IFMR Capital

IIT-Madras Research Park, Phase 1, 10th Floor, No.1 Kanagam Village, Taramani, Chennai 600113, Tamil Nadu, India.
Tel: +91 44 6668 7000 | Fax: +91 44 6668 7010 | Website: capital.ifmr.co.in

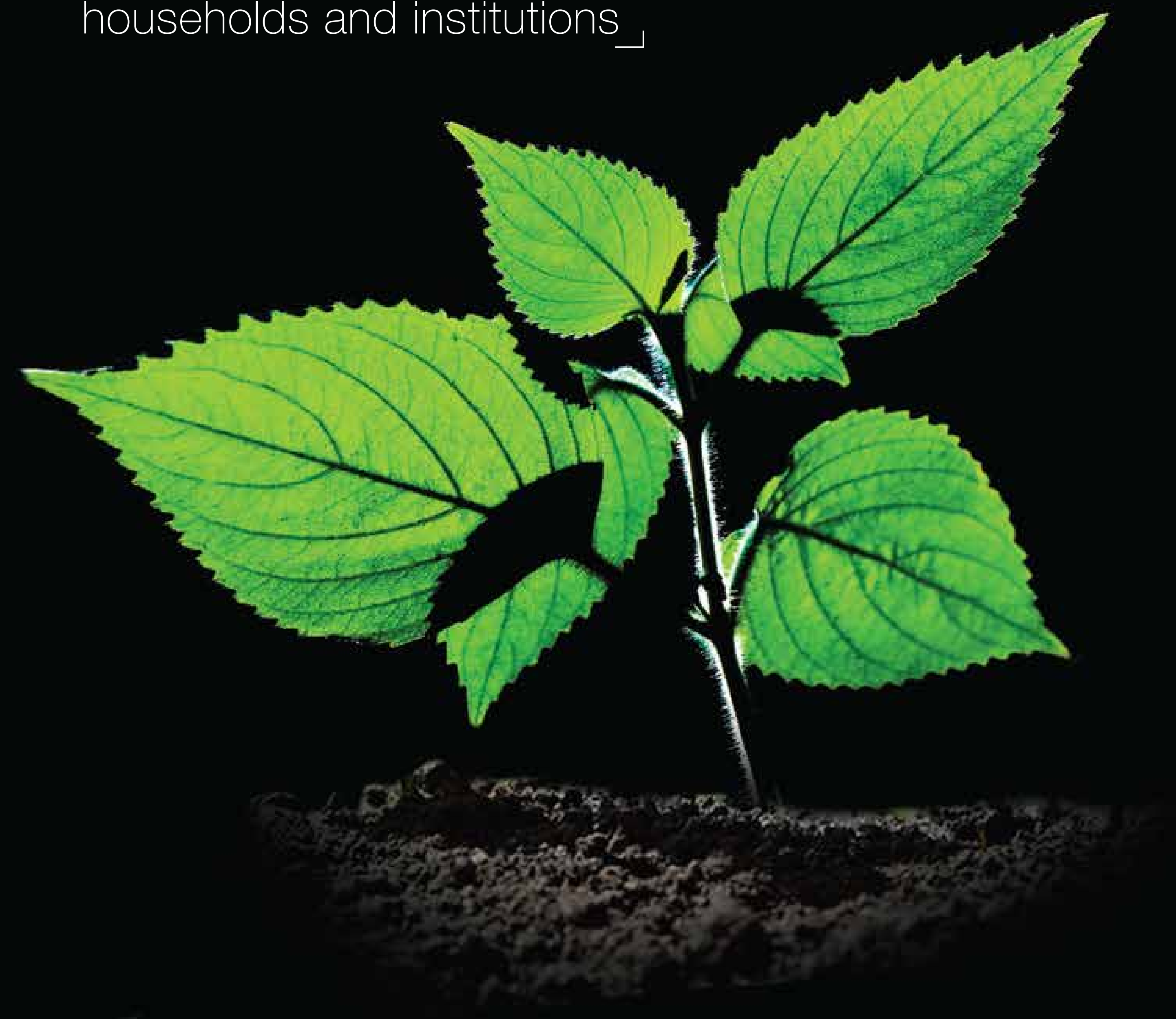
MUMBAI
The Capital, #902, B-wing, Plot No.C70, Bandra Kurla Complex, Bandra (East), Mumbai 400 051.

