finance
and
Ramakrishna Nisthala,
COO, Vistaar Finance

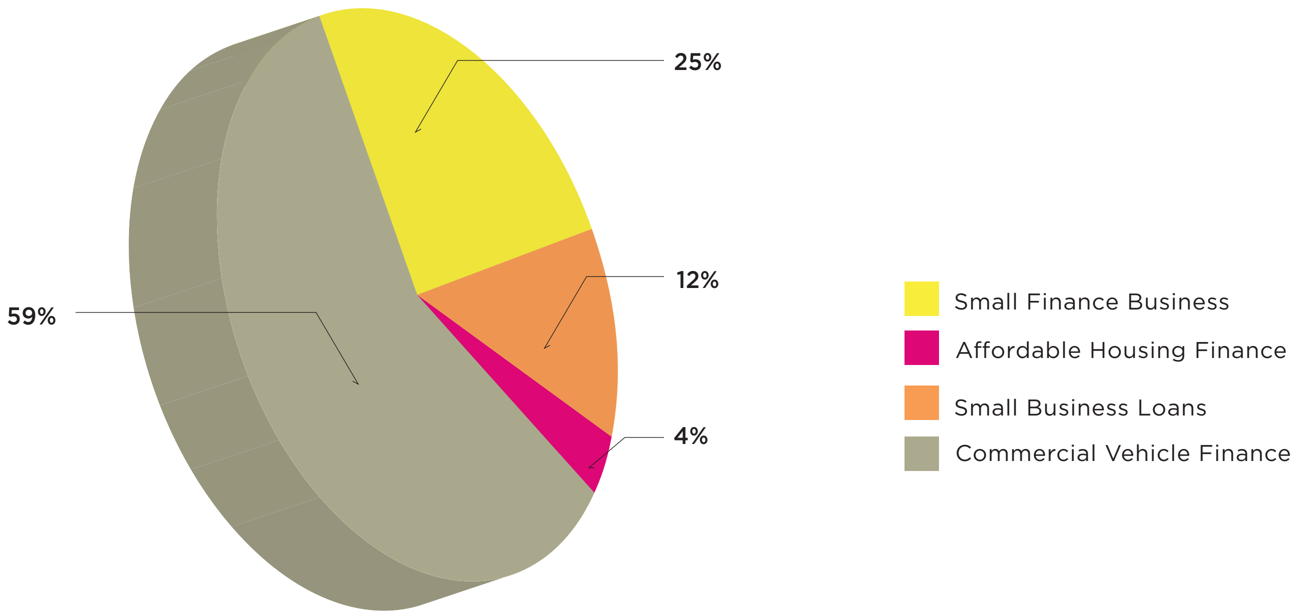
NCD Issuances FY 2016 - Investor distribution



Ratings Assigned - NCD Issuances FY 2016



Commercial Paper Placement FY 2016 - Sector Spread



6. Tier II Instruments

IFMR Capital acts as an arranger to its partner clients for subordinated debt capital and external commercial borrowings. In FY 2016, the total volume of funding to clients via the placement of long term subordinated NCDs crossed INR 4500 million, a jump of 514 percent over the previous year's base.

7. Debt Syndication

Volumes in debt syndication surpassed the previous year figures by more than 50 percent, showing a large surge over the operations in the FY 2015. Total debt syndication volumes were INR 16.96 billion spread across all asset classes that IFMR Capital works in. Investor partners included public sector banks, private sector banks and larger NBFCs.

> Deep understanding of both sides (Investor and originator) in terms of product, quality of origination, needs of parties associated with long term vision is driving the success story of IFMR. Further, I must mention the level of dedication the team carries is outstanding.
>
> **Mr. Rajendra Setia,**
> Managing Director, Esskay

Key Highlights & Achievements

- FY 2016 ended with the closure of our largest MFI securitization transaction so far with Janlakshmi Financial Services. We also closed our first direct assignment deal with a large public sector bank.
- IFMR Capital acted as an arranger, structure and co-investor for the first ever securitization deal for Mudra Bank with Janlakshmi Financial Services.
- This year, we closed our first senior, unsecured NCD placement for Janlakshmi Financial Services with a mutual fund house.
- IFMR Capital acted as an arranger for the first ever CP issuance, in a Microfinance institution where HNI clients invested.
- This year, we closed our first Pooled Bond Issuance programme where three mutual funds collectively subscribed to the debentures issued by our partners.

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 the FY 2016, we launched new products viz. Senior Unsecured Non-Convertible Debentures, making investments across asset classes.

The way forward

As we look forward to expand our outreach nation-wide as well as in the international market, we focus on making our technology infrastructure more robust and scalable, that will enable us to provide efficient and time-bound services to our partners and clients. New asset classes are being identified, to ensure the infusion of debt capital to institutions working relentlessly towards achievement of financial inclusion in the economy. A greater part of the scalability shall see the hiring of some of the finest resources for process execution, as well as building of rating models and providing advisory services. We also aim to focus on development of new products to cater to the client-wise requirements. 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

Markets

FY 2015 ended on a high note for IFMR Capital, setting the right momentum for FY 2016 in more ways than one. FY 2016 continued to be a year in which we significantly scaled up our coverage of investors – taking the total number of active investors who have invested in IFMR Capital's partner clients and structures to eighty six from sixty two. These were well spread across Banks, NBFCs, Mutual Funds, Insurance Companies, Private wealth and family offices, DFIs (both domestic and international) as well as FPIs.

Q1, traditionally a quarter where domestic banks participate in a very limited manner, saw a number of NCD placements of MFIs with offshore investors like MIVs and DFIs as well as a series of securitisation placements with Banks and NBFCs and preference share issuances. In FY 2016, for the first time, we also placed NCDs of partner clients (other than MFIs) with MIVs and DFIs.

The PBI structure launched in FY14 saw continued success in FY 2016 too. We closed six PBIs over the course of the year, with placements totalling INR 4.3 billion. Eighteen MFIs participated in these issuances. For the first time ever, a PBI was placed with Mutual Funds – by no means a small feat, and yet another big win for the microfinance sector in India! Three mutual funds participated in one of the PBI issuances – a milestone for IFMR Capital, and another step forward in our mission to bring our originator partners closer to debt capital markets.

In September 2015, Reserve Bank of India granted in-principle licence to ten institutions to convert to a Small Finance Bank (SFB). Eight of these institutions were clients of IFMR Capital. With this move came the need to align our placement strategy for these institutions in line with their new debt needs, such as unsecured debt, Tier II instruments and off balance sheet placements via securitisation and assignment. In the process, we achieved several firsts: i) our largest ever securitisation

> “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

transaction till date - INR 2.3 billion pool placement backed by underlying microfinance receivables originated by one such institution ii) Placement of senior unsecured bonds with a Mutual Fund and iii) placement of a Tier II Bond of one such institution with a Life Insurance company. These deals, once again, are significant milestones for IFMR Capital's Markets desk.

Through the year, we also helped several of our other partner clients raise unsecured and subordinated debt via loans and Bonds placed primarily with NBFCs and international investors.

During the year, we also scaled up our guarantee program with the Asian Development Bank ("ADB") by adding two more private sector banks as Local Currency Lenders in the program. IFMR Capital was amongst the first financial institutions that ADB partnered with under this program. This partnership with ADB is recognition of IFMR Capitals sector expertise, its ability to identify high quality originators, execute efficient transmission of risk and provide regular risk monitoring and surveillance support to ADB through the course of the program. Till date, disbursements under the program have crossed INR 8 billion and thirteen MFIs have been beneficiaries of ADB's guarantee. Since the first disbursement in September 2012, the program has achieved tremendous success and has gained recognition as one of the pioneering products enabling greater financial inclusion.

In the last two quarters of FY 2016, there was heightened interest from PSU Banks in purchasing pools of our partner institutions via the direct assignment route. This is a significant focus area for IFMR Capital in the coming years as we are in a position to help banks build high quality retail assets with virtually nil opex, at a time when several banks are facing significant pressures around yield, asset quality and capital constraints.

Another area of focus in FY 2016 was the fund management business which grew significantly during the year. After a strong start in FY 2015 with the launch of the first Fund, we also completed the first close of our second AIF in the last quarter of this year. This initiative has given us an opportunity to tap large institutional investors such as Life insurance companies who build long term assets. We have had a successful run with such investors across two funds. In addition to the asset diversification offered by the Fund, the following have been instrumental to the success of the product:

- Subordinated positions by the Fund Manager/ Sponsor (i.e. IFMR Group), well over the prescribed participation levels required by SEBI
- The first AIF to be rated: The fund is rated "AA-(AIF)" by CARE Ratings
- Rated Investment Manager: Investment Manager of the Fund rated for fund management quality as "AMC 2" by ICRA, on a scale of 1 to 5, with 1 being the highest.
- Quarterly surplus payouts to investors
- Daily reporting: Daily NAV and Unit Statements are shared with investors
- Low cost structure
- Steep deployment cycle: Investor drawdown and investments done over a period of 3 months

The fund business continues to be an important priority for IFMR Capital, and we will be actively looking at expanding this line of business across newer areas, including international markets.

FY 2017 holds the promise of more exciting times in our markets. The Finance Bill 2016 and other regulatory developments in the recent past have brought with them some excellent news for IFMR Capital's business. Payment Bank & Small Finance Bank licenses, clarity around taxation of PTC instruments and AIFs, changes to investment guidelines for FPIs in debt instruments are a

few developments that we believe would have a significant positive impact on our business. This coupled with continued growth and resilience in our sectors gives us tremendous confidence to take our business to yet another level in this year.

IFMR Capital has been working tirelessly over the last eight years – laying the foundation, one block at a time, for a robust debt capital markets platform for the informal retail market segment in the country. Each initiative that we undertake has had a direct impact in shaping the financial landscape of the underbanked in the country, and has contributed to our over-arching mission of enabling financial inclusion.

Indeed, Swami Vivekananda's famous words from the Upanishads – *"Arise, awake, and stop not till the goal is achieved",* resonates strongly at every corner of IFMR Capital as we go about our day to day tasks, never losing sight of the mission of developing a stable, inclusive financial system.

"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 provides a comprehensive framework for effective risk identification, control, monitoring and reporting. During FY 2016, our portfolio diversification improved significantly on key dimensions: microfinance exposure is now 57 percent of the portfolio as compared to 63 percent as of FY 2015 and our exposure in each sector is diversified across a larger number of entities. Geographically, the portfolio has further diversified this year and is spread across 30 states and 499 districts and the single largest district exposure in microfinance has come down significantly from 15 percent of equity as of FY 2015 to 8 percent of equity.

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 recovery of principal on the structured debt instruments. The instruments have consistently achieved rating upgrades over the tenure. The cumulative collection efficiency of live securitization transactions was 98.80 percent as of March 31, 2016 and the PAR 90 on the non-microfinance portfolios was 1.19 percent.

The risk management function at IFMR Capital includes the Risk Analytics and Modelling team and the Risk Monitoring and Credit Risk team. The risk team is headed by the Chief Risk Officer, who has a dotted line reporting to the Board via the Risk Committee.

The risk analytics and modelling team is responsible for periodic measurement and reporting of exposure and key risk indicators and

proactive surveillance of transaction and portfolio performance. The team uses proprietary models and metrics to calculate various risk and performance indicators, such as collection efficiency, portfolio at risk, and prepayment rates, along with the future expected cash flows on portfolio based products.

The risk modelling team aims to develop a deep 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 8 million underlying loan contracts from nearly 300 securitization transactions, financial and portfolio performance from more than 70 originators in multiple asset classes, across the whole country, the risk modelling team carries out advanced analysis using innovative, proprietary models to quantify the credit behaviour of underlying borrowers and portfolios including thorough loss estimation models.

The models are used to estimate expected and unexpected credit losses as well as the loss on account of stress events using insights from field level risk monitoring of the portfolio. The team also actively uses information from industry repositories such as the credit bureaus to analyse sector and geography level trends and benchmark portfolio performance.

The output of our risk modelling work is a critical input for new product development, portfolio selection, transaction structuring and investment decision-making. The team has built a proprietary data mining tool, CubeIT, to facilitate effective use of the analytics output on a real time basis.

We continue to build a rich database of underlying loan level socio economic data across the portfolio to understand risk and performance drivers. During the year, the Risk Analytics and Modelling team also engaged actively with key stakeholders such as originators and investors, executing complex risk analytics engagements on their portfolio data as an input for their strategic and operational decisions.

At a portfolio level, our risk analytics and modelling work became far more predictive this year with the economic capital model refined and implemented every quarter including a historical period of 9 quarters going back to

March 2013. This allows us to track the movement in the relative risk level in the portfolio over time and evaluate risk vs. return by sector and product.

The risk monitoring and credit risk team is responsible for reviewing the risk of sectors that IFMR Capital has exposure to and conducting on-the-ground monitoring of IFMR Capital's portfolio as required with a risk based design. During the year, the risk monitoring team was structured into sector specific teams for greater focus and specialization. Detailed sector risk reviews including client level benchmarking of financial performance, portfolio performance and processes were also completed during the year to identify key risk areas. We have also piloted an institutional rating model for objective counterparty risk assessment.

For all entities that IFMR Capital has exposure on, the risk monitoring team conducts visits two to three times in a year, or more if required, and flags any portfolio quality and servicing issues or stress factors – be it entity or geography specific. This forms a key input for proactive risk management. The team also gathers ground level data on the impact of unforeseen extreme events, such as natural disasters, socio political events etc., 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 142 visits to 68 entities across all asset classes. The breadth of the monitoring team's coverage is illustrated in the table below.

As of March 31, 2016

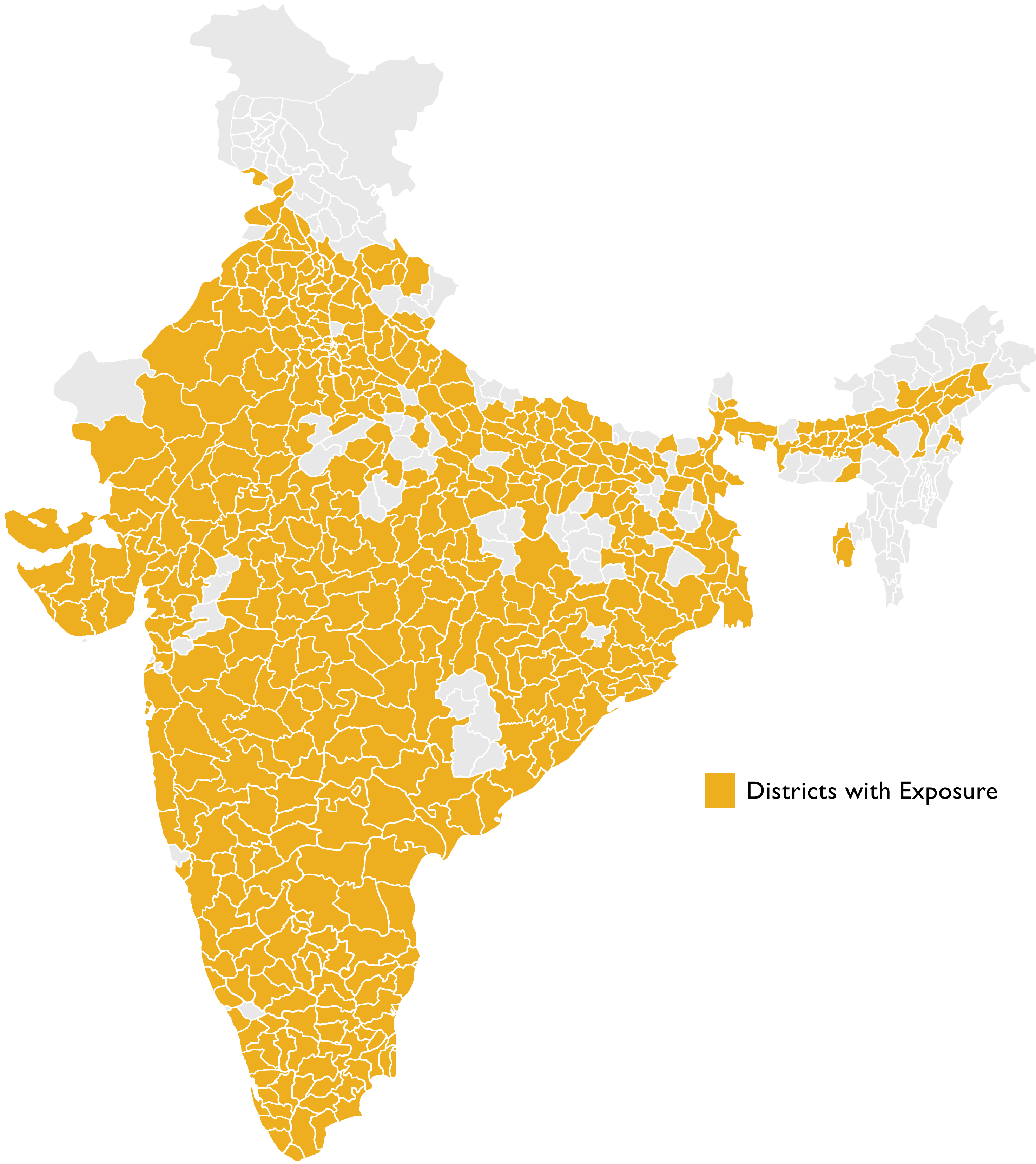
	Q1	Q2	Q3	Q4	Total	Till Date
No of Visits	32	40	36	34	142	478
No of Management Meetings	5	1	2	2	10	28
No of entities	37	40	35	33	68	108
No of states/UT	15	15	14	13	22	22
No of districts	36	41	39	44	96	256
No of branches	57	74	65	82	278	1146
No of centers	167	166	142	160	635	2819
No of customers / enterprise visited	88	66	237	123	514	1026

During the coming year, we will focus on sharpening our risk analytics insights across asset classes and invest more in predictive and prescriptive analytics for ourselves and our key stakeholders.

The risk monitoring and credit risk design will be carefully calibrated based on our understanding of risk across sectors and entities. We are also designing a separate monitoring framework for our quasi-retail portfolio focussing on measuring portfolio performance regularly, tracking underwriting quality and identifying credit drivers.

Further, IFMR Capital is in the process of completing the implementation of a comprehensive ERP system and migrating current business processes and historic data to the ERP solution to go live in phases.

IFMR Capital - District Wise Exposure



Treasury

IFMR Capital's treasury started FY16 with the following well defined objectives:

1. Reduce cost of funds sharply to remain competitive in its lending and investments, given the strong growth and rerating of most of our key clients.
2. Manage capital adequacy to comply with RBI and lender prescribed limits, via alternate routes such as assignments, asset sales, Tier II capital etc., given the strong balance sheet growth.
3. Raise large working capital lines to provide flexibility in managing our cash flows.

With these clear objectives to focus on, treasury ended the year with significant progress against each of the above.

Financial Performance

During FY 2016, our operating income grew by around 68 per cent, driven by around 82 percent growth in our interest income and 34 percent growth in our fee income. Our cost of funds reduced sharply by 78 basis points during the year , ending the year at 11.42 percent from 12.20 percent in FY 2015, and enabled our net interest income to grow at 59 percent , despite a slower fee income growth during the year. Operating expenses - salaries, employee benefit expenses, administrative expenses, depreciation and provisions went up by 53 percent, significantly lower than our revenue growth, even though employee base increased more than 73 percent to 92 employees by FY 2016 end.

As a result of the above, operating profits grew by a healthy 61.3 percent and net profits by 60.7 percent. We ended the year with RONW of 23.31 percent, an improvement of 301 basis points over FY 2015, given our focus on cost of funds, operating expenses as well as our liability mix.

Despite the volatility in the capital markets due to corporate defaults as well as regulatory changes, IFMR Capital could diversify its lender base and bring new lenders and investors on board, reaffirming the markets' faith in IFMR Capitals' business. We received a large investment via NCDs from one of the largest debt mutual funds towards the end of the year. IFMR Capital raised Tier I capital via redeemable preference shares from a domestic AIF as well as received sanctions for the first time from PSU and private sector banks. Existing lenders continued to reposed their faith by sanctioning significant enhancement to IFMR Capital during the year at lower spreads than their earlier facilities.

More importantly, we could raise working capital lines from our existing lenders to the tune of INR 215 crores during the year, ending the year with sanctioned working capital facilities of INR 270 crores. These lines have provided us with significant flexibility in managing disbursements and cost of liabilities, given the lumpy nature of our cash flows.

IFMR Capital also carried out its first assignment transaction with a leading PSU bank for around INR 76 crores in August 2015. Additionally IFMR Capital conducted it's largest secondary sale of PTCs in March 2016 of INR 70 crores. Both transactions were important for IFMR Capital, as this opens up the route for other investors to buy our asset book, providing us with capital relief as well as benefit on the funding cost due to the lower cost of assignment transactions. We are targeting larger asset sales during the year to manage capital adequacy as well as our cost of funds.

We also increased our commercial paper limits from INR 150 crores to INR 250 crores and issued CPs of various tenors to mutual funds as well as NBFCs, to effectively manage our cost of funds. We continue to engage with our existing and new lenders and have witnessed further fall in our cost of funds in Q1 FY 2017 thus far.

During the year, IFMR Capital's asset duration increased significantly, as we invested in our client's senior and subordinated NCDs and also provided longer moratorium periods on our loans, to suit our customers' requirements and also as our confidence on our clients increased. Additionally, our liability mix had changed with CPs and working capital lines increasing as a share of total liabilities, thus shortening our liabilities' duration. The net effect of this was an increase in equity duration to around 1x by end of March 2016. However, we are in conversation with fund houses for longer tenor bonds and we expect duration to be back at historical levels post these NCD issuances.