GURGAON
#803, 8th Floor, JMD Megapolis, Sector 47, Sohna Road, Gurugram 122 002.

BENGALURU
#15, KMJ Arcadia, Industrial Main Road, 5th Block, Koramangala, Bengaluru 560 095 .

IFMR Capital

Creating capital markets access for financially excluded households and institutions



ANNUAL REPORT 2016-17

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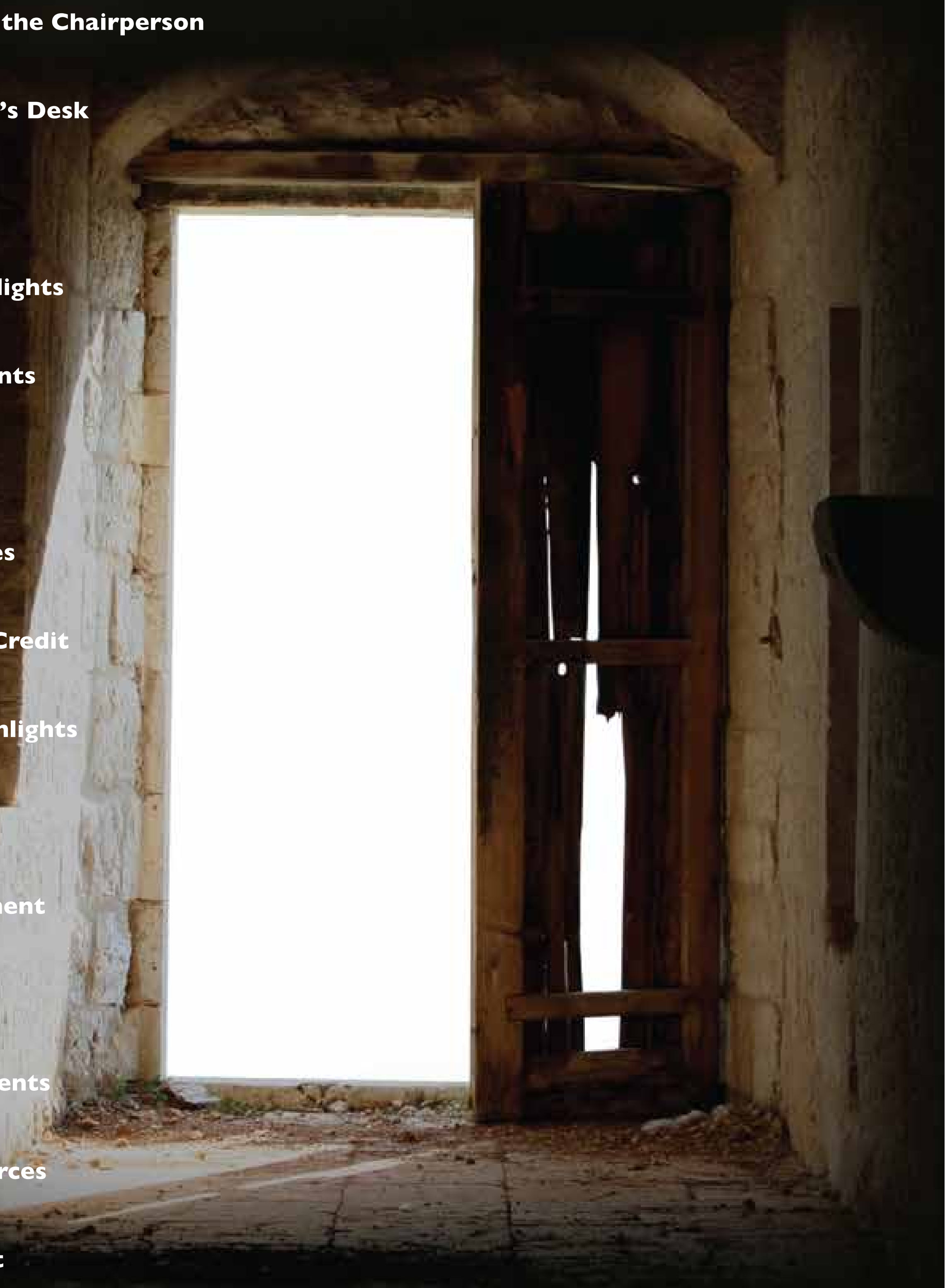
MISSION