In FY 2017, we see significant opportunities in efficient liquidity and interest rate risk management, given the change from base rate to MCLR across banks. Further, we plan a significant raise of equity, which will expand networth and enable higher single entity limits to grow our business. In this financial year, IFMR Capital's Treasury has the following goals:

1. To drive down the cost of funds further and remain competitive, as our clients continue to grow and rerate
2. To raise equity at the right valuation to meet our growth ambitions, as well as rerate the company.
3. To increase our working capital lines to a higher percentage of our borrowings, improving our flexibility as well as our ability to raise more CPs from the market.
4. To manage our equity duration and reduce ALM risk, by raising long term borrowing with affordable pricing.
5. Improved interest rate risk management with the benefit of the MCLR regime

IFMR Investments

IFMR Investment Managers Private Limited (IIMPL)

During the year under review, the IIMPL has been appointed as the Investment Manager to IFMR FImpact Long Term Multi Asset Class Fund, the first Scheme of the IFMR Finance for Freedom Fund, a Category II Fund registered with SEBI under the SEBI (Alternative Investment Fund) Regulations, 2012. IIMPL has also been appointed as Investment Manager to IFMR FImpact Medium Term Microfinance Fund, the first Scheme of the IFMR Finance for Freedom Fund II, again a Category II Fund registered with SEBI under the SEBI (Alternative Investment Fund) Regulations, 2012. During the year, the 'CARE AA (AIF)' rating on IFMR FImpact Investment Fund was reaffirmed by CARE Ratings. Also, IFMR FImpact Long Term Multi Asset Class Fund secured a rating of 'CARE AA- (AIF)' while IFMR FImpact Medium Term Microfinance Fund secured a rating of 'CARE AA (AIF)'. Further, ICRA reaffirmed its fund management quality rating of 'AMC 2' during the year.

Current Assets Under Management

(in INR crores)	IFMR FImpact Investment Fund	IFMR FImpact Long Term Multi Asset Class Fund	Total
FY2015	45.4	-	45.4
FY 2016	103.8	168.1	271.9

The AUM has increased from INR 45.5 crores as at the end of FY 2015 to INR 271.9 crores in the just concluded financial year. The strong growth in AUM has been on the back of investors substantially increasing the commitments in the second fund - IFMR FImpact Long Term Multi Asset Class Fund.

Following the success in the domestic fund management space, IIMPL will also be launching offshore funds for international investors. The offshore strategy will consist of two segments – for investors willing to invest directly in India-based AIFs, the current regulatory structure permits our domestic based AIFs to take foreign investments; however, for investors who would like to invest in offshore jurisdictions, IIMPL will set up international funds in favourable jurisdictions.

IIMPL will also be diversifying beyond the current five sectors that it works in - microfinance, affordable housing finance, small business loan finance, commercial vehicle finance and agri-business finance.

During the year, the net revenue from operations of IIMPL is INR 29,498,758 (Previous year - INR 2,229,693). For FY 2016, IIMPL's PAT stood at INR 8,089,930 vis-à-vis a Loss After Tax of INR 461,423 in the previous year.

IFMR Investment Adviser Services Private Limited (IIASPL)

The previous financial year saw IIASPL acting as the investment adviser to IIMPL's first AIF. This financial year witnessed the addition of two additional AIFs. While acting as investment adviser for impact based AIFs will constitute an important segment for IIASPL, the Company is also in the process of putting together its non-investment advisory business. This will include consultancy with high quality originators into diversifying their businesses into other areas of financial services, rating advisory and data analytics.

With the two core verticals (investment advice and non-investment advice) and the market opportunities they present, IIASPL will enter the next financial year on a stronger footing.

During the year, the net revenue from operations of IIASPL is INR 6,324,051 (Previous year – INR 456,165) For FY 2016, IIASPL's Loss after tax stood at INR 7,455,185 vis-à-vis loss of INR 12,196,133 in the previous year, registering a decline in loss of 39 percent.

HUMAN Resources

IFMR Capital maintains that its' most valuable assets are its management and employees. 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 and efficiency. In FY 2015 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 FY 2015 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 65 to 92. Crucially, we have been able to grow our team strength with talented individuals while ensuring that they share our belief and passion for greater financial inclusion. Attrition levels (10 percent) remained below the industry average (over 15 percent) reflecting our ability to, not only attract high quality individuals, but continuously increase the creative pressure and engagement levels.

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/domain and leadership skills throughout FY 2015 and 2016. We focused on establishing effective internal training programs for employees and improving our induction cum orientation processes to ensure a smoother transition for new recruits / hires across all levels.

We have made an effort to establish the company culture of ownership and accountability, transparency, 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.

IFMR CAPITAL ANNUAL REPORT 2015-16

Board's Report

Dear Shareholders,

Your directors have pleasure in presenting the seventh annual report along with the financial statements of the company for the year ended March 31, 2016. The summarised consolidated financial results of the Company are given hereunder:

Financial Highlights

INR in Crores

Particulars	As on 31 March, 2016	As on 31 March, 2015
Income	243.39	151.79
Less: Expenditure	160.52	101.81
Gross profit before depreciation	**82.88**	**49.99**
Less: Depreciation for the year	0.59	0.20
PBT (Profit Before Tax)	82.29	49.79
Less: Provision for tax (Current year)	22.56	13.30
Less: Deferred tax	(0.42)	(1.75)
PAT (Profit After Tax)	**60.14**	**38.24**
Profit brought forward from previous year (net of opening balance depreciation adjustment Rs. 0.04 crs)	49.95	19.36
Less: Transfer to reserve	12.03	7.65
Less: proposed dividend - preference shares	0.38	-
Balance carried forward to balance sheet	**97.68**	49.95

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, 2016, the company achieved a Profit Before Tax of INR 82.29 Crores, a growth of over 65.28% over last year.

During the year, your company has enabled financing via Securitisation and assignment transactions valuing around INR 5745 Crores, loan transactions worth INR 1299 Crores, working capital loans of INR 30 crores loan syndication worth INR 4551 Crores. In addition to this, your company also issued guarantees of INR 1443 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 750 crores vis-à-vis a rating of ICRA A in the last financial year for INR 300 crores.

The credit rating for the company's short-term facilities for its Commercial Paper programme has been upgraded to CARE A1+ for INR 250 crores vis-à-vis a rating of CARE A1 in the last financial year for INR 150 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, 2016 is 16.43 percent as against 19.66 percent as on March 31, 2016. The minimum capital adequacy ratio prescribed by RBI is 15 percent.

State of affairs of the Company 2015-16:

During the year, your company achieved robust growth achieving financing volumes of INR 13,246 crores across all sectors, which is around 78 percent over and above the volumes achieved in FY 2014-15. Significant growth was achieved in securitisation, guarantee backed structures and assignment transactions. The company also facilitated significant business volumes to its Small Finance Bank (SFB) clients, by providing strategic advisory services to them.

The company also achieved the milestone of reaching one hundred clients across asset classes adding 28 new entities during the Financial Year.

The company also launched the Direct Origination (DO) product with two of its clients viz. Taraashna Services Private Limited and Neogrowth Credit Private Limited for building JLG portfolio and financing small and medium sized retailers respectively.

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.

The company ended FY 2015-16, with a balance sheet size of INR 295.42 crores (against INR 220.26 crores). The profit after tax for the financial year was at INR 60.14 Crores, a growth of about 57.28 percent over the last financial year.

The Company during the year, raised funding from various sources including through short term and long term facilities from public and private sector banks, issue of non-convertible debentures and commercial papers and through sell down of its financial assets.

Subsidiaries:

IFMR Investment Managers Private Limited (IIMPL)
During the year, the net revenue from operations of your Company is INR 29,498,758 (Previous year - INR 2,229,693). For FY 2016, your Company's Profit after tax stood at INR 6,590,325 vis-à-vis a Loss after tax of INR 461,423 in the previous year.

During the year under review, the IIMPL has been appointed as the Investment Manager to IFMR FImpact Long Term Multi Asset Class Fund, the first Scheme of the IFMR Finance for Freedom Fund, a Category II Fund registered with SEBI under the SEBI (Alternative Investment Fund) Regulations, 2012. IIMPL has also been appointed as Investment Manager to IFMR FImpact Medium Term Microfinance Fund, the first Scheme of the IFMR Finance for Freedom Fund II, again a Category II Fund registered with SEBI under the SEBI (Alternative Investment Fund) Regulations, 2012. During the year, the 'CARE AA (AIF)' rating on IFMR FImpact Investment Fund was reaffirmed by CARE Ratings. Also, IFMR FImpact Long Term Multi Asset Class Fund secured a rating of 'CARE AA- (AIF)' while IFMR FImpact Medium Term Microfinance Fund secured a rating of 'CARE AA (AIF)'. Further, ICRA reaffirmed its fund management quality rating of 'AMC 2' during the year.

Following the success in the domestic fund management space, IIMPL will also be launching offshore funds for international investors. The offshore strategy will consist of two segments - for investors willing to invest directly in India-based AIFs, the current regulatory structure permits our domestic based AIFs to take foreign investments, however, for investors who would like to invest in offshore jurisdictions, IIMPL will set up international funds in favourable jurisdictions.

IIMPL will also be diversifying beyond the current five sectors that it works in – microfinance, affordable housing finance, small business loan finance, commercial vehicle finance and agri-business finance.

IFMR Investment Adviser Services Private Limited (IIASPL):
During the year, the net revenue from operations of IIASPL is INR 6,324,051 (Previous year – INR 456,165) For FY 2016, IIASPL's Loss after tax stood at INR 7,601,546 vis-à-vis loss of INR 12,196,134 in the previous year, registering a decline in loss of 38 percent.

Previous financial year saw IIASPL acting as investment adviser to IIMPL's first AIF. This financial year witnessed the addition of two additional AIFs. While acting as investment adviser for impact based AIFs will constitute an important segment for IIASPL, the Company is also in the process of putting together its non-investment advisory business. This will include consultancy with high quality originators into diversifying their businesses into other areas of financial services, rating advisory and data analytics.

With the two core verticals (investment advice and non-investment advice) and the market opportunities they present, IIASPL will enter the next financial year on a stronger footing.

Outlook for 2016-17:
In 2015-16, your company achieved consistent volumes for clients across sectors and products. In Financial Year 2016-17, your company plans to deepen its existence by on-boarding more high quality Originators across asset classes and tiers. More specifically, the company plans to focus on product diversification, scaling up on the direct origination product and exploring newer relationships with FinTech companies.

The company also plans to gain access to individual client/ group level data that would help further to building granular understanding across products and geographies.

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 2015-16.

Details of conservation of energy and technology absorption:
The Company has no activity relating to conservation of energy and technology absorption.

Foreign Exchange Earnings and Outgo:

Foreign Exchange Expenditure:

Particulars	YE 31 March 2016 (in INR)	YE 31 March 2015 (in INR)
Travel	388,038	1,074,263
Directors Sitting Fees	96,722	-
Legal and Professional charges	-	28,103
Books and Periodicals	523,054	400,076
Subscription	57,031	-
Total	**1,064,845**	**1,502,442**

Foreign Exchange Earnings:
NIL (Previous Year – NIL)

Meeting of Independent Directors:
In terms of Para VII of the Code for Independent Directors, the company conducted a meeting of all its independent directors without the attendance of non-independent directors and members of the management. The independent directors reviewed the performance of non-independent, non-executive directors and Chairperson of the company. The feedback of the independent directors will be implemented on a continuous basis.

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 the following observation was noted in the Report:

Company has not sent the notice, agenda papers and the minutes of the meetings within the time limit prescribed in the Secretarial Standard 1 issued by the Institute of Company Secretaries of India with respect to board meetings.

The Board took note of the same and was informed that the same will be addressed in the coming Financial Year.

The said 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, 2016 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.

Declaration of independence under Section 149(6) of the Companies Act, 2013:
The independent directors of the Company have submitted a declaration that each of them meets the criteria of independence as provided in Section 149(6) of the Act and there has been no change in the circumstances which may affect their status as independent director during the year.

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 during the financial year 2015-16.

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 – 6 (5th May 2015, 15th July 2015, 29th October 2015, 21st November 2015, 21st December 2015, 28th January 2016)

(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 by the Nomination and Remuneration Committee prior to appointment of directors. At present, only the Chief Executive Officer cum Managing 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 as the company is a non-banking finance company

(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. 12.03 Crores (transferred to Statutory Reserve) and Rs. 48.11 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 Board of Directors of the Company carried out a formal Board evaluation exercise of the Board of Directors and Committees of the Board through an online portal and the feedback and suggestions of the Board will be analysed and implemented on a continuous basis.

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	Dr. Kshama Fernandes, Whole-time Director of the Company was re-designated as Managing Director at the Annual General Meeting held on 5th May 2015, for a period of five years.
The names of companies which have become or ceased to be its subsidiaries, joint ventures or associate companies during the year	NIL
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 completeness and adequacy of internal financial controls of the Company was evaluated by an independent audit agency and report of the same has been shared with the Statutory Auditors of the Company. The same has also been presented to the Audit Committee, based on which the Board has certified that the internal financial controls are adequate and are operating effectively.

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: 8 :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	percent increase in remuneration vis-à-vis last financial year
Dr. Kshama Fernandes, Chief Executive Officer cum Director	15percent
Mr. Vineet Sukumar, Chief Financial Officer	15percent
Ms. R. Srividhya, Company Secretary	25percent

- Percentage increase in the median remuneration of employees in the financial year: 25percent
- Number of permanent employees on the rolls of the company – 86 **(as of 31st March 2016)**
- 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 18.33percent. The company's increase in Profit Before Tax over the last Financial Year is 64.31percent.
- Variations in the net worth of the company as at the close of the FINANCIAL YEAR and previous FINANCIAL YEAR – **34.12 percent**
- Comparison of each managerial remuneration against the performance of the company
  - **Dr. Kshama Fernandes received an increased remuneration of 15percent against the company performance of a PBT increase of 64.31 percent**
- 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.**

Particulars of Employees under Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

The statement containing particulars of employees as required under section 197(12) of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in a separate annexure forming part of this report. In terms of Section 136 of the Act, the said annexure is open for inspection at the Registered Office of the Company. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary.

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: 11 May 2016
Place: Chennai

Annexure I

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31/03/2016
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies
(Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i) CIN: U65910TN1989PTC017021

ii) Registration Date: 9th March 1989

iii) Name of the Company: IFMR Capital Finance Private Limited

iv) Category / Sub-Category of the Company: Company limited by shares

v) Address of the registered office and contact details: IIT-M Research Park, 10th Floor, No. 1, Kanagam Village, Taramani, Chennai - 600 113, Contact Details: R. Srividhya, Company Secretary, srividhya.r@ifmr.co.in

vi) Whether listed company Yes / No (listed debentures)

vii) Name, Address and Contact details of Registrar and Transfer Agent, if any: Sharepro Services India Private Limited, 13 AB, Samhita Complex, 2nd Floor, Saki Naka Telephone Lane, Sakinaka, Andheri (E), Mumbai - 400 072

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1.	Non-Banking Financial Company	6492 (credit granting in the form of loans)	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary / Associate	% of shares held	Applicable Section
1	IFMR Holdings Private Limited, IITM Research Park, 10th Floor, No.1, Kanagam Village, Taramani, Chennai - 600 113	U74900TN2013PTC094383	Holding Company	59%	2(87)(ii)
2	IFMR Investment Adviser Services Private Limited, IITM Research Park, 10th Floor, No.1, Kanagam Village, Taramani, Chennai - 600 113	U74900TN2012PTC087839	Subsidiary Company	100%	2(46)
3	IFMR Investment Managers Private Limited, IITM Research Park, 10th Floor, No.1, Kanagam Village, Taramani, Chennai - 600 113	U74120TN2014PTC095064	Subsidiary Company	100%	2(46)

IV. SHARE HOLDING PATTERN

(Equity Share Capital Breakup as percentage of Total Equity) As per Annexure 1

i) Category-wise Share Holding - As per Annexure 1

(ii) Shareholding of Promoters

Sl No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			No. of Shares
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1.	IFMR Holdings Private Limited	46225895	58.99	Nil	46225895	58.99%	Nil	Nil
	Total	46225895	58.99	Nil	46225895	58.99%	Nil	Nil

(iii) Change in Promoters' Shareholding (please specify, if there is no change) - No Change in shareholding of promoters

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): - Annexure 2

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	At the beginning of the year	Nil	Nil	Nil	Nil
2.	Date wise Increase/Decrease in their Shareholding during the year specifying the reasons for increase / decrease	Nil	Nil	Nil	Nil
3.	At the End of the year	Nil	Nil	Nil	Nil

V. INDEBTEDNESS

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

Particulars	Secured Loans excluding deposits (Rs.)	Unsecured Loans (Rs.)	Deposits (Rs.)	Total Indebtedness (Rs.)
Indebtedness at the beginning of the financial year.				
i) Principal Amount	7,328,381,143	1,475,000,000	434,612,556	9,237,993,700
ii) Interest due but not paid	-	-		
iii) Interest accrued but not due	64,002,604	16,021,684	20,588,823	100,613,111
Total (i+ii+iii)	7,392,383,747	1,491,021,684	455,201,379	9,338,606,811
Change in Indebtedness during the financial year				
Addition	72,090,465,474	4,720,000,000	237,292,285	77,047,757,759
Reduction	66,782,966,710	4,385,000,000	379,189,359	71,547,156,069
Net Change	5,307,498,764	335,000,000	(141,897,074)	5,500,601,690
Indebtedness at the end of the financial year				
i) Principal Amount	12,635,879,907	1,810,000,000	292,715,482	14,738,595,389
ii) Interest due but not paid				
iii) Interest accrued but not due	40,069,292	349,046	21,972,162	62,390,500
Total (i+ii+iii)	12,675,949,199	1,810,349,046	314,687,644	14,800,985,889

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A

Sl. No.	Particulars of Remuneration	Name of Managing Director	Total Amount (Rs in Lacs.)
		Kshama Fernandes	
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		97.75
	(b) Value of perquisites u/s 17(2) of Income Tax Act, 1961		
	(c) Profit in lieu of salary u/s 17(3) of Income Tax At, 1961		
2	Stock option		-
3	Sweat Equity		-
4	Commission		
	- as % of profits		-
	- others		
5	Others		-
	Total A		97.75
	Ceiling as per the Act		-

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

B. REMUNERATION TO OTHER DIRECTORS: -

Sitting Fees to Directors: Rs. 1,76,722

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount (Rs in lacs)
		CFO	Company Secretary	
	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) of Income Tax Act, 1961 (c) Profit in lieu of salary u/s 17(3) of Income Tax At, 1961	86.25	16.28	102.53
2.	Stock option	-	-	-
3.	Sweat Equity	-	-	-
4	Commission			
	- as % of profits	-	-	-
	- others	-	-	-
5	Others	-	-	-
	Total A	86.25	86.25	-

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. Company					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
B. Directors					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
C. Other officers in default					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

On behalf of the Board

For IFMR Capital Finance Private Limited

Bindu Ananth
Director
(DIN: 02456029)

Kshama Fernandes
Managing Director
(DIN: 02539429)

Date: May 11, 2016
Place: Chennai

Annexure 1 to MGT-9 - Category-wise shareholding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Central Govt	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) State Govt(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d) Bodies Corp	42000000	4225895	46225895	58.99%	42000000	4225895	46225895	58.99%	0.00%
e) Banks / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
f) Any Other	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total (A) (1):-	42000000	4225895	46225895	58.99%	42000000	4225895	46225895	58.99%	0.00%
(2) Foreign									
a) NRIs - Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Other - Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) Bodies Corp.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d) Banks / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e) Any Other	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total (A) (2):-	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	42000000	4225895	46225895	58.99%	42000000	4225895	46225895	58.99%	0.00%
B. Public Shareholding									
1.Institutions									
a) Mutual Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Banks / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) Central Govt	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d) State Govt(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e) Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
f) Insurance Companies	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
g) FIIs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
h) Foreign Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
i) Others - Foreign Company	32139578	Nil	32139578	41.01%	32139578	Nil	32139578	41.01%	0.00%
Sub-total (B)(1):-	Nil	Nil	32139578	41.01%	32139578	Nil	32139578	41.01%	0.00%
2. Non Institutions									
a) Bodies Corp.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
i) Indian	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
ii) Overseas	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) Others	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total (B)(2):-	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total Public Shareholding(B)=(B)(1)+ (B)(2)	32139578	Nil	32139578	41.01%	32139578	Nil	32139578	41.01%	0.00%
C. Shares held by Custodian for GDRs & ADRs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Grand Total (A+B+C)	74139578	4,225,895	78,365,473	100.00%	74,139,578	4,225,895	78,365,473	100%	

Annexure 2 - Shareholding of top-ten shareholders
(other than directors, promoters and holders of GDRs and ADRs)

Sl. No	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	32139578	41.01%	32139578	41.01%
2	Date wise Increase / Decrease in shareholding during the year specifying the reasons for increase/ decrease*			32139578	41.01%
3	At the End of the year			32139578	41.01%

* Date wise Increase/ Decrease in Top 10 Shareholding during the year specifying the reasons for increase/ decrease

Date of Increase/ Decrease	Particulars of Increase/ Decrease	Reasons of Increase/ Decrease
21st January 2016	During the Financial Year, 32139578 equity shares were transferred from Leapfrog Financial Inclusion India Holdings Limited to Leapfrog Financial Inclusion India (II) Limited	Transfer of shares

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part 'A': Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in INR)

Sl. No.	Particulars	Details
1.	Name of the subsidiary	IFMR Investment Adviser Services Private Limited
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	NA
4.	Share capital	Rs. 2,86,00,000
5.	Reserves & surplus	(Rs. 25,893,143)
6.	Total assets	Rs. 6,672,619
7.	Total Liabilities	Rs. 3,965,762
8.	Investments	NIL
9.	Turnover	Rs. 63,24,051
10.	Profit/ Loss before taxation	(Rs. 7,601,546)
11.	Provision for taxation	-
12.	Profit after taxation	(Rs. 7,601,546)
13.	Proposed Dividend	-
14.	% of shareholding	100

Notes: The following information shall be furnished at the end of the statement:

1. Names of subsidiaries which are yet to commence operations
2. Names of subsidiaries which have been liquidated or sold during the year.

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part 'A': Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in INR)

Sl. No.	Particulars	Details
1.	Name of the subsidiary	IFMR Investment Managers Private Limited
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	NA
4.	Share capital	Rs. 10,83,00,000
5.	Reserves & surplus	Rs. 1,331,184,
6.	Total assets	Rs. 165,597,472
7.	Total Liabilities	Rs. 55,966,288
8.	Investments	Rs. 14,47,50,000
9.	Turnover	Rs. 2,94,98,758
10.	Profit before taxation	Rs. 9,786,645
11.	Provision for taxation	Rs. 3,214,723
12.	Profit after taxation	Rs. 6,571,922
13.	Proposed Dividend	-
14.	% of shareholding	100

Notes: The following information shall be furnished at the end of the statement:

1. Names of subsidiaries which are yet to commence operations
2. Names of subsidiaries which have been liquidated or sold during the year.

Annexure 2

Form No. AOC-2

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

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

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

Name of the related party	Nature of transaction	Duration	Date of approval by Board
Controlling Entity: IFMR Trust - Represented by IFMR Trusteeship Services Private Limited	Sharing of common expenses and infrastructure cost	As per the terms of contract	
Direct subsidiaries:			
IFMR Investment Adviser Services Private Limited	Investment in equity shares	NA	21st January 2015
IFMR Investment Managers Private Limited	Investment in equity shares	NA	21st January 2015
	Long term advance made	As per the terms of contract	21st January 2015
Fellow Subsidiaries :			
Pudhuaaru Financial Services Private Limited	Loan to Originate/ Guarantee	As per the terms of contract	Approved by the Credit Committee of the Company in the normal course of business
IFMR Finance Foundation	Corporate Social Responsibility expenditure	NA	3rd March 2016
Companies which have common directors:			
Future Financial Services Limited	Loan to Originate/ Guarantee	As per the terms of contract	Approved by the Credit Committee of the Company in the normal course of business
Disha Microfin Private Limited	Loan to Originate/ Guarantee	As per the terms of contract	Approved by the Credit Committee of the Company in the normal course of business

On behalf of the Board

For IFMR Capital Finance Private Limited

Bindu Ananth
Director
(DIN: 02456029)

Kshama Fernandes
Managing Director
(DIN: 02539429)

Date: May 11, 2016
Place: Chennai

Annexure 3

Details regarding CSR Policy and CSR initiatives

I. Outline of the CSR policy:

The company's CSR policy is in line with IFMR Group's mission of ensuring access to financial services to every individual and enterprise. During the FY 2015-16, the company contributed towards financial inclusion in underdeveloped areas of India through the fellows program of the IFMR Finance Foundation in its research to

a) support development of products for low income households

b) study the financial decisions of low income households to influence product development in the practice of financial services delivery

The complete CSR policy of the Company can be accessed on the company's website at www.capital.ifmr.co.in

II. Composition of the CSR Committee:

In accordance with Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility) Rules, 2014, the Company has constituted a CSR Committee with the following members of the Board:

1. Dr. Susan Thomas, Chairperson
2. Mr. Michael Fernandes, Director
3. Mr. Puneet Gupta, Director

III. Average Net Profits of the Company for the last three financial years: Rs. 248,364,260

IV. Prescribed CSR Expenditure: (two per cent of the amount specified in III. Above): Rs. 4,967,285

V. Details of CSR spent during the year:

a) Total amount to be spent for the financial year- Rs. 49,67,285

b) Amount unspent - if any

c) Manner in which the amount spent during the financial year:

S. No	CSR project or activity identified	Sector in which the project is covered	Projects or programs 1) local or other 2) specify the State and district where projects or programs were undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing agency
1	IFMR Finance Foundation	Social Project	Tamilnadu	-	Rs. 29,80,371	Rs. 29,80,371	Rs. 29,80,371
2	Repainting of Government school building	Education	Chennai, Tamil Nadu		Rs. 863,225	Rs. 863,225	Rs. 863,225
3	Towards Vidya Sagar	Education	Chennai, Tamil Nadu		Rs. 1,123,689	Rs. 1,123,689	Rs. 1,123,689
	TOTAL				Rs. 4,967,285	Rs. 4,967,285	Rs. 4,967,285

VI. The CSR Committee of the Company certifies that the Company is compliant with the implementation and monitoring of the CSR Policy

Signature of Chief Executive Officer

Signature of the Chairman of the CSR Committee

The Members,
IFMR CAPITAL FINANCE PRIVATE LIMITED
CIN: U65910TN1989PTC017021
No. 1, Kanagam Village,
10th Floor IITM Research Park,
Taramani, Chennai 600 113.

Dear Members,

Sub: My Report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.

2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.

3. I have not verified the correctness and appropriateness of financial records and books of accounts of the company.

4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.,

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.

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

Place: Chennai
Date: 03.05.2016

Name of Company Secretary in practice: Dr. B RAVI
FCS: 1810 C. P. No.: 3318

Secretarial Audit Report

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2016

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

To,
The Members,
IFMR CAPITAL FINANCE PRIVATE LIMITED
CIN: U65910TN1989PTC017021
No. 1, Kanagam Village,
10th Floor IITM Research Park,
Taramani, Chennai 600113.

Dear Members,

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by IFMR CAPITAL FINANCE PRIVATE LIMITED (hereinafter called the “Company”). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of IFMR CAPITAL FINANCE PRIVATE LIMITED's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by IFMR CAPITAL FINANCE PRIVATE LIMITED (“the Company”) for the financial year ended on 31st March, 2016 according to the provisions of:

(i) The Companies Act, 1956, the Companies Act 2013 (to the extent Sections and Schedules notified) and the rules made thereunder including Amendment, Circulars, Notifications and Removal of Difficulties Order issued by the Ministry of Corporate Affairs from time to time;

(ii) The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made thereunder to the extent applicable;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’) as amended:-

a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; (was not applicable to the company during the period under review)
b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; (was not applicable to the company during the period under review)
c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (was not applicable to the company during the period under review)
d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (was not applicable to the company during the period under review)
e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
f) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (was not applicable to the company during the period under review)
g) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (was not applicable to the company during the period under review)
h) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

(vi) The Following Industry Specific Laws and the rules, regulations, directions, guidelines, circulars and instructions framed thereunder:

a) Reserve Bank of India Act, 1934;
b) Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015;
c) Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015;
d) Know Your Customer' (KYC) Guidelines – Anti Money Laundering Standards (AML) -'Prevention of Money Laundering Act, 2002 - Obligations of NBFCs in terms of Rules notified thereunder;
e) Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015;
f) Miscellaneous Instructions to all Non-Banking Financial Companies;
g) Returns to be submitted by NBFCs;
h) Miscellaneous Instructions to NBFC- ND-SI;
i) Revised Regulatory Framework for NBFCs;
j) Raising Money through Private Placement of Non-Convertible Debentures (NCDs) by NBFCs
k) Guidelines to Fair Practices Code;
l) Reserve Bank of India Master Circulars issued to NBFCs
m) Master Circular - Guidelines for Issue of Commercial Paper

I further report that based on the information received, explanations given, process explained, records maintained, statutory compliance and statutory internal audit reports submitted to the Board on quarterly basis, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable labour laws, rules, regulations and guidelines. The Company has confirmed compliance with the labour laws:

a) Shops and Establishment Act, 1947
b) The Payment of Bonus Act, 1965
c) The Payment of Gratuity Act, 1972
d) The Employees' Provident Funds and Miscellaneous Provisions Act, 1952
e) The State Labour Welfare Fund Act
f) The Minimum Wages Act, 1948
g) The Payment of Wages Act, 1936
h) The Maternity Benefit Act, 1961
i) The Tamil Nadu Industrial Establishments (National and Festival Holidays) Act, 1958

I further report that based on the information received, explanations given, process explained, records maintained and statutory compliance and statutory internal audit reports submitted to the Board on quarterly basis, the company is regular in making statutory payments and there have been no cases against the Company or its officers or notices issued to the company or its officers under the following Acts:

a) Finance Act, 1994 with respect to service tax
b) Income Tax Act, 1961with respect to Tax Deducted at Source and Advance Tax
c) Professional tax

I have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards 1 and 2 issued by The Institute of Company Secretaries of India.
(ii) The Listing Agreement entered into by the Company with BSE Limited (BSE).

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

Company has not sent the notice, agenda papers and the minutes of the meetings within the time limit prescribed in the Secretarial Standard 1 issued by the Institute of Company Secretaries of India with respect to board meetings.

The Company has in place and complied with the norms prescribed for information to be preserved and records to be maintained in line with the circulars and guidelines issued by the Reserve Bank of India to ensure that proper KYC norms are followed by NBFCs and that adequate checks and measures are in place to prevent Money Laundering. However, the company is in the process of forming and adopting Archival policy for retention of documents ad mandated under SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

The meetings of the Audit Committee held on 29.10.2015 and the Risk Management Committee meetings held on 25.06.2015 and 14.07.2015 had adequate quorum but was chaired by the chairman of the respective committees through teleconferencing in line with their internal Charter and the entire proceedings has been recorded.

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting subject to the observation made above.

All decisions were carried out unanimously.

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

I further report that during the audit period the company:-

a) At the Extra Ordinary General Meeting held on 23.11.2015 had accorded approval for issue of Non Convertible Debentures upto a maximum amount not exceeding Rs 5 Billion

b) At the Extra Ordinary General Meeting held on 21.12.2015 had accorded approval for issue of 1,50,00,000 non convertible and compulsorily redeemable preference shares on private placement basis

c) Had issued 16 commercial paper aggregating to a sum of Rs.47crores to 7 persons

Place: Chennai — Name of Company Secretary in practice: Dr. B RAVI
Date: 03.05.2016 — FCS: 1810 — C. P. No.: 3318

As per Regulation 53 of SEBI (Listing Obligations and Disclosures Requirements) Regulations,2015

Name of the Debenture trustees:

a. **Catalyst Trusteeship Ltd**
(formerly GDA Trusteeship Limited)
GDA House, First Floor, Plot No. 85 S. No. 94 & 95,
Bhusari Colony (Right),Kothrud, Pune -411038
Phone: 020-25280081 | Email- dt@gdatrustee.com

b. **IDBI Trusteeship Services Limited**
Asian Building, Ground Floor, 17.R,
Kamani Marg Ballard Estate, Mumbai-400 001
Phone: +91 022 40807000 | Email- itsl@idbitrustee.com

Related party disclosures as specified in Para A of Schedule V: It is mentioned under note 33 which forms part of the financial statement.

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

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of IFMR CAPITAL FINANCE PRIVATE LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation 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 prescribed under section 133 of the Act, as applicable.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under section 143 (11) of the Act.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of 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 March 31, 2016, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. 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 purpose of our audit.

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

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

    d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards prescribed under section 133 of the Act, as applicable.

    e) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of Section 164(2) of the Act.

    f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

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

        i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements;

        ii. The Company has made provisions, as required under the applicable law or accounting standards, for material foreseeable losses on long term contracts.

        iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No.: 008072S)

Bhavani Balasubramanian
Partner
Membership No. 22156

Chennai, May 11, 2016

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

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

We have audited the internal financial controls over financial reporting of IFMR CAPITAL FINANCE PRIVATE LIMITED (“the Company”) as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm’s Registration No.: 008072S)

Bhavani Balasubramanian
Partner
Membership No. 22156

Chennai, May 11, 2016

ANNEXURE "B" TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) (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.

(c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause (i)(c) of the CARO 2016 is not applicable.

(ii) The Company does not have any inventory and hence reporting under clause (ii) of the CARO 2016 is not applicable.

(iii) According to the information and explanations given to us, the Company has granted unsecured loans to a company covered in the Register maintained under section 189 of the Companies Act, 2013, in respect of which:

(a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest.

(b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.

(c) There is no overdue amount remaining outstanding as at the balance sheet date.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and there are no unclaimed deposits as at March 31, 2016.

(vi) Having regard to the nature of the Company's business / activities, reporting under clause (vi) CARO 2016 is not applicable.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Income-tax, Service Tax, Cess and other material statutory dues applicable to it to the appropriate authorities. The undisputed statutory dues relating to Employees' State Insurance, Sales Tax, Wealth Tax, Customs Duty and Excise Duty are not applicable to the Company.

(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 March 31, 2016 for a period of more than six months from the date they became payable.

(c) Details of dues of Service tax which have not been deposited as on March 31, 2016 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

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and dues to debenture holders.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments). In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were raised.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) The Company is a private company and hence the provisions of section 197 of the Companies Act, 2013 do not apply to the Company.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us, the Company has made private placement of preference shares during the year under review.

In respect of the above issue, we further report that:
a) the requirement of Section 42 of the Companies Act, 2013, as applicable, have been complied with; and
b) the amounts raised have been applied by the Company during the year for the purposes for which the funds were raised.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and it has obtained the registration.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No.: 008072S)

Bhavani Balasubramanian
Partner
Membership No. 22156

Chennai, May 11, 2016

Balance Sheet as at 31 March 2016

Amount in INR

	Particulars	Note Reference	As at 31 March 2016	As at 31 March 2015
I	EQUITY AND LIABILITIES			
	Shareholders' Funds			
	Share Capital	3	933,654,730	783,654,730
	Reserves and Surplus	4	2,016,592,803	1,418,984,560
			2,950,247,533	2,202,639,290
	Non Current Liabilities			
	Long Term Borrowings	5	7,363,829,353	4,249,467,491
	Other Long Term Liabilities	6	572,609,964	169,448,682
	Long Term Provisions	7	39,155,709	18,401,083
			7,975,595,026	4,437,317,256
	Current Liabilities			
	Short Term Borrowings	8	3,341,572,397	1,898,645,598
	Trade Payables	9	84,424,718	52,910,951
	Other Current Liabilities	10	4,101,330,588	3,161,788,500
	Short Term Provisions	11	31,217,788	19,379,458
			7,558,545,491	5,132,724,507
	TOTAL		18,484,388,050	11,772,681,053
II	ASSETS			
	Non Current Assets			
	Fixed Assets			
	Tangible Assets	12	2,031,079	2,916,488
	Intangible Assets	12	22,669,158	13,173
	Intangible Assets under development		8,061,371	17,561,201
			32,761,608	20,490,862
	Non Current Investments	13	3,368,866,551	1,296,989,728
	Deferred Tax Assets (Net)	35	23,134,806	18,966,873
	Receivables under Financing Activity	17	5,427,561,869	2,356,237,475
	Long-term loans and advances	14	41,412,243	34,121,352
	Other Non Current Assets	15	468,348,731	259,292,058
			9,362,085,808	3,986,098,348
	Current Assets			
	Current Investments	16	781,763,977	1,182,793,575
	Receivables under Financing Activity	17	6,958,128,736	5,311,335,910
	Cash and Cash equivalents	18	802,057,988	817,033,880
	Short - Term Loans and Advances	19	177,980,873	194,108,182
	Other Current Assets	20	402,370,668	281,311,158
			9,122,302,242	7,786,582,705
	TOTAL		18,484,388,050	11,772,681,053

See a ccompanying 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

Managing Director

Director

Place: Chennai
Date : 11 May 2016

Chief Financial Officer

Company Secretary

Statement of Profit and Loss for the Year Ended 31 March 2016

Amount in INR

Particulars	Note Reference	For the Year ended 31 March 2016	For the Year ended 31 March 2015
INCOME			
Revenue from Operations	21	2,421,446,029	1,498,088,242
Other Income	22	12,493,179	19,830,649
TOTAL REVENUE (I)		2,433,939,208	1,517,918,891
EXPENDITURE			
Finance costs	23	1,176,883,302	663,437,207
Employee Benefits Expense	24	225,264,723	151,161,104
Provision for Standard Assets	25	25,119,508	16,963,149
Depreciation/ Amortisation Expense	12	5,927,635	2,012,158
Other Expenses	26	177,886,157	186,489,465
TOTAL EXPENSES (II)		1,611,081,325	1,020,063,083
Profit before Tax (I - II)		822,857,883	497,855,808
Tax Expenses / (Benifit)			
- Current tax expense		225,612,505	132,971,119
- Deferred Tax	35	(4,167,933)	(17,451,001)
Total Tax Expenses		221,444,572	115,520,118
Profit for the Year		601,413,311	382,335,690
Earnings Per Share (of INR 10/- each)	34		
a) Basic		7.63	4.92
b) Diluted		7.63	4.92

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

Managing Director

Director

Place: Chennai
Date : 11 May 2016

Chief Financial Officer

Company Secretary

IFMR Capital Finance Private Limited
Cash Flow Statement for the Year ended 31 March 2016

Amount in INR

Particulars	For the year ended 31 March 2016		For the year ended 31 March 2015	
A. Cash flow from operating activities				
Net Profit before tax		822,857,883		497,855,808
Adjustments for:				
Depreciation/ Amortisation Expenses	5,927,635		2,012,158	
Amortisation of Processing Fees	23,696,716		17,379,702	
Finance costs	1,150,746,005		645,555,329	
Interest income from Bank on Deposits	(36,200,291)		(35,241,264)	
Provision for Standard Assets	25,119,508		16,963,149	
Provision for Gratuity	2,472,376		2,320,833	
Provision for Compensated Absences	1,196,004		1,262,992	
Provision for Long term incentive	12,501,815		28,641,936	
		1,185,459,768		678,894,835
Operating profit before working capital changes		2,008,317,652		1,176,750,643
Changes in working capital and Others:				
Adjustments for (increase) / decrease in operating assets:				
Receivable under financing activity (Current)	(1,646,792,825)		(3,688,142,965)	
Receivable under financing activity (Non Current)	(3,071,324,395)		(1,496,110,931)	
Loans and advances	(218,698,455)		(189,533,521)	
Investments in securitisation (Current)	441,029,598		(247,863,979)	
Investments in securitisation (Non Current)	(1,996,076,823)		(589,130,657)	
Other Non current assets	(279,585,349)		(23,289,410)	
Other current assets	(116,105,877)		(133,235,291)	
Adjustments for increase / (decrease) in operating liabilities:				
Trade payables	31,513,767		(23,441,117)	
Collateral deposits from customers	395,107,566		82,741,132	
Other current liabilities	(130,000,595)		246,747,922	
		(6,590,933,388)		(6,061,258,817)
Cash flow from extraordinary items				
Cash used in operations		(4,582,615,736)		(4,884,508,174)
Net income tax paid		-		-
Interest received on collateral deposit		28,832,494		15,147,619
Interest paid on borrowings		(1,158,574,120)		(573,657,885)
Interest paid on security deposits		(7,839,303)		(37,881,763)
Net cash used in operating activities (A)		(5,720,196,666)		(5,480,900,204)

IFMR Capital Finance Private Limited
Cash Flow Statement for the Year ended 31 March 2016

Amount in INR

Particulars	For the year ended 31 March 2016		For the year ended 31 March 2015	
B. Cash flow from investing activities				
Capital expenditure on fixed assets, including capital advances	(18,214,235)		(11,272,917)	
Proceeds from sale of fixed assets	15,854		-	
Collateral deposits - placed (net)	146,345,173		(249,887,516)	
Own deposits - (placed) / matured (net)	209,132,317		(123,697,155)	
Interest Income received from Banks	7,367,797		20,093,645	
Investment in shares of subsidiaries	(115,800,000)		(12,879,670)	
	228,846,906		(377,643,612)	
Net cash used in investing activities (B)		228,846,906		(377,643,612)
C. Cash flow from financing activities				
Proceeds from long-term borrowings	8,681,216,420		5,690,873,151	
Repayment of long term borrowings	(3,974,144,462)		(1,777,678,194)	
Proceeds from Short-term borrowings	68,129,249,045		2,900,000,003	
Repayment of short term borrowings	(67,193,822,243)		(1,501,392,619)	
Inflow from Share Capital	150,000,000		274,791,352	
Processing fees paid	(31,734,177)		(22,956,877)	
		5,760,764,583		5,563,636,816
Net cash genarated from financing activities (C)		5,760,764,583		5,563,636,816
Net increase /(decrease)in Cash and cash equivalents (A+B+C)		269,414,823		(294,907,000)
Cash and cash equivalents at the beginning of the year		308,898,139		603,805,139
Cash and cash equivalents at the end of the year		578,312,962		308,898,139
Reconciliation of Cash and cash equivalents with the Balance Sheet:				
Cash and cash equivalents as per Balance Sheet (Refer Note 18)		802,057,988		817,033,880
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements (Refer note below)		1,506,483		5,954,581
Restricted balances placed in deposits account (Refer note below)		222,238,543		502,181,160
Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements)		578,312,962		308,898,139
Add: Current investments considered as part of Cash and cash equivalents (as defined in AS-3 Cash Flow Statement)		578,312,962		308,898,139
Balances with banks in current accounts		578,312,962		308,898,139
		578,312,962		308,898,139

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

Managing Director

Director

Place: Chennai
Date : 11 May 2016

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 company whose objective is to provide liquidity and develop access to debt-capital markets for institutions that impact financially excluded households and enterprises.

IFMR Capital has 2 wholly owned subsidiaries IFMR Investment Adviser Services Private Limited which is into the business of facilitating investments and act as advisors to provide financial/ investment advice to both Indian and Foreign Investors and IFMR Investment Managers Private Limited which is into carrying on the business of Investment Company and also to provide portfolio management services to Offshore funds and all kinds of Investment Funds.

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 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 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 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information. Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

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) Assets under development:

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/ Amortisation:

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.

Intangible assets are amortized over the estimated useful life of 5 years. 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.

2.6 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 from the Balance Sheet date, 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.

The Company sells loan receivables by way of direct assignment. On such sale, assets are derecognised on transfer of significant risks and reward to the purchaser and fulfilling of the true sale criteria specified in the "RBI guidelines on securitisation and direct assignment".

2.9 Finance Costs

I. Interest on borrowings is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable on the borrowings.

II. Discount on Commercial papers is amortised over the tenor of the underlying instrument.

III. Premium payable on redemption of debentures is accrued over the tenor of the debentures.

IV. Ancillary costs incurred in connection with the arrangement of borrowings, including borrowings sanctioned but not availed, is amortised on a straight-line basis, over the tenure of the respective borrowings.