"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 partner institutions to a diversified set of well-capitalised investors.

IFMR Capital has deep expertise in the sectors it works in. Partners are identified on the basis of a robust underwriting framework. IFMR Capital then arranges financing for these partners 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 partners 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.

Message from the Chairperson

It is my pleasure to present the Annual Report of IFMR Capital for 2016-17. IFMR Capital was created to act as a bridge between Originators who serve financially excluded customer segments and debt capital markets. In our journey that is now entering the tenth year, we are proud to have made a significant dent in this problem. We work with about 120 Originators that represent the full tapestry of innovation in financial inclusion: be it microfinance, small business lenders, digital credit/fintech providers, affordable housing finance and commercial vehicles financiers. We have worked with each of these Originators and the asset classes they represent to build performance data, customer understanding and investment appetite among capital markets participants. Our unique approach of always having "skin- in- the- game" vis-à-vis our investors has achieved alignment of incentives across all stakeholders. We work with more than 100 investors that include the best mutual funds, insurance companies, Banks and NBFCs in the country. Our Alternative Investment Fund (AIF) platform launched two new Debt Funds, including a ten year Fund aimed at insurance companies.

In order to be an effective risk transmitter and liquidity provider to our clients, it is vital that we have a highly diversified balance sheet and competitive cost of funds. These have been important strategic priorities for the Company and the Board. From a sectoral perspective, microfinance, including SFBs, which was 100% of our exposures at the beginning now accounts for ~ 60%. We have brought the same rigour of approach and capital markets focus to the new asset classes added over the years. This year, we created a dedicated team for corporate finance to explore the demand in the MSME and agriculture value chain segments, a new strategy of going beyond NBFCs. We have also been focussed on bringing down our single entity exposure limits to well below regulatory thresholds. On the investor side, non-priority sector placements show a sharp increase and accounted for ~ 56% of the total. The year also saw significant improvements in our funding costs. We will continue to stay focussed on these metrics.

An important mission metric for us is volumes of funding facilitated through our investments. In 2016-17, we placed Rs. 148bn, this represents a modest growth of ~ 11% over the previous year. In large measure, this was due to the muted activity in the banking and NBFC sectors following demonetisation. We also took a conservative view to provide for overdues on our off-balance sheet exposures, in light of the expected aftermath of demonetisation and the disruption to NBFC operations in some pockets. Our risk monitoring and surveillance team worked very hard to understand and effectively communicate to the market the ground realities in addition to the data from Originators. We also noted the need for newer kinds of investors in our markets with counter-cyclical motives to deal with temporary disruptions such as the one experienced this year. It was also a reminder that there is a long road ahead in terms of ensuring that the household/small business that we seek to serve has continuous access to formal credit which is not susceptible to supply side shocks that can be severely disruptive for them.