V. Unamortised borrowing costs remaining, if any, are fully expensed off as and when the related borrowings are prepaid / cancelled.

2.10 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 and direct originations is recognized under the internal rate of return method.

II. Interest income on bonds and debentures is recognized on time proportionate basis taking into account the amount outstanding and the rate applicable.

III. Gain from Investment in Alternative Investment Fund is recognised when the right to receive is established.

IV. Income from securitization/ investment in Commercial Paper is recognized on straight line basis/ based on coupon rate, as per the terms of respective contracts.

V. Income from guarantee facility is recognized on accrual basis in terms of underlying agreement.

VI. Income from other Financial Services is recognized when the services are rendered and related costs are incurred.

VII. Interest on bank deposits is recognized on accrual basis.

VIII. Dividend income on mutual fund investments is recognized for when the right to receive is established.

2.11 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.

2.12 Long term Incentive

In respect of shadow units allotted pursuant to the Company's Long Term Incentive Plan, the Company determines the compensation cost based on the intrinsic value method and is provided for as per the plan's vesting schedule.

2.13 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.

2.14 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.

2.15 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.

2.16 Segment Reporting

The Company 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. The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors.

Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities".

2.17 Lease

Lease arrangements where the risks and rewards incidental to ownership of an asset 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 over the lease term.

2.18 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.

2.19 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.

2.20 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 150 days
Non-Performing Assets (NPA)	Overdue for 150 days or more
Sub Standard Assets	An asset that has been classified as Non-Performing Asset for a period not exceeding 16 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 16 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	0.30%

2.21 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.

Amount in INR

Particulars	As at 31 March 2016	As at 31 March 2015
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
20,000,000 (Previous year - NIL shares) Redeemable Preference Shares of INR 10/- each. Refer Note (a)	200,000,000	-
Total	1,200,000,000	1,000,000,000
Issued, Subscribed and Fully Paid-up		
78,365,473 (Previous year - 78,365,473 shares) Equity Shares of INR 10/- each with voting rights	783,654,730	783,654,730
15,000,000 (Previous year - NIL shares) 9.85% cumulative non convertible compulsorily Redeemable Preference Shares of INR 10/- each	150,000,000	-
Total	933,654,730	783,654,730

(a) The Board of Directors in their meeting held on 21st December, 2015 approved the increase in the authorised share capital from INR 1,000,000,000 (comprising of 100,000,000 equity shares of INR 10 each) to INR 1,200,000,000 (comprising of 100,000,000 equity shares of INR 10 each and 20,000,000 Redeemable Preference Shares of INR 10 each)

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

Equity Shares

Particulars	As at 31 March 2016		As at 31 March 2015	
	No. of Shares	Amount in INR	No. of Shares	Amount in INR
Balance as at the beginning of the year	78,365,473	783,654,730	73,223,141	732,231,410
Add: Shares issued during the year (Refer Note C)	-	-	5,142,332	51,423,320
Balance as at the end of the year	78,365,473	783,654,730	78,365,473	783,654,730

Preference Shares

Particulars	As at 31 March 2016		As at 31 March 2015	
	No. of Shares	Amount in INR	No. of Shares	Amount in INR
Balance as at the beginning of the year	-	-	-	-
Add: Shares issued during the year (Refer Note d)	15,000,000	150,000,000	-	-
Balance as at the end of the year	15,000,000	150,000,000	-	-

Amount in INR

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

Name of the Share Holder	As at 31 March 2016		As at 31 March 2015	
	No. of Shares held	% of Shares	No. of Shares held	% of Shares
IFMR Holding Private Limited (Holding Company) - Equity Shares	46,225,895	59%	46,225,895	59%
Leapfrog Financial Inclusion India Holdings Limited - Equity shares	32,139,578	41%	32,139,578	41%
Total	78,365,473		78,365,473	
Unifi AIF - Preference shares	10,200,000	68%	-	0%
Unifi Capital Finance Private Limited - Preference shares	4,800,000	32%	-	0%
Total	15,000,000		-	

d) During the year, the Company vide resolution dated 29th December, 2015 issued and allotted 15,000,000 preference shares of INR 10 each aggregating to INR 150,000,000 through private placement.

(e) Disclosure of Rights

Terms / rights attached to Equity Shares:

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.

Terms / rights attached to Preference Shares:

Preference Shares are redeemable at par at the end 18 months 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 47 of the Companies Act, 2013. 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 2016	As at 31 March 2015
Note 4 Reserves and Surplus		
Statutory Reserve*		
Opening Balance	124,976,499	48,509,361
Add : Transfer from surplus in Statement of Profit and Loss	120,282,662	76,467,138
Closing Balance	245,259,161	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	794,510,194	571,142,162
Add : Premium on shares issued during the year	-	228,576,657
Less : Utilised during the previous year for writing off share issue expenses - (refer note below)	-	5,208,625
Closing balance	794,510,194	794,510,194
Note : Expenses of Nil PY (INR 5,208,625) 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	499,497,867	194,028,201
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)	-	(398,886)
Add: Profit for the year	601,413,311	382,335,690
	1,100,911,178	575,965,005
Less: Transferred to Statutory Reserve	(120,282,662)	(76,467,138)
Less: Appropriations		
Dividend on 9.85% non convertible redeemable preference shares	(3,805,068)	-
Closing Balance	976,823,448	499,497,867
Total	2,016,592,803	1,418,984,560

Particulars	As at 31 March 2016	As at 31 March 2015
Note 5		
Long Term Borrowings		
Debentures		
Secured - Refer Note (i to vii)		
Secured - Non Convertible Debentures	2,845,000,000	1,785,000,000
Unsecured - Refer Note (viii)		
Unsecured - Non Convertible Debentures	52,500,000	67,500,000
Term Loan & Other Facility from Banks - Secured - Refer Note (ix to xliii)	3,965,281,339	1,704,141,383
Term Loan from Others - Secured - Refer Note (xliv to li)	501,048,014	692,826,108
Total	7,363,829,353	4,249,467,491

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

Notes forming part of Financial Statements

Note 5 - Long Term Borrowings - Secured

Amount in INR

S. No	Particulars	Rate of interest	Date of loan taken	Date of maturity	Security/ Repayment details	As at 31 March 2016		As at 31 March2015	
						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
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.	95,000,000	189,999,810	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

Notes forming part of Financial Statements

Note 5 - Long Term Borrowings - Secured

Amount in INR

S. No	Particulars	Rate of interest	Date of loan taken	Date of maturity	Security/ Repayment details	As at 31 March 2016		As at 31 March2015	
						Non current	Current	Non current	Current
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	-	1,500,000,000	-
vii	Debentures	11.10%	29-Mar-16	29-Mar-19	The Company has issued 1250, 11.10% Non Convertible Debentures (Listed) of INR 1,000,000 each redeemable at a premium of INR 371,330 each in single installment in March 2019. Secured by way of First ranking and continuing charge over books debts and investments. Refer note 6	1,250,000,000	-		-
Total						2,845,000,000	189,999,810	1,785,000,000	873,999,810
Debentures - Unsecured									
viii	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	52,500,000	15,000,000	67,500,000	7,500,000
Total						52,500,000	15,000,000	67,500,000	7,500,000
Term Loans from Banks - Secured									
ix	Ratnakar Bank Limited	13.75%	22-Feb-13	22-Feb-16	Repayable in 11 equated quarterly installments commencing from August 2013 and ending February 2016. 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	19,038,858	80,000,000	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	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	IDBI Bank	11.00%	17-Mar-16	1-Sep-19	Repayable in 36 equated monthly installments commencing from October 2016 ending September 2019. Floating and exclusive charge over book debts and investments	417,200,000	82,800,000	-	-

S. No	Particulars	Rate of interest	Date of loan taken	Date of maturity	Security/ Repayment details	As at 31 March 2016		As at 31 March2015	
						Non current	Current	Non current	Current
xvi	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	15,000,000	60,000,000
xvii	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	-	48,317,578	49,758,850	100,000,000
xviii	Federal Bank Limited	10.95%	19-Feb-16	18-Feb-17	Repayable in 1 bullet installment in February, 2017. Floating and exclusive charge over book debts and investments	-	299,999,163	-	-
xix	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
xx	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	37,500,000	75,000,000
xxi	HDFC Bank	11.75%	31-Mar-15	30-Sep-17	Repayable in 10 equated quarterly installments commencing from June 2015 ending September 2017. Floating and exclusive charge over book debts and investments	80,000,000	160,000,000	180,000,000	120,000,000
xxii	HDFC Bank	10.90%	27-Nov-15	27-Nov-18	Repayable in 12 equated quarterly installments commencing from February 2016 ending November 2018. Floating and exclusive charge over book debts and investments	145,833,333	83,333,333	-	-
xxiii	HDFC Bank	10.80%	28-Mar-16	28-Mar-19	Repayable in 12 equated quarterly installments commencing from June 2016 ending March 2019. Floating and exclusive charge over book debts and investments	166,666,667	83,333,333	-	-
xxiv	Bank of Baroda	11.25%	23-Feb-16	23-Feb-19	Repayable in 10 equated quarterly installments commencing from November 2016 ending February 2019. Floating and exclusive charge over book debts and investments	100,000,000	100,000,000	-	-
xxv	Bank of Baroda	11.40%	22-Jun-15	28-Feb-18	Repayable in 10 equated quarterly installments commencing from November 2015 ending February 2018. Floating and exclusive charge over book debts and investments	200,000,000	50,000,000	-	-
xxvi	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	27,272,724	54,545,456
xxvii	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	22,727,280	90,909,088	113,636,368	90,909,088
xxviii	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	75,000,000	100,000,000	175,000,000	75,000,000

Notes forming part of Financial Statements

Note 5 - Long Term Borrowings - Secured

Amount in INR

S. No	Particulars	Rate of interest	Date of loan taken	Date of maturity	Security/ Repayment details	As at 31 March 2016		As at 31 March2015	
						Non current	Current	Non current	Current
xxix	Ratnakar Bank Limited	11.30%	30-Sep-15	30-Sep-18	Repayable in 10 equated quarterly installments commencing from June 2016 ending September 2018. Floating and exclusive charge over book debts and investments	150,000,000	100,000,000	-	-
xxx	Ratnakar Bank Limited	11.00%	23-Mar-16	23-Mar-20	Repayable in 14 equated quarterly installments commencing from December 2016 ending March 2020. Floating and exclusive charge over book debts and investments	214,285,714	35,714,286	-	-
xxxi	South Indian Bank Limited	13.00%	29-Sep-14	29-Sep-18	Repayable in 14 equated quarterly installments commencing from March 2015 ending September 2018. Floating and exclusive charge over book debts and investments	71,428,565	57,142,860	128,571,425	57,142,860
xxxii	Axis Bank Limited	10.65%	25-Feb-16	25-Nov-18	Repayable in 8 equated quarterly installments commencing from February 2017 ending November 2018. Floating and exclusive charge over book debts and investments	218,750,000	31,250,000	-	-
xxxiii	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	200,000,000	200,000,000	400,000,000	100,000,000
xxxiv	Kotak Mahindra Bank	10.85%	29-Jan-16	29-Jan-18	Repayable in 24 equated monthly installments commencing from February 2016 ending January 2018. Floating and exclusive charge over book debts and investments	20,833,333	25,000,000	-	-
xxxv	Kotak Mahindra Bank	10.85%	25-Nov-15	25-Nov-17	Repayable in 24 equated monthly installments commencing from December 2015 ending November 2017. Floating and exclusive charge over book debts and investments	33,333,333	50,000,000	-	-
xxxvi	Kotak Mahindra Bank	10.85%	23-Nov-15	23-Nov-17	Repayable in 24 equated monthly installments commencing from December 2015 ending November 2017. Floating and exclusive charge over book debts and investments	33,333,333	50,000,000	-	-
xxxvii	Kotak Mahindra Bank	11.30%	18-Sep-15	18-Sep-17	Repayable in 24 equated monthly installments commencing from October 2015 ending September 2017. Floating and exclusive charge over book debts and investments	22,500,000	45,000,000	-	-
xxxviii	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	70,000,000	105,000,000
xxxix	State Bank of India	10.80%	22-Dec-15	22-Oct-18	Repayable in 11 equated quarterly installments commencing from April 2016 ending October 2018. Floating and exclusive charge over book debts and investments	1,120,000,000	280,000,000	-	-
xl	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	136,350,000	181,800,000	318,200,000	181,800,000

S. No	Particulars	Rate of interest	Date of loan taken	Date of maturity	Security/ Repayment details	As at 31 March 2016		As at 31 March2015	
						Non current	Current	Non current	Current
xli	State Bank of Patiala	11.00%	4-Mar-16	4-Mar-19	Repayable in 11 equated quarterly installments commencing from September 2016 ending March 2019. Floating and exclusive charge over book debts and investments	218,181,818	81,818,182	-	-
xlii	Tamilnadu Mercantile Bank	11.50%	30-Jun-16	30-Jun-18	Repayable in 10 equated quarterly installments commencing from March 2016 ending June 2018. Floating and exclusive charge over book debts and investments	124,975,917	100,000,000	-	-
xliii	Tamilnadu Mercantile Bank	11.25%	9-Nov-15	9-Oct-18	Repayable in 10 equated quarterly installments commencing from July 2016 ending October 2018. Floating and exclusive charge over book debts and investments	174,843,187	75,000,000	-	-
Total						3,965,281,339	2,682,099,643	1,704,141,383	1,460,003,489
Term Loans from Others - Secured									
xliv	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	-	13,641,734	13,693,986	24,733,270
xlv	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
xlvi	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	83,333,333	333,333,333	416,666,667	83,333,333
xlvii	Tata Capital	11.50%	3-Sep-15	3-Sep-16	Repayable in 6 equated monthly installments commencing from April 2016 ending September 2016. Floating and exclusive charge over book debts and investments	-	220,000,000	-	-
xlviii	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	39,968,016	79,963,636	119,945,455	79,963,636
xlix	Aditya Birla	11.35%	30-Sep-15	1-Oct-18	Repayable in 12 equated quarterly installments commencing from January 2016 ending October 2018. Floating and exclusive charge over book debts and investments	116,666,665	50,000,001	-	-
l	Aditya Birla	11.20%	28-Dec-15	1-Jan-19	Repayable in 12 equated quarterly installments commencing from April 2016 ending January 2019. Floating and exclusive charge over book debts and investments	200,000,000	75,000,000	-	-
li	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	61,080,000	81,440,000	142,520,000	81,440,000
Total						501,048,014	853,378,704	692,826,108	313,764,756
Grand Total						7,363,829,353	3,740,478,157	4,249,467,491	2,655,268,055

Amount in INR

Particulars	As at 31 March 2016	As at 31 March 2015
Note 6		
Other Long Term Liabilities		
Collateral Deposits from Customers - (Refer Note below)		
- From Related Parties (Refer Note No.33)	-	6,580,343
- Others	71,983,421	138,906,111
Long Term Incentive (Refer Note No.29)	36,464,043	23,962,228
Premium payable on redemption of Non-Convertible Debentures (Refer Note 5(vii))	464,162,500	-
Total	572,609,964	169,448,682
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		
Note 7		
Long Term Provisions		
Provision for Employee benefits		
For Compensated Absences	3,197,430	2,057,006
For Gratuity (Refer Note No. 31 b)	9,955,032	7,243,208
Provision for Standard Asset (Refer Note No.36)		
On Receivable under Financing Activity	16,282,686	5,890,593
On Investments & Others	9,720,561	3,210,276
Total	39,155,709	18,401,083
Note 8		
Short Term Borrowings		
Secured		
(i) Working Capital Demand Loan from Bank (Secured) (Refer (a) below)	500,000,000	-
(ii) Loans repayable on demand		
Cash Credit and Bank overdraft (Refer (b) below)	1,091,572,397	498,645,598
(iii) Commercial Paper (Unsecured) (Refer (c) below)	1,750,000,000	1,150,000,000
(iv) Short term Loan (Unsecured) (Refer (d) below)	-	250,000,000
Total	3,341,572,397	1,898,645,598

(a) Working Capital Demand Loan from bank is secured by way hypothecation of book debts. It carries an interest of 10.50% and is repayable in one installment in May 2016.

(b) Represented by overdraft/ Cash credit/ Working Capital Demand loans secured by way of hypothecation of book debts and fixed deposits with banks

c) Commercial paper

Current Year

No of units	Date of issue	Maturity Date	Amount in INR	Discount Rate
500	30-Oct-15	27-Oct-16	250,000,000	10.50%
500	14-Dec-15	14-Sep-16	250,000,000	10.25%
1,000	29-Jan-16	27-Jan-17	500,000,000	10.65%
500	9-Feb-16	9-May-16	250,000,000	9.90%
500	23-Feb-16	22-Feb-17	250,000,000	10.65%
500	2-Mar-16	2-May-16	250,000,000	10.00%

Amount in INR

Particulars	As at 31 March 2016	As at 31 March 2015

Previous 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%

(d) Short term loan 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, has been fully repaid during the year

Particulars	As at 31 March 2016	As at 31 March 2015
Note 9		
Other Trade Payables		
- Sundry Creditors	81,906,321	52,486,908
- Payable to Related parties (Refer Note No.33)	2,518,397	424,043
Total	**84,424,718**	**52,910,951**

Particulars	As at 31 March 2016	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 5 (vii))	189,999,810	873,999,810
Unsecured - Non Convertible Debentures (Refer Note 5 (viii))	15,000,000	7,500,000
Term Loan and other facilities from Bank (Secured) (Refer Note 5 (ix) to 5 (xliii))	2,682,099,643	1,460,003,489
Term Loan from Others (Secured) (Refer Note 5 (xliv) to 5 (li))	853,378,704	313,764,756
Collateral Deposits from Customers (Refer Note No.6)		
- From Related Parties (Refer Note 33)	7,711,351	21,530,996
- Others	213,020,710	267,595,108
2. Interest Accrued but Not Due	61,088,619	76,756,038
3. Other Payables		
(i) Statutory Liabilities	23,294,998	53,625,730
(ii) Other Liabilities	3,411,533	7,068,788
(iii) Remittances payable - Derecognised assets	52,325,220	-
4. Premium payable on redemption of Non-Convertible Debentures (Refer Note 5(v))	-	79,943,785
Total	**4,101,330,588**	**3,161,788,500**

Particulars	As at 31 March 2016	As at 31 March 2015
Note 11		
Short Term Provisions		
1. Provision for Employee benefits		
For Compensated Absences	425,720	370,140
For Gratuity (Refer Note No.31 b)	624,519	863,967
2. Provision for Standard Assets (Refer Note No. 36)		
On Receivable under Financing Activity	20,874,386	13,278,340
On Investments & Others	5,488,095	4,867,011
3. Dividend Payable on 9.85% non convertible redeemable preference shares	3,805,068	-
Total	**31,217,788**	**19,379,458**

Note 12 Fixed Assets

Amount in INR

Description	Gross Block				Accumulated Depreciation/Amortisation					Net Block	
	As at 1 April 2015	Additions (#)	Deletions	As at 31 March 2016	As at 1 April 2015	For the year	Transitional Adjustments	Deletions	As at 31 March 2016	As at 31 March 2016	As at 31 March 2015
Tangible Assets (Owned)											
Plant and Machinery	290,437	-	-	290,437	151,480	75,545			227,025	63,412	138,957
Previous year	(290,437)	-	-	(290,437)	(13,011)	(117,815)	(20,654)		(151,480)	(138,957)	(277,426)
Computers	5,807,297	2,902,237	503,756	8,205,778	4,398,051	2,946,978		487,902	6,857,127	1,348,651	1,409,246
Previous year	(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)
Furniture and Fittings	90,684	102,464	-	193,148	84,491	57,677			142,168	50,980	6,193
Previous year	(90,684)			(90,684)	(30,922)	(9,362)	(44,207)		(84,491)	(6,193)	(59,762)
Leasehold improvements	1,676,066	-	-	1,676,066	459,196	1,216,870			1,676,066	-	1,216,870
Previous year	(1,676,066)	-	-	(1,676,066)	(123,983)	(335,213)			(459,196)	(1,216,870)	(1,552,083)
Office Equipment	78,363	847,093	-	925,456	53,798	351,885			405,683	519,773	24,565
Previous year	(18,313)	(60,050)		(78,363)	(3,220)	(38,435)	(12,143)		(53,798)	(24,565)	(15,093)
PMS Server	6,609,723	-	-	6,609,723	6,489,066	72,394			6,561,460	48,263	120,657
Previous year	(6,609,723)			(6,609,723)	(6,308,085)	(180,981)			(6,489,066)	(120,657)	(301,638)
Total	14,552,570	3,851,794	503,756	17,900,608	11,636,082	4,721,349		487,902	15,869,529	2,031,079	2,916,488
Previous year	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
Intangible Assets											
Website Development cost	789,834		-	789,834	776,661	13,173			789,834	-	13,173
Previous year	(789,834)			(789,834)	(756,901)	(19,760)			(776,661)	(13,173)	(32,933)
Developed Software*		23,862,271		23,862,271		1,193,113			1,193,113	22,669,158	-
Total	789,834	23,862,271	-	24,652,105	776,661	1,206,286		-	1,982,947	22,669,158	13,173
Previous year	789,834	-	-	789,834	756,901	19,760		-	776,661	13,173	32,933
Grand Total	15,342,404	27,714,065	503,756	42,552,713	12,412,743	5,927,635		487,902	17,852,476	24,700,237	2,929,661
Previous year	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

* Developed Software represents Enterprise Resource Planning System purchased and developed in-house
# Includes assets acquired from related parties. Refer note 33

Amount in INR

Particulars	As at 31 March 2016	As at 31 March 2015
Note 13		
Non Current Investments - At Cost - Non Trade (Unquoted)		
Investment in Equity Instruments of Subsidiaries		
125,000 (PY 125,000) Equity Shares of INR 100 each in IFMR Investment Adviser Services Private Limited	12,779,670	12,779,670
361,000 (PY 1,000) Equity Shares of INR 100 each in IFMR Investment Managers Private Limited	36,100,000	100,000
Investment in Preference Shares of Subsidiaries		
76,000 (PY NIL) Preference Shares of INR 100 each in IFMR Investment Advisers Private Limited	7,600,000	-
722,000 (PY NIL) Preference Shares of INR 100 each in IFMR Investment Managers Private Limited	72,200,000	-
Other Investments		
Investment in units of Securitisation	1,590,822,722	1,184,610,058
Investment in units of Alternative Investment Fund	579,364,159	99,500,000

Current year

Particulars	Face value per unit (INR)	No. of units
IFMR Fimpact Investment Fund (Class A)	100,000	995.00
IFMR Fimpact Investment Fund (Class B)	100,000	782.53
IFMR Fimpact Long Term Multi Asset Class Fund	100,000	3,981.94

Previous year

Particulars	Face value per unit (INR)	No. of units
IFMR Fimpact Investment Fund (Class A)	100,000	995.00

Particulars	As at 31 March 2016	As at 31 March 2015
Investment in debentures (unsecured, subordinated, non-convertible)	1,070,000,000	-

Particulars	Face value per unit (INR)	No. of units
14.9% Unsecured, subordinated, Non Convertible debentures	1,000,000	200
14.9% Unsecured, subordinated, Non Convertible debentures	1,000,000	50
14.5% Unsecured, subordinated, Non Convertible debentures	1,000,000	250
11.4% Unsecured, subordinated, Non Convertible debentures	1,000,000	350
13.35% Unsecured, subordinated, Non Convertible debentures	1,000,000	260

Particulars	As at 31 March 2016	As at 31 March 2015
Total	3,368,866,551	1,296,989,728
-Aggregate market value of investment in units of Alternative Investment Fund	601,865,418	99,876,643
- Aggregate value of quoted Investments	1,07 0,000,000	-
- Aggregate value of unquoted Investments	1,719,502,392	1,296,989,728

Amount in INR

Particulars	As at 31 March 2016	As at 31 March 2015
Note 14		
Long term Loans and Advances		
Advance taxes and tax deducted at source (Net of provision for tax INR 437,401,427 (PY INR 211,728,073))	1,412,243	19,121,352
Loans and advances to Subsidiary - Unsecured, considered good (Refer Note below)	40,000,000	15,000,000
Total	41,412,243	34,121,352

Note :

a) During the year the company has granted Unsecured Term Loan of INR 46,000,000 IFMR Investment Manager Private Limited (the Subsidiary Company) at an interest of 14% per annum and accred interest payable on quarterly basis. The entire Principal is repayable in a single installment at the end of 77 months from the disbursement date day of which as at 31st March, 2016 the subsidiary has drawn down INR 40,000,000. Also refer Note 33.

(b) During the previous year the company had granted an Unsecured Term Loan of INR 17,500,000 (of which INR 15,000,000 was drawn as at 31 March 2015) carrying an interest of 14% to IFMR Investment Manager Private Limited, which has been received fully during the current year.

Particulars	As at 31 March 2016	As at 31 March 2015
Note 15		
Other Non Current Assets (Unsecured, considered good)		
Non Current Bank Balances (Refer Note (i) below)		
- Collateral Deposits (Refer Note (ii) below)	71,983,422	147,518,295
Prepaid Finance Charges (Refer Note No.28)	17,968,713	12,962,517
Interest Accrued but Not Due		
On Collateral Deposits	3,750,646	4,743,636
On Investments	66,333,632	94,067,610
Unamortised loss on redemption of Non-Convertible Debentures	308,312,318	-
Total	468,348,731	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

Particulars	As at 31 March 2016	As at 31 March 2015
Note 16		
Current Investments - At cost		
Investments in Securitisation	741,763,977	1,157,793,575
Investment in Debentures (unsecured, subordinated, non-convertable) (Refer note 13)	40,000,000	-
Investment in Commercial Paper	-	25,000,000
Total	781,763,977	1,182,793,575
- Aggregate value of unquoted Investments	781,763,977	1,182,793,575
- Aggregate value of quoted Investments	40,000,000	-

Amount in INR

Particulars	As at 31 March 2016	As at 31 March 2015
Note 17		
Receivables Under Financing Activity		
Secured and considered good *		
Non Current		
Loans to others	5,089,214,429	2,279,290,722
Loan to Related Party (Refer Note No.33)	43,460,673	76,946,753
	5,132,675,102	2,356,237,475
Current		
Term Loans and Working Capital Loans	6,233,490,261	4,992,716,195
Loan to Related Party (Refer Note No.33)	297,352,020	318,619,715
	6,530,842,281	5,311,335,910
Unsecured and considered good		
Non Current		
Loans to others	193,068,587	-
Loan to Related Party (Refer Note No.33)	101,818,180	-
	294,886,767	-
Current		
Term Loans and Working Capital Loans	369,104,635	-
Loan to Related Party (Refer Note No.33)	58,181,820	-
	427,286,455	-
Total	12,385,690,605	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		

Particulars	As at 31 March 2016	As at 31 March 2015
Note 18		
Cash and cash equivalents		
Balance with Banks		
(i) In Current Account (Refer note (iii) below)	579,819,445	314,852,720
(ii) Deposit Accounts		
Collateral Deposits (Refer note (i) below)	222,238,543	293,048,843
Own Deposits (Refer note (ii) and (iii) below)	-	209,132,317
Total	802,057,988	817,033,880

Of the above the balances that meet the definition of cash and cash equivalents as per AS 3 cash flow statements is INR 802,057,988 (PY INR 817,033,880)

(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 1,506,483 (PY INR 5,954,581) matured as at Balance Sheet date, repaid subsequent to year end.

Amount in INR

Particulars	As at 31 March 2016	As at 31 March 2015
Note 19		
Short Term Loans and Advances (Unsecured, considered good)		
Staff Other advances	736,007	107,398
Staff security deposit	4,723,563	2,595,000
Rental & Caution Deposit	4,338,330	610,000
Short term loans and advances to Related Parties (Refer note 33)	9,959,038	
Other receivables	14,348,271	202,984
Prepaid expenses	854,731	974,097
Receivable from other financial services		
- Related Party	5,735,299	15,940,217
- Others	133,878,120	171,019,080
Balances with Government Authorities - Service Tax Credit receivable	3,407,514	2,659,406
Total	177,980,873	194,108,182

Particulars	As at 31 March 2016	As at 31 March 2015
Note 20		
Other Current Assets		
Prepaid Finance Charges (Refer Note No.28)	21,699,058	16,745,426
Unamortised loss on redemption of Non-Convertible Debentures	154,579,665	56,118,104
Unamortised Discount on Issue on Commercial Paper	90,546,659	65,331,837
Interest Accrued but Not Due		
On Receivable under Financing Activities	64,090,053	34,446,825
On Collateral Deposits	18,024,131	13,696,048
On Other Deposits	-	2,786,132
On Investments	30,929,843	91,938,164
On investment in Alternative Investment Fund	22,501,259	248,622
Total	402,370,668	281,311,158

Amount in INR

Particulars	For the Year ended 31 March 2016	For the year ended 31 March 2015
Note 21		
Revenue from Operations		
Interest Income from financing activity	1,370,935,508	745,379,607
Income from Securitisation	286,305,528	259,980,442
Income from Guarantee Facility	29,349,456	18,659,802
Income from other Financial Services		
- Processing Fee	114,216,627	88,740,000
- Professional Fee	366,589,378	309,338,445
- Arranger fee for Guarantee facility	56,845,460	45,182,000
Income from Investment in Commercial Paper	2,634,231	508,753
Interest Income from banks on Collateral Deposits from Customers	32,167,587	27,041,079
Interest Income from investment in Non Convertible Debenture	13,854,630	-
Gain on Investment in Alternative Investment Fund	43,234,526	376,643
Profit on Sale of Investments	105,313,098	2,881,471
Total	2,421,446,029	1,498,088,242
Note 22		
Other Income		
Interest Income from banks on Deposits	4,032,704	8,200,185
Profit on sale of Mutual Fund Investments	8,456,814	11,629,037
Other Non Operating Income	3,661	1,427
Total	12,493,179	19,830,649
Note 23		
Finance Cost		
Interest Expenses on		
- Term Loan	638,356,760	373,771,291
- Debentures	282,888,838	155,708,165
- Cash Credits	35,001,023	4,827,358
- Overdraft Account	18,926,118	11,739,764
- On Collateral Deposits	32,167,587	27,041,079
- On Income Tax/ Service Tax	2,267	47,479
Discount on Commercial Paper	143,405,679	72,467,672
Amortisation of Processing Fees	23,696,716	17,379,702
Bank charges	2,438,314	454,697
Total	1,176,883,302	663,437,207

Amount in INR

Particulars	For the Year ended 31 March 2016	For the year ended 31 March 2015
Note 24		
Employee Benefits Expense		
Salaries and Wages	204,908,237	137,252,463
Contribution to Provident Fund (Refer Note 31(a))	7,934,385	5,625,628
Gratuity (Refer note 31(b))	3,409,878	2,954,731
Staff Welfare Expenses	9,012,223	5,328,282
Total	225,264,723	151,161,104
Note 25		
Provisions for Standard Assets (Refer Note 36)		
On Receivable under Financing Activities	17,988,139	12,960,635
On Investments and others	7,131,369	4,002,514
Total	25,119,508	16,963,149
Note 26		
Other expenses		
Rent	13,008,866	8,887,411
Rates and Taxes	73,667,929	70,726,180
Registration & Filing charges	1,504,538	-
Travelling and Conveyance	28,380,823	22,753,171
Legal and Professional Charges	38,984,434	69,349,905
Corporate Social Responsibility expenditure	4,967,285	1,957,130
Communication Expenses	2,172,692	1,859,823
Upfront Setup fees	700,000	500,000
Director's Sitting fees	176,722	-
Repairs and Maintenance - Others	1,834,425	992,954
Printing and Stationery	647,980	597,581
Advertisement and Business Promotion	3,411,001	1,276,738
Auditors' remuneration:		
-Statutory & Other Audit	3,500,000	2,900,000
-Certification	100,000	100,000
-Tax audit	100,000	200,000
-Out of pocket expenses	40,280	33,420
Miscellaneous Expenses	4,689,182	4,355,152
Total	177,886,157	186,489,465

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 226,365,000 (Previous year - 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 INR 143,879,550 (Previous Year - INR 140,877,114) favoring the bank with respect to loans provided by the bank to Microfinance Institutions.

iii. The Company has entered into Collateralized Bond Obligations with various Non-Banking Finance Company (NBFC) and has provided guarantee to the extent of INR 582,829,330 (Previous Year - INR 383,042,625) favoring the Non-convertible Debentures issued by them.

iv. The Company has entered into Second Loss Credit Enhancement agreement and has provided guarantee to the extent of INR 94,527,005 (Previous year - INR 43,588,623)

ii. Disputed demands:

Amount in INR

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	4,703,950
Income Tax Act	Disallowance under Sec 14 A read with rule 8 D	Deputy Commissioner (Appeals)	AY 2013-14	4,098,480	-

No provision is considered necessary as in the opinion of the management there has been no such short / non deduction of TDS. The Company has submitted the documents to the authorities for clarifying the non/short deduction of TDS.

iii. Commitments

Amount in INR

Particulars	As at 31 March 2016	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)	6,847,547	11,400,000

27.2 Expenditure in Foreign Currency (on accrual basis)

Particulars	YE 31 March 2016 (in INR)	YE 31 March 2015 (in INR)
Travel	388,038	1,074,263
Directors sitting fees	96,722	-
Legal and Professional charges	-	28,103
Books and Periodicals	523,054	400,076
Subscription	57,031	-
Total	1,064,845	1,502,442

28. Prepaid Finance Charges

During the year the company borrowed INR. 10,546,216,429 (Previous Year INR 8,656,204,991) by way of Term Loan, Commercial Paper and Non-convertible debentures, towards which an amount of INR 31,734,177 (Previous Year 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 39,667,771 (Previous year 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 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 35,215,272 (Previous Year INR 28,641,936) during the current year. Out of the total provision made an amount of INR 36,464,043 (Previous Year INR 23,962,228) is included under Note 6 'Other Long Term Liabilities' and an amount of INR 18,804,353 (Previous Year INR 14,968,200) 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 2016 includes an amount of INR 286,305,528 (Previous Year INR 259,980,442) which has been subjected to a distribution tax of INR 73,637,782 (Previous Year INR 70,392,696) of which INR Nil (Previous year 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 73,637,782 (Previous year 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 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 INR 7,934,385 (Previous Year INR 5,625,628) 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

Change in benefit obligation	2015-16	2014-15
Accrued Liability as at beginning of the period:	8,107,175	5,786,342
Interest Cost	588,159	470,368
Current Service Cost	1,547,625	1,271,511
Benefits paid	(937,502)	(633,898)
Actuarial gain / loss	1,274,094	1,212,862
Accrued Liability as at the end of the period:	10,579,551	8,107,175

Amount in INR

Amounts to be recognized in the Balance Sheet		
Present Value of obligations as on the accounting date:	10,579,551	8,107,175
Fair Value of the Plan Assets:	NIL	NIL
Liability to be recognized in the Balance Sheet:	(10,579,551)	(8,107,175)
Amount payable within next one year is included under Note 11 Short Term Provisions	624,519	863,967
Amount payable beyond a period of one year is included under Note 7 Long Term Provisions	9,955,032	7,243,208
Expenses to be recognized in the Statement of Profit and Loss		
Interest Cost	588,159	470,368
Current Service Cost	1,547,625	1,271,511
Net Actuarial (gain) / loss	1,274,094	1,212,852
Net Expenses to be recognized in Statement of Profit and Loss	3,409,878	2,954,731
Note:		
* Rate of Mortality:	Indian Assured Lives (2006-08) Mortality Table	
* Discount Rate:	7.80% per annum	7.80% 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:	11.50% per annum	15.00% per annum
* 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	2015-16	2014-15	2013-14	2012-13	2011-12
On plan Liability (gain)/loss	1,274,094	1,212,852	519,920	1,081,257	(326,690)
On plan Assets (gain) / loss	Nil	Nil	Nil	Nil	Nil
Present Value of benefit obligations	10,579,551	8,107,175	5,786,342	3,772,780	1,448,157
Fair Value of Plan Assets	Nil	Nil	Nil	Nil	Nil
Excess of obligation over plan assets	10,579,551	8,107,175	5,786,342	3,772,780	1,448,157

c. Compensated Absences:

Details of assumptions	2015-16	2014-15
Discount rate as per para 78 of AS15R	7.80%	7.80%
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	11.50%	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 2016 (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 Managing Director
b. Mr. Vineet Sukumar, Chief Financial Officer
c. Mrs. Srividhya R, Company Secretary

Transactions with Related Parties:

Amount in INR.

Related Party	Transactions	For the Year Ended 31 March 2016	For the Year Ended 31 March 2015
IFMR Trust	Reimbursement of Expenses	2,809,917	1,966,376
	Share of common expenses	10,936,297	6,691,785
	Reimbursement income	19,851	-
Pudhuaaru Financial Services Private Limited	Term Loans disbursed	200,000,000	375,000,000
	Interest on Term Loan	24,505,897	26,380,519
	Cash Collateral	10,000,000	18,750,000
	Interest on Cash Collateral	787,004	1,256,811
	Guarantee facility	100,000,000	250,000,000
	Fee income	8,421,596	7,006,748
Future Financial Services Limited	Term Loans disbursed	280,000,000	220,000,000
	Interest on Term Loan	33,717,715	22,357,506
	Cash Collateral	5,000,000	12,750,000
	Interest on Cash Collateral	1,571,199	1,116,442
	Guarantee facility	550,000,000	410,000,000
	Fee income	21,743,144	19,196,838

Amount in INR

Related Party	Transactions	For the Year Ended 31 March 2016	For the Year Ended 31 March 2015
Disha Microfin Private Limited	Term Loans disbursed	290,000,000	150,000,000
	Interest on Term Loan	18,141,571	13,635,392
	Cash Collateral	4,000,000	7,500,000
	Interest on Cash Collateral	468,561	515,107
	Guarantee facility	-	375,000,000
	Fee income	10,467,063	10,763,633
IFMR Finance Foundation	Corporate Social Responsibility	2,980,371	1,957,130
IFMR Investment Adviser Services Private Limited	Equity investment	-	12,779,670
	Preference Investment	7,600,000	-
	Purchase of fixed assets	78,940	-
	Sale of fixed assets	15,434	-
	Reimbursement of expenses	66,940	-
IFMR Investment Manager Private Limited	Working Capital Loan granted	41,000,000	15,000,000
	Repayment of Working capital loan	16,000,000	-
	Interest on loan	1,750,193	11,507
	Reimbursement of expenses	256,387	
	Equity investment	36,000,000	100,000
	Preference Investment	72,200,000	-
Kshama Fernandes	Remuneration	9,775,000	8,500,000
	Long Term incentive	9,693,270	6,990,046
Vineet Sukumar	Remuneration	8,625,000	7,500,000
	Long Term Incentive	7,874,286	5,829,221
Srividhya R	Remuneration	1,627,500	1,050,000

Outstanding Balances with Related Parties:

Amount in INR.

Group Company	Nature of balances outstanding	As at 31 March 2016	As at 31 March 2015
IFMR Trust	Reimbursement of Expenses		246,051
	Share of common expenses	2,518,397	177,992
IFMR Investment Manager Private Limited	Equity shares	36,100,000	100,000
	Preference shares	72,200,000	-
	Working Capital Loan	40,000,000	15,000,000
	Short term loans and advances	8,259,079	-
IFMR Investment Adviser Services Private Limited	Equity shares	12,779,670	12,779,670
	Preference shares	7,600,000	-
	Short term loans and advances	1,699,959	-

Amount in INR

Group Company	Nature of balances outstanding	As at 31 March 2016	As at 31 March 2015
Pudhuaaru Financial Services Private Limited	Term Loan	132,907,934	245,663,671
	Cash Collateral	7,711,351	14,580,666
	Accrued Interest receivable on Term Loan	961,745	1,740,905
	Interest payable on Cash Collateral	354,258	624,028
	Guarantee Outstanding	12,726,270	7,503,880
	Fee income outstanding	77,923	1,924
Future Financial Services Limited	Term Loan	151,935,265	142,728,039
	Cash Collateral	-	12,738,158
	Accrued Interest receivable on Term Loan	665,314	1,120,275
	Interest payable on Cash Collateral	-	910,741
	Guarantee Outstanding	75,052,858	38,702,990
	Fee income outstanding	2,675,895	13,651,929
Disha Microfin Private Limited	Term Loan	215,969,494	7,174,759
	Cash Collateral	-	792,515
	Accrued Interest receivable on Term Loan	1,349,936	2,949
	Interest payable on Cash Collateral	-	429,793
	Guarantee Outstanding	26,369,030	27,418,508
	Fee income outstanding	2,981,481	2,341,074
Kshama Fernandes	Advances and Security Deposit	200,000	241,947
	Long Term Incentive*	15,963,350	9,324,320
Vineet Sukumar	Long Term Incentive*	12,914,590	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 2016	For the year ended 31 March 2015
Profit after tax	601,413,311	382,335,690
Less: Dividend payable to Preference shareholders	(3,805,068)	-
Profit after tax attributable to equity shareholders	597,608,243	382,335,690
Weighted average shares allotted and outstanding during the period	78,365,473	77,576,512
Earnings per share - Basic and diluted (face value of INR 10/-each)	7.63	4.92

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 2016	As at 31 March 2015
Deferred Tax Liability:		
Unamortized Processing Charges	13,062,922	9,830,917
Depreciation	1,511,036	286,926
Deferred Tax Asset:		
Gratuity	(3,661,371)	(2,755,629)
Provision for Standard Assets	(18,122,731)	(9,260,990)
Provision for compensated absences	(1,253,900)	(824,987)
Others	-	(8,098,349)
Provision for Long term incentive	(14,670,762)	(8,144,761)
Net Deferred Tax Asset	(23,134,806)	(18,966,873)

36. Provision for Standard Assets:

Amount in INR

Standard Asset Movement	As at 31 March 2016	As at 31 March 2015
Long Term		
A. Investments and others	9,720,561	3,210,276
B. Receivable under Financing Activities	16,282,686	5,890,593
Short Term		
C. Investments and others	5,488,095	4,867,011
D. Receivable under Financing Activities	20,874,386	13,278,340
Total Provision on Investments and others (A+C)	15,208,656	8,077,287
Total Provision on Receivable under Financing activities (B+D)	37,157,072	19,168,933
Total	52,365,728	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)	19,168,933	17,988,139	NIL	37,157,072
	(6,208,298)	(12,960,635)	(NIL)	(19,168,933)
Provision for standard assets under Investments and others (Refer Note below)	8,077,287	7,131,369	NIL	15,208,656
	(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 0.30% on the standard assets relating to loan portfolio as required by RBI Norms.

b. The Management has made a provision at 0.30% on standard assets relating to investments and guarantee facilities as a matter of prudence.

c. Figures in brackets are for the previous year.