We were pleased to add two highly reputed investors this year -- Eight Roads and Standard Chartered Private Equity, whose support along with that of our existing investors: LeapFrog Investments and IFMR Holdings, enabled us to pursue several growth opportunities. We were also pleased and honoured to add Ms. Vedika Bhandarkar as an Independent Director in the Company. After a sterling career in project finance and equity capital markets, Vedika currently heads the India office of Water.org.

I want to congratulate Kshama and the Partners for their exemplary leadership during a turbulent macro year. 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 all our investors for being excellent partners in our growth and for sharing in our vision. I also thank all our lenders, auditors, rating agencies and technology partners for their able support. Finally and most importantly, thanks to the team at IFMR Capital for their hard work and commitment towards building a better financial system in India, one that serves all individuals and enterprises.

Bindu Ananth
IFMR Trust

BINDU ANANTH
President, IFMR Trust

From the CEO's Desk

Stephen Hawking once said that intelligence is the ability to adapt to change. The continuously changing environment in FY17 forced us to rethink and adapt. We believe that it has helped strengthen the foundations of the institution. Beyond doubt, all financial institutions working with those at the bottom of the pyramid were affected due to demonetization. The end customers of these institutions are largely individuals and enterprises dealing in cash. With widespread shortage of cash, they were faced with temporary issues of illiquidity and livelihood. Our belief and commitment towards borrowers we reach directly and indirectly was put to the test. We addressed it as a temporary blip in the larger scheme of things. We continued to work with these sectors albeit with an enhanced focus on operations and collections. Our focus over the years on portfolio selection and diversification, risk processes and continuous monitoring has been vindicated this year as our exposures to underlying debt across the country shows significantly better performance when compared with the industry.

We intend to use the events of the last year to further augment our understanding of these sectors and build our competitive advantage. The sustainability and growth story of IFMR Capital's business model continues to excite the investor community. Two globally reputed investment firms, Eight Roads and Standard Chartered Private Equity invested in IFMR Capital during the financial year.

Despite the industry wide slowdown because of demonetization, FY17 saw a growth in both revenues and profits. In line with our efforts to diversify sectorally, we saw strong growth in Small Business Loans, Vehicle Finance and Affordable Housing. Under fairly volatile circumstances, IFMR Capital's wallet share with clients also witnessed an uptick indicating the confidence our clients place in us. We were nimble in our strategy and focused more on smaller clients, where we were able to add more value. This led to higher realizations and improved profitability. However, our securitization and assignment transactions were impacted immediately post demonetization as clients were constrained by pool availability that satisfied our criteria and rating agencies took a cautious view, leading to higher credit enhancement required and low investor appetite. We are seeing a gradual recovery in the market and believe that normalcy should return by FY18.

We closed FY17 with a total of 120 clients, up from 100 clients a year ago. As has been our strategy of identifying and investing in companies at an early stage, many of the newly on-boarded partners are small with a high growth potential and operating in niche segments. We have incorporated a new set of criteria to assess prospective partners and have also started to continuously monitor our existing client base to ensure that they comply with our Underwriting Standards.

With a view to build a granular book, there is a strategic impetus to build a large Balance Sheet with a strong focus on lending directly to non-financial businesses, both directly and through partnerships. We have built a dedicated team for our Corporate Finance business. We continued to ramp up our Direct Origination product, closing the year with 6 clients. The performance of the Direct Origination book has been encouraging. The total number

KSHAMA FERNANDES
CEO, IFMR Capital

of investors we work with, exceeded a 100 this year. There has been a strong focus on diversification of investors and increasing non-PSL placements. We got on board our first insurance investor as well as our first domestic Development Finance Investors. In an environment where most investors were cautious, placements with NBFCs almost doubled as they saw an opportunity to increase exposure to our underlying clients and sectors through loans, bonds and pool buyouts backed by the IFMR Capital diligence and underwriting. PSU banks, private banks, Mutual Funds and Insurance Companies were in wait-and-watch mode immediately post demonetization but the sentiment is changing slowly.