37. Assets De-recognised

Amount in INR

Particulars	As at 31 March 2016	As at 31 March 2015
Number of Assignment Transactions	1	-
Outstanding Assigned Assets in books of Assignee*	292,876,225	-
Less: Collections not yet due to be remitted to Assignee#	49,992,458	-
Outstanding Assigned Assets as per books	242,883,767	-
Total amount of exposure		
a) Off Balance Sheet Exposure		
- First Loss		
- Others		
b) On Balance Sheet Exposure		
- First Loss - Cash Collateral		
- Others		
Book value of Assets sold	764,217,173	-

* the outstanding assignment transaction in the previous year represent deals entered before circular issued on Assignment / Securitisation dated 21 August 2012 by Reserve Bank of India

excludes interest collected from customers on securitised assets

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

38. 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

Amount in INR

Particulars	As at 31 March 2016	As at 31 March 2015
Tier I Capital	2,709,473,776	2,109,164,517
Tier II Capital	203,657,072	49,168,933
Total Capital	2,913,130,848	2,158,333,450
Total Risk Weighted Assets	17,732,885,874	10,976,177,551
Capital Ratios		
Tier I Capital as a Percentage of Total Risk Weighted Assets (%)	15.28%	19.21%
Tier II Capital as a Percentage of Total Risk Weighted Assets (%)	1.15%	0.45%
Total (%)	16.43%	19.66%
Amount of Subordinated Debt raised as Tier - II capital	75,000,000	75,000,000
Amount of Preference share capital raised as Tier - II capital	150,000,000	-
Amount raised by issue of Perpetual Debt instruments	-	-

Tier II Capital comprises of standard asset provision for Loan, non-convertible preference shares and subordinated debt. The above details have been determined based on the financial statements of the Company as on 31 March 2016 and previous year as on 31 March 2015.

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

Amount in INR

Category	As at 31 March 2016	As at 31 March 2015
(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	16,833,135
b. Commercial Real Estate.	–	–
(b) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	975,181,102	865,844,920

39. Asset Liability Management

Maturity Pattern of Certain items of Assets and Liabilities:

Amount in INR

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	1,223,373,552	647,650,809	519,864,651	876,755,334	1,859,406,400	4,308,900,782	157,428,569	-	9,593,380,097
Market Borrowings	94,999,810	500,000,000	-	257,500,000	1,102,500,000	2,897,500,000	-	-	4,852,499,810
Assets:									
Advances	709,678,841	762,253,253	608,546,083	1,794,321,918	3,326,212,411	4,590,341,042	575,332,047	19,005,010	12,385,690,605
Investments	16,928,077	42,467,985	83,578,969	194,250,981	444,537,966	1,612,088,096	102,957,149	1,653,821,305	4,150,630,528

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, 2016

Previous Year

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	39,17,98,162	570,169,358	1,154,140,732	12,78,51,958	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

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

As at 31 March 2016

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	3,034,999,810	-
	- Unsecured	67,500,000	-
	(Other than Falling within the meaning of public Deposits)		
(b)	Deferred Credits	-	-
(c)	Term Loans	7,147,380,984	-
(d)	Inter- Corporate Loans and Borrowings	-	-
(e)	Commercial Paper	1,750,000,000	-
(f)	Other Loans	2,445,999,113	-

S.No	Particulars	Amount Outstanding as on 31 March 2016 in INR.
(2)	Break up of Loans and Advances including Bills Receivables (Other than those included in (3) below):	
(a)	Secured	11,663,517,383
(b)	Unsecured	722,173,222

S.No	Particulars	Amount Outstanding as on 31 March 2016 in INR.
(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 activities	
	a) Loans where Assets have been Repossessed	-
	b) Loans other than (a) above	-

Amount in INR

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 (Alternative Investment Fund)		579,364,159
II	Unquoted:		
(i)	Shares :		-
	Equity		48,879,670
	Preference		79,800,000
(ii)	Debentures and Bonds	40,000,000	1,070,000,000
(iii)	Government Securities		-
(iv)	Others (Investments in Pass Through Certificates and Other Rated Transactions)	741,763,977	1,590,822,722

Amount in INR

S.No	Category	As at 31 March 2016 (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	-	40,000,000	40,000,000
	(b) Companies in the same Group	132,907,934	-	132,907,934
	(c) Other Related Parties	207,904,759	160,000,000	367,904,759
2	Other than Related Parties	11,582,377,913	262,500,000	11,844,877,912

Note: The amount of Assets financed represents the net owned portfolio outstanding after adjusting the provisions for standard assets amounting to INR 37,157,072/-

Amount in INR

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	-	128,679,670
	(b) Companies in the Same Group	-	-
	(c) Other Related parties	-	-
2	Other than Related Parties	-	4,021,950,858
	Total	-	**4,150,630,528**

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 6,997,760 /-

(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 2016

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

i. Investments

Amount in INR

Particulars	As at 31 March 2016	As at 31 March 2015
1 Value of Investments		
(i) Gross Value of Investments		
(a) In India	4,150,630,528	2,479,783,303
(b) Outside India,	-	-
(ii) Provisions for Depreciation		
(a) In India	-	-
(b) Outside India,	-	-
(iii) Net Value of Investments		
(a) In India	4,150,630,528	2,479,783,303
(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

Amount in INR

Particulars	As at 31 March 2016	As at 31 March 2015
(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 for any 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 mutual funds 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 stock brokers and guarantees issued on behalf of stock brokers and market makers;	-	-
(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 registered and unregistered)	-	-
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 31 March 2016	As at 31 March 2015
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 31 March 2016	As at 31 March 2015
Total Advances to twenty largest borrowers	6,580,709,214	4,754,640,682
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	53.13%	62.01%

vii. Concentration of Exposures

Amount in INR

	As at 31 March 2016	As at 31 March 2015
Total Exposure to twenty largest borrowers/customers	7,198,564,871	5,067,285,907
Percentage of Exposures to twenty largest borrowers /Customers to Total Exposure of the NBFC on borrowers/customers.	50.41%	61.17%

viii. Concentration of NPAs

	As at 31 March 2016	As at 31 March 2015
Total Exposure to top four NPA accounts	-	-

ix. Sector-wise NPAs as on March 31, 2016

Sl.No	Sector	Percentage of NPAs to Total Advances in that sector as on 31 March 2016	Percentage of NPAs to Total Advances in that sector as on 31 March 2015
1.	Agriculture & allied activities	-	-
2.	MSME	-	-
3.	Corporate borrowers	-	-
4.	Services	-	-
5.	Unsecured personal loans	-	-
6.	Auto loans (commercial vehicles)	-	-
7.	Other loans	-	-

x. Movement of NPAs

	Particulars		As at 31 March 2016	As at 31 March 2015
(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)	Closing balance	-	-

xi. Customer Complaints

(a)	No. of complaints pendingas on April 01, 2015	-
(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, 2016	-

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

42. Disclosure requirements pursuant to amended SEBI Guidelines

Related Party Disclosure in compliance with the requirements of Schedule V

Amount in INR

			For the Year Ended 31 March 2016		For the Year Ended 31 March 2015	
Related Party	Relationship	Transactions	Balance outstanding	Maximum amount during the year	Balance outstanding	Maximum amount during the year
IFMR Investment Manager Private Limited	Wholly owned Subsidiary	Working Capital Loan	40,000,000	40,000,000	15,000,000	15,000,000
IFMR Investment Manager Private Limited	Wholly owned Subsidiary	Loans and Advances	8,259,079	8,259,079	-	
IFMR Investment Adviser Services Private Limited	Wholly owned Subsidiary	Loans and Advances	1,699,959	1,699,959	-	
DishaMicrofin Private Limited	Company in which directors are interested	Term loan	215,969,494	290,000,000	7,174,759	150,000,000
Future Financial Services Limited	Company in which directors are interested	Term loan	151,935,265	280,000,000	142,728,039	220,000,000

43. 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

Managing Director

Director

Place: Chennai

Date:11 May, 2016

Chief Financial Officer

Company Secretary

Consolidated Financials
2015-16

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(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 March 31, 2016, 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 prescribed under Section 133 of the Act, as applicable. 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.

Auditors' 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 from material misstatement.

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(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 the reports of the other auditors.

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 prescribed under Section 133 of the Act, as applicable.

e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our Report in 'Annexure A', which is based on the auditors' reports of the Holding company and subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Holding company's and subsidiary companies' incorporated in India, internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditors' 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 consolidated financial position of the Group.

   ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term 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 incorporated in India.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm's Registration No.: 008072S)

Bhavani Balasubramanian
Partner
(Membership No.: 22156)

Chennai, May11, 2016

ANNEXURE 'A' TO THE INDEPENDENT AUDITORS' REPORT

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

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting of IFMR CAPITAL FINANCE PRIVATE LIMITED (hereinafter referred to as 'the Holding Company') and its subsidiary companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on 'the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI)'. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

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

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary companies, which are companies incorporated in India, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion to the best of our information and according to the explanations given to us, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on 'the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India'.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm's Registration No.: 008072S)

Bhavani Balasubramanian
Partner
(Membership No.: 22156)

Chennai, May11, 2016

IFMR Capital Finance Private Limited
Consolidated Balance Sheet as at 31 March 2016

Amount in INR

Particulars	Note Reference	As at 31 March 2016	As at 31 March 2015
I EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	933,654,730	783,654,730
Reserves and Surplus	4	2,009,214,467	1,417,201,729
		2,942,869,197	2,200,856,459
Preference shares issued by subsidiary companies outside the group	3f	8,500,000	44,500,000
Non Current Liabilities			
Long Term Borrowings	5	7,363,829,353	4,249,467,491
Other Long Term Liabilities	6	572,609,965	169,448,682
Long Term Provisions	7	39,768,849	19,723,836
		7,976,208,167	4,438,640,009
Current Liabilities			
Short Term Borrowings	8	3,341,572,397	1,898,645,598
Trade Payables	9	83,450,192	56,184,528
Other Current Liabilities	10	4,106,400,756	3,163,511,626
Short Term Provisions	11	31,326,245	19,472,560
		7,562,749,590	5,137,814,312
TOTAL		18,490,326,954	11,821,810,780
II ASSETS			
Non Current Assets			
Fixed Assets			
Tangible Assets	12	2,067,772	3,185,844
Intangible Assets	12	22,669,158	13,173
Intangible Assets under development		8,061,371	17,561,201
		32,798,301	20,760,218
Goodwill on consolidation		17,463,289	17,463,289
Non Current Investments	13	3,384,936,881	1,333,860,058
Deferred Tax Assets (Net)	35	23,257,416	18,966,873
Receivables under Financing Activity	17	5,427,561,869	2,356,237,475
Long-term loans and advances	14	511,689	19,904,781
Other Non Current Assets	15	468,348,731	259,292,058
		9,354,878,176	4,026,484,752
Current Assets			
Current Investments	16	781,763,977	1,183,943,575
Receivables under Financing Activity	17	6,958,128,736	5,311,335,910
Cash and Cash equivalents	18	808,175,016	823,437,747
Short - Term Loans and Advances	19	179,281,239	195,136,114
Other Current Assets	20	408,099,810	281,472,682
		9,135,448,778	7,795,326,028
TOTAL		18,490,326,954	11,821,810,780

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

For and on behalf of the Board of Directors

Bhavani Balasubramanian
Partner

Managing Director

Director

Place: Chennai
Date : 11 May 2016

Chief Financial Officer

Company Secretary

IFMR Capital Finance Private Limited
Consolidated Statement of Profit and Loss for the Year Ended 31 March 2016

Amount in INR

Particulars	Note Reference	For the Year ended 31 March 2016	For the Year ended 31 March 2015
INCOME			
Revenue from Operations	21	2,449,194,594	1,500,306,427
Other Income	22	15,089,578	19,979,615
TOTAL REVENUE (I)		2,464,284,172	1,520,286,042
EXPENDITURE			
Finance costs	23	1,176,944,874	663,437,207
Employee Benefits Expense	24	243,124,465	152,864,591
Provision for Standard Assets	25	25,119,508	16,963,149
Depreciation/ Amortisation Expense	12	6,087,478	2,022,914
Other Expenses	26	187,964,866	189,072,202
TOTAL EXPENSES (II)		1,639,241,191	1,024,360,063
Profit before Tax (I - II)		825,042,981	495,925,979
Tax Expenses/ (Benefit)			
- Current tax expense		228,949,838	132,824,120
- Deferred Tax	35	(4,290,543)	(17,451,001)
Total Tax Expenses		224,659,295	115,373,119
Profit for the Year		600,383,686	380,552,860
Earnings Per Share (of INR 10/- each)	34		
a) Basic		7.55	4.87
b) Diluted		7.55	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

Managing Director

Director

Place: Chennai
Date : 11 May 2016

Chief Financial Officer

Company Secretary

IFMR Capital Finance Private Limited
Consolidated Cash Flow Statement for the Year ended 31 March 2016

Amount in INR

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
A. Cash flow from operating activities		
Net Profit before tax	825,042,981	495,925,979
Adjustments for:		
Depreciation/ Amortisation Expenses	6,087,477	2,022,914
Amortisation of Processing Fees	23,696,716	17,379,702
Finance costs	1,150,746,005	645,555,329
Interest income from Bank on Deposits	(36,200,291)	(35,241,264)
Interest on income Tax refund	(28,972)	-
Provision for Standard Assets	25,119,508	16,963,148
Provision for Gratuity	2,091,405	2,320,833
Provision for Compensated Absences	882,717	1,262,992
Provision for Long term incentive	12,501,815	28,641,936
Provision no longer required written back	-	(566,250)
Operating profit before working capital changes	2,009,939,361	1,174,265,319
Changes in working capital and Others:		
Adjustments for (increase) / decrease in operating assets:		
Receivable under financing activity (Current)	(1,646,792,826)	(3,688,142,965)
Receivable under financing activity (Non Current)	(3,077,963,287)	(1,496,110,932)
Short-term loans and advances	(220,712,405)	(182,855,985)
Long term loans and advances	466,392,598	(255,779)
Investments (Current)	(2,091,076,823)	(247,863,979)
Investments (Non Current)	(279,585,349)	(638,880,657)
Other Non current assets	(116,105,877)	(8,289,410)
Other current assets	(11,102,134)	(133,235,292)
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	40,961,652	(35,382,205)
Collateral deposits from customers	395,107,566	82,741,132
Other current liabilities	(126,797,615)	246,420,730
Other non current liabilities	-	193,166
	(6,667,674,500)	(6,101,662,176)
Cash flow from extraordinary items		
Cash used in operations	(4,657,735,139)	(4,927,396,857)
Net income tax paid	(1,624,366)	127,889
Interest received on collateral deposit	28,832,494	15,147,619
Interest paid on borrowings	(1,158,574,120)	(573,657,885)
Interest paid on security deposits	(7,839,303)	(37,881,763)
Net cash used in operating activities (A)	(5,796,940,434)	(5,523,660,997)

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
B. Cash flow from investing activities		
Capital expenditure on fixed assets, including capital advances	(18,273,412)	(11,270,420)
Proceeds from sale of fixed assets	147,845	-
Collateral deposits - placed (net)	146,345,173	(249,887,515)
Own deposits - (placed) / matured (net)	209,132,317	(123,697,155)
Interest Income received from Banks	7,367,797	20,093,645
Investment in shares of subsidiaries	(231,600,000)	-
Net cash generated from / (used in) investing activities (B)	113,119,720	(364,761,445)
C. Cash flow from financing activities		
Proceeds from long-term borrowings	8,681,216,420	5,690,873,151
Repayment of long term borrowings	(3,974,144,462)	(1,777,678,194)
Proceeds from Short-term borrowings	68,129,249,044	2,900,000,003
Repayment of short term borrowings	(67,193,822,244)	(1,501,392,619)
Inflow from Share Capital	381,600,000	274,791,352
Redemption of Preference shares	(36,000,000)	-
Dividend Paid on Preference Shares including Dividend Distribution Tax	(4,565,882)	-
Processing fees paid	(31,734,177)	(22,956,875)
Net cash flow used in financing activities (C)	5,951,798,699	5,563,636,818
Net (decrease)/increase in Cash and cash equivalents (A+B+C)	267,977,985	(324,785,624)
Cash and cash equivalents at the beginning of the year	316,452,005	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	584,429,990	316,452,006
Reconciliation of Cash and cash equivalents with the Balance Sheet:		
Cash and cash equivalents as per Balance Sheet (Refer Note 18)	808,175,016	823,437,747
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements *(Refer note below)*	1,506,483	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
Less : Restricted balances placed in deposits account (Refer note below)	222,238,543	502,181,160
Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements)	584,429,990	316,452,006
Add: Current investments considered as part of Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) (Refer Note (ii) to Note 16 Current investments)		
Cash and cash equivalents at the end of the year *	584,429,990	316,452,006
* Comprises of:		
Balances with banks in current accounts	584,429,990	316,452,006

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

Managing Director

Director

Place: Chennai
Date : 11 May 2016

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 company whose objective is to provide liquidity and develop access to debt-capital markets for institutions that impact financially excluded households and enterprises. The company has 2 wholly owned subsidiaries as at the yearend:

a) IFMR Investment Adviser Services Private Limited (IA) 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.

b) IFMR Investment Managers Private Limited (IM) 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 for the purpose of advising, managing and administering the Grants and contributions received by IFMR Finance for Freedom Social Venture Fund and IFMR Finance for Freedom Fund

The company shall hereinafter, along with IA & IM be collectively referred to as "the Group"

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 in all material respects 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 consolidated financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in preparation of Consolidated Financial Statements are consistent with those followed in the PY.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, 2016.

(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 Goodwill arising on consolidation is not amortised but 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 in the preparation of consolidated financial statements:

Name of the Company	Relationship	Year end	Proportion of ownership as at 31 March 2016
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 2016 in INR	Goodwill on consolidation as at 31 March 2015 in INR
IFMR Investment Adviser Services Private Limited	17,159,809	17,159,809
IFMR Investment Manager Private Limited	303,480	303,480
Total	17,463,289	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 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.6 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) Intangible assets under development:

Expenditure on development eligible for capitalization are as Intangible assets under development where such assets are not yet ready for their intended use.

(c) Depreciation/Amortisation:

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 assets 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 to reflect the changed pattern, if any.

2.7 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, 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.

2.8 Investments:

Investments that are readily realisable and are intended to be held for not more than one year from the balance sheet date 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.

2.9 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.

The Company sells loan receivables by way of direct assignment. On such sale, assets are derecognisedon transfer of significant risks and reward to the purchaser and fulfilling of the true sale criteria specified in the RBI guidelines on securitisation and direct assignment.

2.10 Finance Costs

I. Interest on borrowings is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable on the borrowings.

II. Discount on Commercial papers is amortised over the tenor of the underlying instrument.

III. Premium payable on redemption of debentures is accrued over the tenor of the debentures.

IV. Ancillary costs incurred in connection with the arrangement of borrowings, including borrowings sanctioned but not availed, is amortised on a straight-line basis, over the tenure of the respective borrowings.

V. Unamortised borrowing costs remaining, if any, are fully expensed off as and when the related borrowings are prepaid / cancelled.

2.11 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 return method.

II. Interest income on bonds and debentures is recognized on time proportionate basis taking into account the amount outstanding and the rate applicable

III. Income from securitization/ investment in Commercial Paper is recognized on straight line basis/ based on coupon rate, as per the terms of respective contracts

IV. Income from guarantee facility is recognized on accrual basis in terms of underlying agreement.

V. Income from other Financial Services is recognized when the services are rendered and related costs are incurred in the statement of profit and loss.

VI. Gain from Investment in Alternative Investment Fund is recognised when the right to receive is established.

VII. Interest on bank deposits is recognized on accrual basis

VIII. Dividend income on mutual fund investments is accounted for when the right to receive is established.

IX. Investment Management fee and Upfront set up fee is recognised as per agreement entered into with the Trustee of the Fund

2.12 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.

2.13 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.

2.14 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.

2.15 Long term Incentive

In respect of shadow units allotted pursuant to the Company's Long Term Incentive Plan, the Company determines the compensation cost based on the intrinsic value method and is provided for as per the plan's vesting schedule.

2.16 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.

2.17 Lease

Lease arrangements where the risks and rewards incidental to ownership of an asset 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 over the lease term.

2.18 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.

2.19 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.

2.20 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 150 days
Non-Performing Assets (NPA)	Overdue for 150 days or more
Sub Standard Assets	An asset that has been classified as Non-Performing Asset for a period not exceeding 16 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 16 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	0.30%

2.21 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 2016	As at 31 March 2015
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
20,000,000 (Previous year - NIL shares) Redeemable Preference Shares of INR 10/- each. Refer Note (a)	200,000,000	-
Total	1,200,000,000	1,000,000,000
Issued, Subscribed and Fully Paid-up		
78,365,473 (Previous year - 78,365,473 shares) Equity Shares of INR 10/- each with voting rights	783,654,730	783,654,730
15,000,000 (Previous year - NIL shares) 9.85% cumulative non convertible compulsorily Redeemable Preference Shares of INR 10/- each	150,000,000	-
Total	933,654,730	783,654,730

(a) The Board of Directors in their meeting held on 21st December, 2015 approved the increase in the authorised share capital from INR 1,000,000,000 (comprising of 100,000,000 equity shares of INR 10 each) to INR 1,200,000,000 (comprising of 100,000,000 equity shares of INR 10 each and 20,000,000 Redeemable Preference Shares of INR 10 each)

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

Equity shares

Particulars	As at 31 March 2016		As at 31 March 2015	
	No. of Shares	Amount in INR	No. of Shares	Amount in INR
Balance as at the beginning of the year	78,365,473	783,654,730	73,223,141	732,231,410
Add: Shares issued during the year (Refer note c)	-	-	5,142,332	51,423,320
Balance as at the end of the year	78,365,473	783,654,730	78,365,473	783654730

Preference shares

Particulars	As at 31 March 2016		As at 31 March 2015	
	No. of Shares	Amount in INR	No. of Shares	Amount in INR
Balance as at the beginning of the year	-	-	-	-
Add: Shares issued during the year (Refer Note d)	15,000,000	150,000,000	-	-
Balance as at the end of the year	15,000,000	150,000,000	-	-

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

Name of the shareholder	As at 31 March 2016		As at 31 March 2015	
	No. of Shares held	% of Shares	No. of Shares held	% of Shares
IFMR Holding Private Limited (Holding Company) - Equity Shares	46,225,895	59%	46,225,895	59%
Leapfrog Financial Inclusion India Holdings Limited - Equity shares	32,139,578	41%	32,139,578	41%
Total	78,365,473		78,365,473	
Unifi AIF - Preference shares	10,200,000	68%	-	0%
Unifi Capital Finance Private Limited - Preference shares	4,800,000	32%	-	0%
Total	15,000,000		-	

(d) During the year, the Company vide resolution dated 29th December, 2015 issued and allotted 15,000,000 preference shares of INR 10 each aggregating to INR 150,000,000 through private placement.

(e) Disclosure of Rights

Terms / rights attached to Equity Shares:

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.

Terms / rights attached to Preference Shares:

a. Preference Shares of IFMR Capital are redeemable at par at the end 18 months from the date of allotment

b. Preference shares of IA issued to IFMR Holdings Private Limited and IFMR Mezzanine Finance Private Limited carry a dividend of 8% and are redeemable at par at the end of four 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 47 of the Companies Act, 2013.The right to entitlement for dividend on preference shares not declared in a financial year shall be carried forward to the subsequent financial years.

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

Amount in INR

Particulars	As at 31 March 2016	As at 31 March 2015
IFMR Investment Adviser Services Private Limited		
85,000 8 % Redeemable Preference Shares of INR 100 each (Refer Note 1 below)	8,500,000	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	8,500,000	44,500,000
Arrears of Fixed cumulative Dividend on Preference Shares as at 31 March 2016 - INR 1,248,110 (As at 31 March, 2015 - INR 566,247)		

Terms / rights attached to Preference Shares:

Note 1:

Preference shares of IA issued to IFMR Holdings Private Limited and IFMR Mezzanine Finance Private Limited carry a dividend of 8% and are redeemable at par at the end of four years from the date of allotment.

Note 2

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

Amount in INR

Particulars	As at 31 March 2016	As at 31 March2015
Note 4		
Reserves and Surplus		
Statutory Reserve *		
Opening Balance	124,976,499	48,509,361
Add : Transfer from surplus in Statement of Profit and Loss	120,282,662	76,467,138
Closing Balance	**245,259,161**	**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	794,510,194	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		5,208,625
Closing balance	**794,510,194**	**794,510,194**
Note : Expenses of Nil (INR 5,208,625) 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	497,715,036	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)		(398,886)
Add: Profit for the year	600,383,689	380,552,860
	1,098,098,725	**574,182,174**
Less:Transferred to Statutory Reserve	(120,282,662)	(76,467,138)
Less : preference dividend	(3,793,536)	-
Less : tax on preference dividend	(772,347)	-
Less: Appropriations		
Dividend on 9.85% non convertible redeemable preference shares	(3,805,068)	-
Closing Balance	**969,445,112**	**497,715,036**
Total	**2,009,214,467**	**1,417,201,729**

Note 5		
Long Term Borrowings		
Debentures		
Secured - Refer Note (i to vii)		
Secured - Redeemable Non Convertible Debentures	2,845,000,000	1,785,000,000
Unsecured - Refer Note (viii)		
Unsecured - Redeemable Non Convertible Debentures	52,500,000	67,500,000
Term Loan & Other Facility from Banks - Secured - Refer Note (ix to xiii)	3,965,281,339	1,704,141,383
Term Loan from Others - Secured - Refer Note (xliv to li)	501,048,014	692,826,108
Total	**7,363,829,353**	**4,249,467,491**
For the current maturites of long term debt, refer Note No. 10		

Note 5 - Long Term Borrowings - Secured

Amount in INR

S. No	Particulars	Rate of interest	Date of loan taken	Date of maturity	Security/ Repayment details	As at 31 March 2016		As at 31 March 2015	
						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
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.	95,000,000	189,999,810	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

Notes forming part of Financial Statements

Note 5 - Long Term Borrowings - Secured

Amount in INR

S. No	Particulars	Rate of interest	Date of loan taken	Date of maturity	Security/ Repayment details	As at 31 March 2016		As at 31 March 2015	
						Non current	Current	Non current	Current
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	-	1,500,000,000	-
vii	Debentures	11.10%	29-Mar-16	29-Mar-19	The Company has issued 1250, 11.10% Non Convertible Debentures (Listed) of INR 1,000,000 each redeemable at a premium of INR 371,330 each in single installment in March 2019. Secured by way of First ranking and continuing charge over books debts and investments. Refer note 6	1,250,000,000	-		-
Total						2,845,000,000	189,999,810	1,785,000,000	873,999,810
Debentures - Unsecured									
viii	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	52,500,000	15,000,000	67,500,000	7,500,000
Total						52,500,000	15,000,000	67,500,000	7,500,000
Term Loans from Banks - Secured									
ix	Ratnakar Bank Limited	13.75%	22-Feb-13	22-Feb-16	Repayable in 11 equated quarterly installments commencing from August 2013 and ending February 2016 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	19,038,858	80,000,000	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	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	IDBI Bank	11.00%	17-Mar-16	1-Sep-19	Repayable in 36 equated monthly installments commencing from October 2016 ending September 2019. Floating and exclusive charge over book debts and investments	417,200,000	82,800,000	-	-

S. No	Particulars	Rate of interest	Date of loan taken	Date of maturity	Security/ Repayment details	As at 31 March 2016		As at 31 March 2015	
						Non current	Current	Non current	Current
xvi	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	15,000,000	60,000,000
xvii	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	-	48,317,578	49,758,850	100,000,000
xviii	Federal Bank Limited	10.95%	19-Feb-16	18-Feb-17	Repayable in 1 bullet installment in February, 2017. Floating and exclusive charge over book debts and investments	-	299,999,163	-	-
xix	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
xx	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	37,500,000	75,000,000
xxi	HDFC Bank	11.75%	31-Mar-15	30-Sep-17	Repayable in 10 equated quarterly installments commencing from June 2015 ending September 2017. Floating and exclusive charge over book debts and investments	80,000,000	160,000,000	180,000,000	120,000,000
xxii	HDFC Bank	10.90%	27-Nov-15	27-Nov-18	Repayable in 12 equated quarterly installments commencing from February 2016 ending November 2018. Floating and exclusive charge over book debts and investments	145,833,333	83,333,333	-	-
xxiii	HDFC Bank	10.80%	28-Mar-16	28-Mar-19	Repayable in 12 equated quarterly installments commencing from June 2016 ending March 2019. Floating and exclusive charge over book debts and investments	166,666,667	83,333,333	-	-
xxiv	Bank of Baroda	11.25%	23-Feb-16	23-Feb-19	Repayable in 10 equated quarterly installments commencing from November 2016 ending February 2019. Floating and exclusive charge over book debts and investments	100,000,000	100,000,000	-	-
xxv	Bank of Baroda	11.40%	22-Jun-15	28-Feb-18	Repayable in 10 equated quarterly installments commencing from November 2015 ending February 2018. Floating and exclusive charge over book debts and investments	200,000,000	50,000,000	-	-
xxvi	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	27,272,724	54,545,456
xxvii	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	22,727,280	90,909,088	113,636,368	90,909,088
xxviii	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	75,000,000	100,000,000	175,000,000	75,000,000

Notes forming part of Financial Statements

Note 5 - Long Term Borrowings - Secured

Amount in INR

S. No	Particulars	Rate of interest	Date of loan taken	Date of maturity	Security/ Repayment details	As at 31 March 2016		As at 31 March 2015	
						Non current	Current	Non current	Current
xxix	Ratnakar Bank Limited	11.30%	30-Sep-15	30-Sep-18	Repayable in 10 equated quarterly installments commencing from June 2016 ending September 2018. Floating and exclusive charge over book debts and investments	150,000,000	100,000,000	-	-
xxx	Ratnakar Bank Limited	11.00%	23-Mar-16	23-Mar-20	Repayable in 14 equated quarterly installments commencing from December 2016 ending March 2020. Floating and exclusive charge over book debts and investments	214,285,714	35,714,286	-	-
xxxi	South Indian Bank Limited	13.00%	29-Sep-14	29-Jun-18	Repayable in 14 equated quarterly installments commencing from March 2015 ending June 2018. Floating and exclusive charge over book debts and investments	71,428,565	57,142,860	128,571,425	57,142,860
xxxii	Axis Bank Limited	10.65%	25-Feb-16	25-Nov-18	Repayable in 8 equated quarterly installments commencing from February 2017 ending November 2018. Floating and exclusive charge over book debts and investments	218,750,000	31,250,000	-	-
xxxiii	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	200,000,000	200,000,000	400,000,000	100,000,000
xxxiv	Kotak Mahindra Bank	10.85%	29-Jan-16	29-Jan-18	Repayable in 24 equated monthly installments commencing from February 2016 ending January 2018. Floating and exclusive charge over book debts and investments	20,833,333	25,000,000	-	-
xxxv	Kotak Mahindra Bank	10.85%	25-Nov-15	25-Nov-17	Repayable in 24 equated monthly installments commencing from December 2015 ending November 2017. Floating and exclusive charge over book debts and investments	33,333,333	50,000,000	-	-
xxxvi	Kotak Mahindra Bank	10.85%	23-Nov-15	23-Nov-17	Repayable in 24 equated monthly installments commencing from December 2015 ending November 2017. Floating and exclusive charge over book debts and investments	33,333,333	50,000,000	-	-
xxxvii	Kotak Mahindra Bank	11.30%	18-Sep-15	18-Sep-17	Repayable in 24 equated monthly installments commencing from October 2015 ending September 2017. Floating and exclusive charge over book debts and investments	22,500,000	45,000,000	-	-
xxxviii	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	70,000,000	105,000,000
xxxix	State Bank of India	10.80%	22-Dec-15	22-Oct-18	Repayable in 11 equated quarterly installments commencing from April 2016 ending October 2018. Floating and exclusive charge over book debts and investments	1,120,000,000	280,000,000	-	-
xl	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	136,350,000	181,800,000	318,200,000	181,800,000

S. No	Particulars	Rate of interest	Date of loan taken	Date of maturity	Security/ Repayment details	As at 31 March 2016		As at 31 March2015	
						Non current	Current	Non current	Current
xli	State Bank of Patiala	11.00%	4-Mar-16	4-Mar-19	Repayable in 11 equated quarterly installments commencing from September 2016 ending March 2019. Floating and exclusive charge over book debts and investments	218,181,818	81,818,182	-	-
xlii	Tamilnadu Mercantile Bank	11.50%	30-Jun-16	30-Jun-18	Repayable in 10 equated quarterly installments commencing from March 2016 ending June 2018. Floating and exclusive charge over book debts and investments	124,975,917	100,000,000	-	-
xliii	Tamilnadu Mercantile Bank	11.25%	9-Nov-15	9-Oct-18	Repayable in 10 equated quarterly installments commencing from July 2016 ending October 2018. Floating and exclusive charge over book debts and investments	174,843,187	75,000,000	-	-
Total						3,965,281,339	2,682,099,643	1,704,141,383	1,460,003,489
Term Loans from Others - Secured									
xliv	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	-	13,641,734	13,693,986	24,733,270
xlv	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
xlvi	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	83,333,333	333,333,333	416,666,667	83,333,333
xlvii	Tata Capital	11.50%	3-Sep-15	3-Sep-16	Repayable in 6 equated monthly installments commencing from April 2016 ending September 2016. Floating and exclusive charge over book debts and investments	-	220,000,000	-	-
xlviii	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	39,968,016	79,963,636	119,945,455	79,963,636
xlix	Aditya Birla	11.35%	30-Sep-15	1-Oct-18	Repayable in 12 equated quarterly installments commencing from January 2016 ending October 2018. Floating and exclusive charge over book debts and investments	116,666,665	50,000,001	-	-
l	Aditya Birla	11.20%	28-Dec-15	1-Jan-19	Repayable in 12 equated quarterly installments commencing from April 2016 ending January 2019. Floating and exclusive charge over book debts and investments	200,000,000	75,000,000	-	-
li	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	61,080,000	81,440,000	142,520,000	81,440,000
Total						501,048,014	853,378,704	692,826,108	313,764,756
Grand Total						7,363,829,353	3,740,478,157	4,249,467,491	2,655,268,055

Amount in INR

Particulars	As at 31 March 2016	As at 31 March 2015
Note 6		
Other Long Term Liabilities		
Collateral Deposits from Customers - (Refer Note below)		
- From Related Parties (Refer Note No.33)	-	6,580,343
- Others	71,983,421	138,906,111
For Long Term Incentive (Refer Note No.29)	36,464,044	23,962,228
Premium payable on redemption of Non-Convertible Debentures (Refer Note 5(vii))	464,162,500	
Total	572,609,965	169,448,682
Represents amounts received as security from the borrowers towards issue of Term Loans. Such deposits repayable within 31 March 2017 have been grouped under Note No.10 - Other Current Liabilities		

Note 7		
Long Term Provisions		
Provision for Employee benefits		
For Compensated Absences	3,446,293	2,658,403
For Gratuity (Refer Note No. 31 b)	10,319,309	7,964,564
Provision for Standard Asset (Refer Note No.36)		
On Receivable under Financing Activity	16,282,686	5,890,593
On Investments & Others	9,720,561	3,210,276
Total	39,768,849	19,723,836

Note 8		
Short Term Borrowings		
Secured		
(i) Working Capital Term Loan from Bank (Secured) (Refer (a) below)	500,000,000	-
(ii) Loans repayable on demand		
Cash Credit and Bank overdraft (Refer (b) below)	1,091,572,397	498,645,598
(iii) Commercial Paper (Unsecured) (Refer (c) below)	1,750,000,000	1,150,000,000
(iv) Short term Loan (Unsecured) (Refer (d) below)	-	250,000,000
Total	3,341,572,397	1,898,645,598

(a) Working Capital Demand Loan from bank is secured by way hypothecation of book debts. It carries an interest of 10.50% and is repayable in one installment in May 2016.

(b) Represented by overdraft/ Cash credit/ Working Capital Demand loans secured by way of hypothecation of book debts and fixed deposits with banks

(c) Commercial paper

Current Year

No of units	Date of issue	Maturity Date	Amount in INR	Discount Rate
500	30-Oct-15	27-Oct-16	250,000,000	10.50%
500	14-Dec-15	14-Sep-16	250,000,000	10.25%
1,000	29-Jan-16	27-Jan-17	500,000,000	10.65%
500	9-Feb-16	9-May-16	250,000,000	9.90%
500	23-Feb-16	22-Feb-17	250,000,000	10.65%
500	2-Mar-16	2-May-16	250,000,000	10.00%

Previous 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%

Short term loan 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, has been fully repaid during the year

Particulars	As at 31 March 2016	As at 31 March 2015
Note 9		
Other Trade Payables		
- Sundry Creditors	80,509,718	53,085,360
- Payable to Related parties (Refer Note No.33)	2,940,474	3,099,168
Total	83,450,192	56,184,528

Note 10		
Other Current Liabilities		
1. Current Maturities of Long Term Borrowings		
Debentures		
Secured - Non Convertible Debentures (Refer Note 5 (i) to 5 (vii))	189,999,810	873,999,810
Unsecured - Non Convertible Debentures (Refer Note 5 (viii))	15,000,000	7,500,000
Term Loan and other facilities from Bank (Secured) (Refer Note 5 (ix) to 5 (xliii))	2,682,099,643	1,460,003,489
Term Loan from Others (Secured) (Refer Note 5 (xliv) to 5 (li))	853,378,704	313,764,756
Collateral Deposits from Customers (Refer Note No.6)		
- From Related Parties (Refer Note 33)	7,711,351	21,530,996
- Others	213,020,710	267,595,108
2. Interest Accrued but Not Due on borrowings / other deposits	61,323,359	76,756,038
3. Other Payables		
(i) Statutory Liabilities	24,162,975	54,013,279
(iii) Other Liabilities	7,378,984	8,404,365
(iii) Remittances payable - Derecognised assets	52,325,220	-
4. Premium payable on redemption of Non-Convertible Debentures (Refer Note 5(v))	-	79,943,785
Total	4,106,400,756	3,163,511,626

Note 11		
Short Term Provisions		
1. Provision for Employee benefits		
For Compensated Absences	533,650	438,823
For Gratuity (Refer Note No.31 b)	625,046	888,386
2. Provision for Standard Assets (Refer Note No. 36)		
On Receivable under Financing Activity	20,874,386	13,278,340
On Investments & Others	5,488,095	4,867,011
3. Dividend Payable on 9.85% non convertible redeemable preference shares	3,805,068	-
Total	31,326,245	19,472,560

IFMR Capital Finance Private Limited
Notes forming part of Consolidated Financial Statements

Note 12
Fixed Assets

Amount in INR

Description	Gross Block				Accumulated Depreciation/Amortisation						Net Block
	As at 1 April 2015	Additions (#)	Deletions	As at 31 March 2016	As at 1 April 2015	For the year	Transitional Adjustments	Deletions	As at 31 March 2016	As at 31 March 2016	As at 31 March 2015
Tangible Assets											
Plant and Machinery	290,437	-	-	290,437	151,480	75,545	-	-	227,025	63,412	138,957
Previous year	(290,437)	-	-	(290,437)	(13,011)	(117,815)	20,654	-	(130,826)	(138,957)	
Computers	6,179,978	2,954,408	728,318	8,406,068	4,506,525	3,096,445	-	580,473	7,022,497	1,383,571	1,673,453
Previous year	(3,607,001)	(2,615,477)	(42,500)	(6,179,978)	(2,619,558)	(1,320,859)	(527,277)	(42,500)	(4,506,525)	(1,673,453)	
Furniture and Fittings	90,684	102,464	-	193,148	84,491	57,677	-	-	142,168	50,980	6,193
Previous year	(90,684)	-	-	(90,684)	(30,922)	(9,362)	(44,207)	-	(84,491)	(6,193)	
Leasehold improvements	1,676,066	-	-	1,676,066	459,196	1,216,870	-	-	1,676,066	-	1,216,870
Previous year	(1,676,066)	-	-	(1,676,066)	(123,983)	(335,213)	-	-	(459,196)	(1,216,870)	
Office Equipment	84,001	854,093	-	938,094	54,287	362,261	-	-	416,548	521,546	29,714
Previous year	(18,313)	(65,688)	-	(84,001)	(3,220)	(38,924)	(12,143)	-	(54,287)	(29,714)	
PMS Server	6,609,723	-	-	6,609,723	6,489,066	72,394	-	-	6,561,460	48,263	120,657
Previous year	(6,609,723)	-	-	(6,609,723)	(6,308,085)	(180,981)	-	-	(6,489,066)	(120,657)	
Total	14,930,889	3,910,965	728,318	18,113,536	11,745,045	4,881,192	-	580,473	16,045,764	2,067,772	3,185,844
Previous year	(12,292,224)	(2,681,165)	(42,500)	(14,930,889)	(9,098,779)	(2,003,154)	(604,281)	(42,500)	(11,774,391)	(3,185,844)	-
Intangible Assets											
Website Development cost	789,834	-	-	789,834	776,661	13,173	-	-	789,834	-	13,173
Previous year	(789,834)	-	-	(789,834)	(756,901)	(19,760)	-	-	(776,661)	(13,173)	
Developed Software *	-	23,862,271	-	23,862,271	-	1,193,113	-	-	1,193,113	22,669,158	-
Total	789,834	23,862,271	-	24,652,105	776,661	1,206,286	-	-	1,982,947	22,669,158	13,173
Previous year	(789,834)	-	-	(789,834)	(756,901)	(19,760)	-	-	(776,661)	(13,173)	
Grand Total	15,720,723	27,773,236	728,318	42,765,641	12,521,706	6,087,478	-	580,473	18,028,711	24,736,930	3,199,017
Previous year	(13,082,058)	(2,681,165)	(42,500)	(15,720,723)	(9,855,680)	(2,022,914)	(604,281)	(42,500)	(12,501,052)	(3,199,017)	-

* Developed Software represents Enterprise Resource Planning System purchased and developed in-house

\# Includes assets acquired from related parties. Refer note 33

IFMR Capital Finance Private Limited
Notes forming part of Consolidated Financial Statements

Amount in INR

Particulars			As at 31 March 2016	As at 31 March 2015
Note 13				
Non Current Investments - At Cost - Non Trade (Unquoted)				
Other Investments				
Investment in units of Securitisation			1,590,822,722	1,184,610,058
Investment in units of Alternative Investment Fund			724,114,159	149,250,000
Current year				
Particulars	Face value per unit (INR)	No. of units		
IFMR Fimpact Investment Fund (Class A)	100,000	1,492.50		
IFMR Fimpact Investment Fund (Class B)	100,000	782.53		
IFMR Fimpact Long Term Multi Asset Class Fund	100,000	4,945.57		
Previous year				
IFMR Fimpact Investment Fund (Class A)	100,000	1,492.50		
Investment in debentures (unsecured, subordinated, non-convertible)			1,070,000,000	-
Particulars	Face value per unit (INR)	No. of units		
14.9% Unsecured, subordinated, Non Convertible debentures	1,000,000	200		
14.9% Unsecured, subordinated, Non Convertible debentures	1,000,000	50		
14.5% Unsecured, subordinated, Non Convertible debentures	1,000,000	250		
11.4% Unsecured, subordinated, Non Convertible debentures	1,000,000	350		
13.35% Unsecured, subordinated, Non Convertible debentures	1,000,000	260		
Total			3,384,936,881	1,333,860,058
-Aggregate market value of investment in units of Alternative Investment Fund			752,344,557	149,814,965
- Aggregate value of quoted Investments			1,070,000,000	-
- Aggregate value of unquoted Investments			1,719,502,392	1,333,860,058

Amount in INR

Particulars	As at 31 March 2016	As at 31 March 2015
Note 14		
Long term Loans and Advances		
Advance taxes and tax deducted at source	511,689	19,904,781
(Net of provision for tax INR 437,401,427 (PY INR 211,728,073)		
Total	511,689	19,904,781

Particulars	As at 31 March 2016	As at 31 March 2015
Note 15		
Other Non Current Assets (Unsecured, considered good)		
Non Current Bank Balances (Refer Note (i) below		
- Collateral Deposits (Refer Note (ii) below	71,983,422	147,518,295
Prepaid Finance Charges (Refer Note No.28)	17,968,713	12,962,517
Interest Accrued but Not Due		
On Collateral Deposits	3,750,646	4,743,636
On Investments	66,333,632	94,067,610
Unamortised loss on redemption of Non-Convertible Debentures	308,312,318	-
Total	468,348,731	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

Particulars	As at 31 March 2016	As at 31 March 2015
Note 16		
Current Investments - At cost		
Investments in Securitisation	741,763,977	1,157,793,575
Investment in debentures (unsecured, subordinated, non-convertible) (Refer note 13)	40,000,000	-
Investment in Commercial Paper	-	25,000,000
Investments in Mutual Fund (valued at lower of cost and fair value)		
Franklin Templeton India Treasury Management Account Fund -	-	1,150,000
Super IP (550.871 units) of INR 2089.8896 each		
Total	781,763,977	1,183,943,575
- Aggregate value of unquoted Investments	741,763,977	1,183,943,575
- Aggregate value of quoted Investments	40,000,000	-

Amount in INR

Particulars	As at 31 March 2016	As at 31 March 2015
Note 17		
Receivables Under Financing Activity		
Secured and considered good *		
Non Current		
Loans to others	5,089,214,429	2,279,290,722
Loan to Related Party (Refer Note No.33)	43,460,673	76,946,753
	5,132,675,102	2,356,237,475
Current		
Term Loans and Working Capital Loans	6,233,490,261	4,992,716,195
Loan to Related Party (Refer Note No.33)	297,352,020	318,619,715
	6,530,842,281	5,311,335,910
Unsecured and considered good		
Non Current		
Loans to others	193,068,587	-
Loan to Related Party (Refer Note No.33)	101,818,180	-
	294,886,767	-
Current		
Term Loans and Working Capital Loans	369,104,635	-
Loan to Related Party (Refer Note No.33)	58,181,820	-
	427,286,455	-
Total	12,385,690,605	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

Amount in INR

Particulars	As at 31 March 2016	As at 31 March 2015
Note 18		
Cash and cash equivalents		
Balance with Banks		
(i) In Current Account (Refer note (iii) below)	585,936,473	321,256,587
(ii) Deposit Accounts		
Collateral Deposits (Refer note (i) below)	222,238,543	293,048,843
Own Deposits (Refer note (ii) and (iii) below	-	209,132,317
Total	808,175,016	823,437,747

Of the above the balances that meet the definition of cash and cash equivalents as per AS 3 cash flow statements is INR 584,429,990 (PY INR 316,452,006)

(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 1,506,483 (PY INR 5,954,581) matured as at Balance Sheet date, repaid subsequent to year end.