We raised INR 2,400 crore through the year and saw a significant dip in our cost of borrowing over the year. We also sold down some assets to rebalance our portfolio and to create a secondary appetite in the market. Over a period, we believe this will create increased visibility for IFMR Capital paper and for paper of our partner partners. Going forward, we plan to adopt a floating rate benchmark to price our assets. This will enable us to reduce interest rate risk and manage pricing better.

Our fund management platform, under IFMR Investments, is making great strides. We launched the first ever 10-year debt AIF in India targeting insurance companies this year which received a good response. The team has also completed key senior hiring in fund management and research, and is well placed to scale up in FY18. The coming year will be about building an independent fund management business while preserving the ability to benefit from the Risk and Markets infrastructure at IFMR Capital.

On the financial performance, both our interest and fee income witnessed strong growth leading to an increase in Profit Before Taxes and Provisions of 40 percent over FY16. However, for the first time, we provided for possible losses. We have taken a conservative approach of recognizing provisions on transactions that are witnessing low collections well before the cash flows are due to us.

IFMR Capital has begun its journey of transformation to a digitally empowered business which will have a positive impact on newer opportunities and operating efficiency. We also plan to use our data and proprietary risk models to even better use going forward.

We enter the new financial year with a cautiously optimistic outlook. We will continue to remain watchful even as the sectors we cover come back to normalcy. Of the lessons learned is the need to continue to have a renewed focus on diversification, at an entity as well as sectoral level, and to significantly increase the proportion of secured businesses. The ability to identify and develop a class of investors to whom we can sell-down in stress situations will be a key goal for the coming year.

I take this opportunity to thank the team at IFMR Capital for standing strong through a rather challenging period for our sectors, our partners and ourselves. It is times like these that test our true belief in what we do. I would also like to thank all our stakeholders - our partners, our lenders and our investors for the trust placed in us. And last but not the least I thank the IFMR Capital Board for the ongoing guidance on strategy and the confidence placed in the team.

Kshama Fernandes
IFMR Capital

"IFMR Capital has been able to bring to the table strong partnerships and significant value adds for both originators and investors. We recognize IFMR Capital for its strong due diligence framework, continued rigorous monitoring, and particularly for their strong understanding of underlying sectors. IFMR Capital has successfully brought in new investors, deepened the debt market for such issuers and increased the transparency of the market overall."

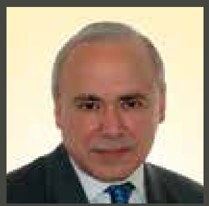
Shri S Dwivedi
CEO, Nabkisan Finance Limited

OUR PEOPLE

GOVERNANCE

Board of Directors

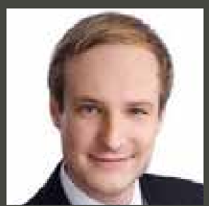
Bindu Ananth
President, Dvara Trust
Chairperson



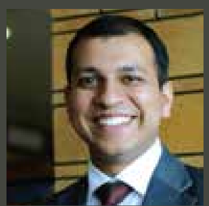
Charles Silberstein
Former Director, FSA - London
Independent Director

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

Nicholas Anthony Moon
LeapFrog Investments
Managing Director



Alexandr Vladivaslavovich Nisichenko
LeapFrog Investments
Alternate Director



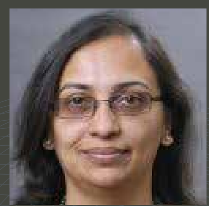
Puneet Gupta
Chief Financial Officer, IFMR Holdings
Director

Sucharita Mukherjee
Chief Executive Officer IFMR Holdings
Director

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

Raj Dugar
Eight Roads
Nominee Director

Michael Fernandes
Partner, LeapFrog Investments
Nominee Director



Vedika Bhandarkar
Water.org
Independent

Senior Management

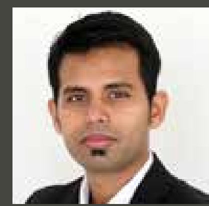
Bama Balakrishnan
Senior Partner and Chief Finance Officer