Particulars	As at 31 March 2016	As at 31 March 2015
Note 19		
Short Term Loans and Advances (Unsecured, considered good)		
Staff advances	736,007	107,399
Staff security deposit	5,063,563	3,228,000
Rental & Caution Deposit	4,338,330	610,000
Short term loans and advances	5,566,681	202,984
Other receivables	14,348,271	1,060,304
Prepaid expenses	1,011,814	-
Receivable from other financial services		
- Related Party	10,886,518	15,940,217
- Others	133,878,120	171,037,764
Balances with Government Authorities - Service Tax Credit receivable	3,451,935	2,949,446
Total	179,281,239	195,136,114

Particulars	As at 31 March 2016	As at 31 March 2015
Note 20		
Other Current Assets		
Prepaid Finance Charges (Refer Note No.28)	21,699,058	16,745,426
Unamortised loss on redemption of Non-Convertible Debentures	154,579,665	56,118,104
Unamortised Discount on Issue on Commercial Paper	90,546,659	65,331,837
Interest Accrued but Not Due	-	
On Receivable under Financing Activities	64,090,053	34,446,825
On Collateral Deposits	18,024,131	13,696,048
On Other Deposits	-	2,786,132
On Investments	30,929,843	91,938,164
On investment in Alternative Investment Fund	28,230,401	410,146
Total	408,099,810	281,472,682

Amount in INR

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Note 21		
Revenue from Operations		
Interest Income from financing activity	1,369,185,315	745,368,100
Income from Securitisation	286,305,528	259,980,442
Income from Guarantee Facility	29,349,456	18,659,802
Income from other Financial Services		
- Processing Fee	114,216,627	88,740,000
- Professional Fee	366,589,378	309,338,445
- Arranger fee for Guarantee facility	56,845,460	45,182,000
Income from Investment in Commercial Paper	2,634,231	508,752
Interest Income from banks on Collateral Deposits from Customers	32,167,587	27,041,079
Gain on Investment in Alternative Investment Fund	55,086,727	564,965
Profit on Sale of Investments	105,313,098	2,881,471
Interest Income from investment in Non Convertible Debenture	13,854,630	-
Upfront Setup fees (Refer Note 37)	5,802,251	2,024,742
Investment Management Fees (Refer Note 37)	11,844,306	16,629
Total	2,449,194,594	1,500,306,427

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Note 22		
Other Income		
Interest Income from banks on Deposits	4,032,704	8,200,185
Profit on sale of Mutual Fund Investments	9,959,272	11,778,002
Other Non Operating Income	1,097,602	1,428
Total	15,089,578	19,979,615

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Note 23		
Finance Cost		
Interest Expenses on		
- Term Loan	638,356,760	373,771,291
- Debentures	282,888,838	155,708,165
- Cash Credits	35,001,023	4,827,358
- Overdraft Account	18,926,118	11,739,764
- On Collateral Deposits	32,167,587	27,041,079
- On Income Tax/ Service Tax	48,701	47,479
Discount on Commercial Paper	143,405,679	72,467,672
Amortisation of Processing Fees	23,696,716	17,379,702
Bank charges	2,453,452	454,697
Total	1,176,944,874	663,437,207

Amount in INR

Particulars	For the year ended 31 March, 2016	For the year ended 31 March 2015
Note 24		
Employee Benefits Expense		
Salaries and Wages	221,578,922	138,809,217
Contribution to Provident Fund (Refer Note 31(a))	8,587,769	5,639,914
Gratuity (Refer note 31(b))	3,594,158	3,054,836
Staff Welfare Expenses	9,363,616	5,360,624
Total	243,124,465	152,864,591

Note 25		
Provisions for Standard Assets (Refer Note 36)		
On Receivable under Financing Activities	17,988,139	12,960,635
On Investments and others	7,131,369	4,002,514
Total	25,119,508	16,963,149

Note 26		
Other expenses		
Rent	13,942,200	8,926,280
Rates and Taxes	73,815,002	70,730,380
Registration & Filing charges	2,261,763	
Travelling and Conveyance	29,305,116	22,846,980
Legal and Professional Charges	41,609,518	69,879,629
Corporate Social Responsibility expenditure	4,967,285	1,957,130
Communication Expenses	2,282,079	1,870,802
Upfront Setup fees	700,000	500,000
Director's Sitting fees	176,722	
Setup Cost - Fund (Refer Note 37)	3,189,987	1,885,388
Repairs and Maintenance - Others	1,843,555	999,513
Printing and Stationery	698,953	610,130
Advertisement and Business Promotion	3,423,201	1,276,738
Auditors' remuneration:		
-Statutory & Other Audit	4,327,990	2,900,000
-Certification	100,000	100,000
-Tax audit	100,000	200,000
-Out of pocket expenses	40,280	33,420
Miscellaneous Expenses	5,181,215	4,355,812
Total	187,964,866	189,072,202

Additional information to the Financial Statements:-

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

27.1.1 The Company has entered into a Partial Guarantee Facility Agreement with a bank and has provided guarantees of INR 226,365,000 (Previous year - INR 196,502,445) favoring the bank, representing 10% of the loans provided by the bank to Microfinance Institutions.

27.1.2 The Company has entered into Risk participation Agreements with banks and provided risk participation to the extent of INR 143,879,550 (Previous Year - INR 140,877,114) favoring the bank with respect to loans provided by the bank to Microfinance Institutions.

27.1.3 The Company has entered into Collateralized Bond Obligations with various Non-Banking Finance Company (NBFC) and has provided guarantee to the extent of INR 582,829,330 (Previous Year - INR 383,042,625) favoring the Non-convertible Debentures issued by them.

27.1.4 The Company has entered into Second Loss Credit Enhancement agreement and has provided guarantee to the extent of INR 94,527,005 (Previous year - 43,588,623)

ii. Disputed demands:

Statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates	Amount involved Current year (in INR)	Amount involved 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	4,703,950
Income Tax Act	Disallowance under Sec 14 A read with rule 8 D	Deputy Commissioner (Appeals)	AY 2013-14	4,098,480	-

No provision is considered necessary as in the opinion of the management there has been no such short / non deduction of TDS. The Company has submitted the documents to the authorities for clarifying the non/short deduction of TDS.

iii. Commitments

Particulars	As at 31 March 2016	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)	6,847,547	11,400,000

27.2 Expenditure in Foreign Currency (on accrual basis)

Particulars	For the period ended 31 March 2016	For the period ended 31 March 2015
Travel	388,038	1,078,863
Directors Sitting Fees	96,722	-
Legal and Professional charges	-	28,013
Books and Periodicals	523,054	400,076
Subscription	57,031	-
Publication Charges	-	650,548
Total	1,064,845	2,157,500

28. Prepaid Finance Charges

During the year the company borrowed INR. 10,546,216,429 (Previous Year INR. 8,656,204,991) by way of Term Loan, Commercial Paper and Non-convertible debentures, towards which an amount of INR 31,734,177(Previous Year 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 39,667,771(Previous year 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 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 35,215,272 (Previous Year INR 28,641,936) during the current year. Out of the total provision made an amount of INR 36,464,043 (Previous Year INR 23,962,228) is included under Note 6 'Other Long Term Liabilities' and an amount of INR18,804,353 (Previous Year INR 14,968,200) 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 2016 includes an amount of INR 286,305,528 (Previous Year INR 259,980,442) which has been subjected to a distribution tax of INR 73,637,782 (Previous Year INR 70,392,696) of which INR Nil (Previous year 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 73,637,782 (Previous year INR 70,392,696) has been included under Rates and Taxes in Note 26.

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 INR 8,587,769 (Previous Year INR 5,639,914) 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 group's obligation towards Gratuity is a defined benefit plan and no fund is being maintained. The details of actuarial valuation are given below:

Amount in INR

Change in benefit obligation	2015-16	2014-15
Accrued Liability as at beginning of the period:	8,852,950	5,786,342
Accrued liability of Subsidiary Company as at the date of acquisition	-	645,670
Interest Cost	646,329	470,553
Current Service Cost	1,854,825	1,275,064
Benefits paid	(937,502)	(633,898)

Amount in INR

Change in benefit obligation	2015-16	2014-15
Actuarial gain / loss	527,753	1,309,219
Accrued Liability as at the end of the period:	10,944,355	8,852,950
Amounts to be recognized in the Balance Sheet		
Present Value of obligations as on the accounting date:	10,944,355	8,852,950
Fair Value of the Plan Assets:	-	-
Liability to be recognized in the Balance Sheet:	(10,944,355)	(8,852,950)
Amount payable within next one year is included under Note 11 Short Term Provisions	625,046	888,386
Amount payable beyond a period of one year is included under Note 7 Long Term Provisions	10,319,309	7,964,564
Expenses to be recognized in the Statement of Profit and Loss		
Interest Cost	646,329	470,553
Current Service Cost	1,854,825	1,275,064
Net Actuarial (gain) / loss	527,753	1,309,219
Net Expenses to be recognized in Statement of Profit and Loss*	3,028,907	3,054,836

* Gratuity expense of the holding company and one of the subsidiary as per Note 24 - INR 3,594,158

Gratuity reversal in the other subsidiary company as per Note 22 - INR (565,251)

Net Expenses to be recognized in Statement of Profit and Loss - INR 3,028,907

Accrued Gratuity Liability

2015-16

Name of the Company	IFMR Capital Finance Private Limited	IFMR Investment Adviser Services Private Limited	IFMR Investment Managers Private Limited
* Discount Rate:	7.80% per annum	7.40% per annum	7.40% per annum
* Rate of Salary Escalation:	12.00% per annum	15.00% per annum	15.00% per annum
* Rate of exit due to reasons other than death or retirement:	11.50% per annum	30.00% per annum	30.00% per annum
* Rate of Return on Plan Assets:	Does not arise	Does not arise	Does not arise

2014-15

Name of the Company	IFMR Capital Finance Private Limited	IFMR Investment Adviser Services Private Limited
* Discount Rate:	7.70% per annum	7.80% per annum
* Rate of Salary Escalation:	12.00% per annum	10.00% per annum
* Rate of exit due to reasons other than death or retirement:	15.00% per annum	10.00% per annum
* 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	2015-16	2014-15
On plan Liability (gain)/loss	527,753	1,606,080
On plan Assets (gain) / loss	Nil	Nil
Present Value of benefit obligations	10,944,355	8,852,950
Fair Value of Plan Assets	Nil	Nil
Excess of obligation over plan assets	10,944,355	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:

2015-16

Particulars	IFMR Capital Finance Private Limited	IFMR Investment Adviser Services Private Limited	IFMR Investment Managers Private Limited
Assumptions			
Discount Rate	7.80%	7.40%	7.40%
Future Salary Increase	12.00%	15.00%	15.00%
Mortality Rate	Indian Assured Lives (2006 -08)	Indian Assured Lives (2006 -08)	Indian Assured Lives (2006 -08)
Attrition rate	11.50%	30.00%	30.00%

2014-15

Particulars	IFMR Capital Finance Private Limited	IFMR Investment Adviser Services Private Limited
Assumptions		
Discount Rate	7.80%	7.80%
Future Salary Increase	12.00%	10.00%
Mortality Rate	Indian Assured Lives (2006 -08)	Indian Assured Lives (2006 -08)
Attrition rate	15.00%	10.00%

32. Segment Reporting:

(i) Business segments

Particulars	For the year ended 31 March 2016 Amount in INR				
	Business segments				
	Financing activity	Advisory Services	Investment Management Services	Eliminations	Total
Revenue	2,425,482,395	7,389,020	29,527,730	-	2,462,399,145
Inter-segment revenue	(1,750,193)	(6,324,051)	-		(8,074,244)
Total	**2,423,732,202**	**1,064,969**	**29,527,730**	**-**	**2,454,324,901**
Segment result	814,401,069	(7,668,355)	8,350,998	-	815,083,712
Unallocable expenses (net)					-
Operating income					815,083,712
Other income (net)					9,959,274
Profit before taxes					825,042,981
Tax expense					**224,659,295**
Profit for the year					**600,383,686**

Particulars	For the year ended 31 March 2016 Amount in INR			
	Business segments			
	Financing activity	Advisory Services	Investment Management Services	Total
Segment assets	18,279,150,786	4,470,163	165,473,611	18,449,094,560
Unallocable assets				41,232,394
Total assets				**18,490,326,954**
Segment liabilities	15,534,140,518	585,503	4,231,737	15,538,957,758
Unallocable liabilities				8,500,000
Total liabilities				**15,547,457,758**
Other information				
Capital expenditure (allocable)	35,775,436	22,434	36,737	35,834,607
Depreciation and amortisation (allocable)				6,087,478

Particulars	For the year ended 31 March 2015 Amount in INR				
	Business segments				
	Financing activity	Advisory Services	Investment Management Services	Eliminations	Total
Revenue	1,498,076,735	-	2,229,694	-	1,500,306,428
Inter-segment revenue	11,507	456,165	-	467,672	-
Total	1,498,088,242	456,165	2,229,694	467,672	1,500,306,428
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 Amount in INR			
	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 2016 (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 (IFMR FImpact Investment Fund)

IFMR Finance for Freedom Fund (IFMR FImpact Long Term Multi Asset Class Fund)

Key Management Personnel:

a. Dr. Kshama Fernandes, Managing Director

b. Mr. Vineet Sukumar, Chief Financial Officer of IFMR Capital Finance Private Limited

c. Mrs. Srividhya R, Company Secretary

Transactions with Related Parties: Amount in INR

Related Party	Transactions	For the Year Ended 31 March 2016	For the Year Ended 31 March 2015
IFMR Trust	Reimbursement of Expenses	3,084,517	2,460,916
	Share of common expenses	12,067,890	7,635,302
	Reimbursement income	19,851	-
Pudhuaaru Financial Services Private Limited	Term Loans disbursed	200,000,000	375,000,000
	Interest on Term Loan	24,505,897	26,380,519
	Cash Collateral	10,000,000	18,750,000
	Guarantee facility	100,000,000	250,000,000
	Interest on Cash Collateral	787,004	1,256,811
	Fee income	8,421,596	7,006,748
Future Financial Services Limited	Term Loans disbursed	280,000,000	220,000,000
	Interest on Term Loan	33,717,715	22,357,506
	Cash Collateral	5,000,000	12,750,000
	Guarantee facility	550,000,000	410,000,000
	Interest on Cash Collateral	1,571,199	1,116,442
	Fee income	21,743,144	19,196,838
Disha Microfin Private Limited	Term Loans disbursed	290,000,000	150,000,000
	Interest on Term Loan	18,141,571	13,635,392
	Cash Collateral	4,000,000	7,500,000
	Interest on Cash Collateral	468,561	515,107
	Guarantee facility	-	375,000,000
	Fee income	10,467,063	10,763,633
IFMR Finance Foundation	Corporate Social Responsibility	2,980,371	1,957,130
Kshama Fernandes	Remuneration	9,775,000	8,500,000
	Long Term incentive	9,693,270	6,990,046
Vineet Sukumar	Remuneration	8,625,000	7,500,000
	Long Term Incentive	7,874,286	5,829,221
Srividhya R	Remuneration	1,627,500	1,050,000
IFMR Holdings Private Limited	Assets Sold	16,314	-
IFMR Mezzanine Finance Private Limited	Preference Shares Allotted/ (Redeemed)	(36,000,000)	7,500,000
	Dividend paid on preference shares	3,793,535	-
	Asset purchased	-	262,265
	Reimbursement of expenses	-	52,394

Outstanding Balances with Related Parties:

Amount in INR

Related party	Nature of balances outstanding	As at 31 March 2016	As at 31 March 2015
IFMR Trust	Advances Payable	505,677	246,051
	Share of common expenses	2,434,797	177,992
Pudhuaaru Financial Services Private Limited	Term Loan	132,907,934	245,663,671
	Cash Collateral	7,711,351	14,580,666
	Accrued Interest receivable on Term Loan	961,745	1,740,905
	Guarantee Outstanding	12,726,270	7,503,880
	Interest payable on Cash Collateral	354,258	624,028
	Fee income outstanding	77,923	1,924
Future Financial Services Limited	Term Loan	151,935,265	142,728,039
	Cash Collateral	-	12,738,158
	Accrued Interest receivable on Term Loan	665,314	1,120,275
	Guarantee Outstanding	75,052,858	38,702,990
	Interest payable on Cash Collateral	-	910,741
	Fee income outstanding	2,675,895	13,651,929
Disha Microfin Private Limited	Term Loan	215,969,494	7,174,759
	Cash Collateral	-	792,515
	Accrued Interest receivable on Term Loan	1,349,936	2,949
	Guarantee Outstanding	26,369,030	27,418,508
	Interest payable on Cash Collateral	-	429,793
	Fee income outstanding	2,981,481	2,341,074
Kshama Fernandes	Advances and Security Deposit	200,000	241,947
	Long Term Incentive*	15,963,350	9,324,320
Vineet Sukumar	Long Term Incentive*	12,914,590	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 2016	For the year ended 31 March 2015
Profit after tax	600,383,686	380,552,860
Less : Preference dividend payable	9,050,950	3,015,781
Profit after tax attributable to equity shareholders	591,332,736	377,537,079
Weighted average shares allotted and outstanding during the period	78,365,473	77,576,512
Earnings per share - Basic and diluted (face value of INR 10/-each)	7.55	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 2016	As at 31 March 2015
Deferred Tax Liability:		
Unamortized Processing Charges	13,062,922	9,830,917
Depreciation	1,508,704	286,926
Deferred Tax Asset:		
Gratuity	(3,721,161)	(2,755,629)
Provision for Standard Assets	(18,122,731)	(9,260,990)
Provision for compensated absences	(1,314,388)	(824,987)
others	-	(8,098,349)
Provision for Long term incentive	(14,670,762)	(8,144,761)
Net Deferred Tax Asset	(23,257,416)	(18,966,873)

36. Provision for Standard Assets:

Amount in INR

Standard Asset Movement	As at 31 March 2016	As at 31 March 2015
Long Term		
A. Investments and others	9,720,561	3,210,276
B. Receivable under Financing Activities	16,282,686	5,890,593
Short Term		
C. Investments and others	5,488,095	4,867,011
D. Receivable under Financing Activities	20,994,386	13,278,340
Total Provision on Investments and others (A+C)	15,208,656	8,077,287
Total Provision on Receivable under Financing activities (B+D)	37,277,072	19,168,933
Total	**52,485,728**	**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)	19,168,933	17,988,139	NIL	37,157,072
	(6,208,298)	(12,960,635)	(NIL)	(19,168,933)
Provision for standard assets under Investments and others (Refer Note below)	8,077,287	7,131,369	NIL	15,208,656
	(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 0.30% on the standard assets relating to loan portfolio as required by RBI Norms.

b. The Management has made a provision at 0.30% 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

A) 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.

B) The Trustee of IFMR Finance for Freedom Fund ("the Fund"), Axis Trustee Services Limited,for which the Company Incurred set up cost which will be reimbursed by Fund on actual basis and disclosed as 'Upfront Set up fee' in Note 21 and also management fee of 1.5% per annum on the capital committed by the Class A and Class B unit holders of the Fund and disclosed as 'Investment Management Fee' under Note 21.

38. The financial statements for the previous period included the operating results for part of the year, from 26 March 2015 to 31 March 2015 for IA and 27 March 2015 to 31 March 2015 for IM. Therefore previous period figures are not comparable with that of the current year. 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

Managing Director	Director	Chief Financial Officer	Company Secretary

Place: Chennai

Date:11May, 2016