Kalyanasundaram C
Senior Partner and Head – Finance & Operations

Amit Mandhanya
Director & Head - Business

Umasree Parvathy
Director & Head - HR

Saurabh Jaywant
Chief Legal Counsel



Ravi Vukkadala
CEO, IFMR Investments

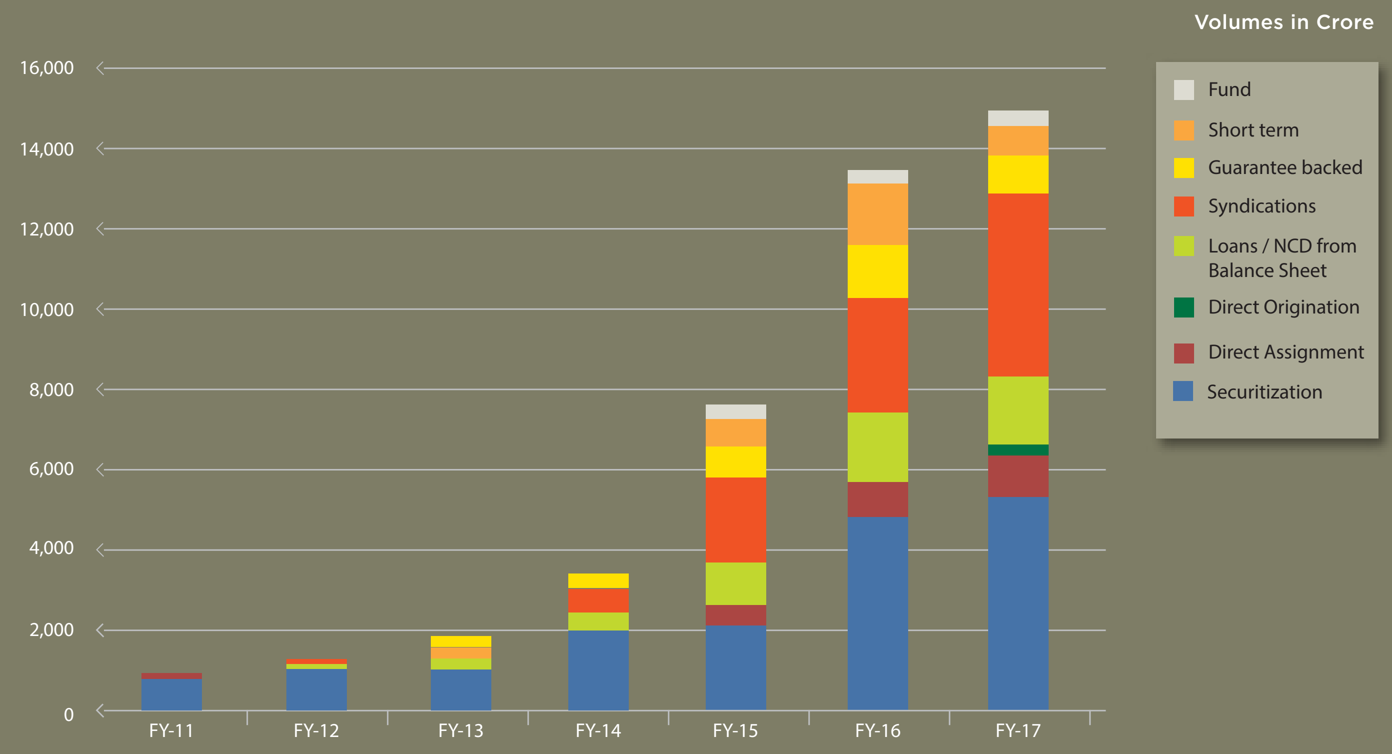
Nandita Prabhu
Director & Partner - Markets

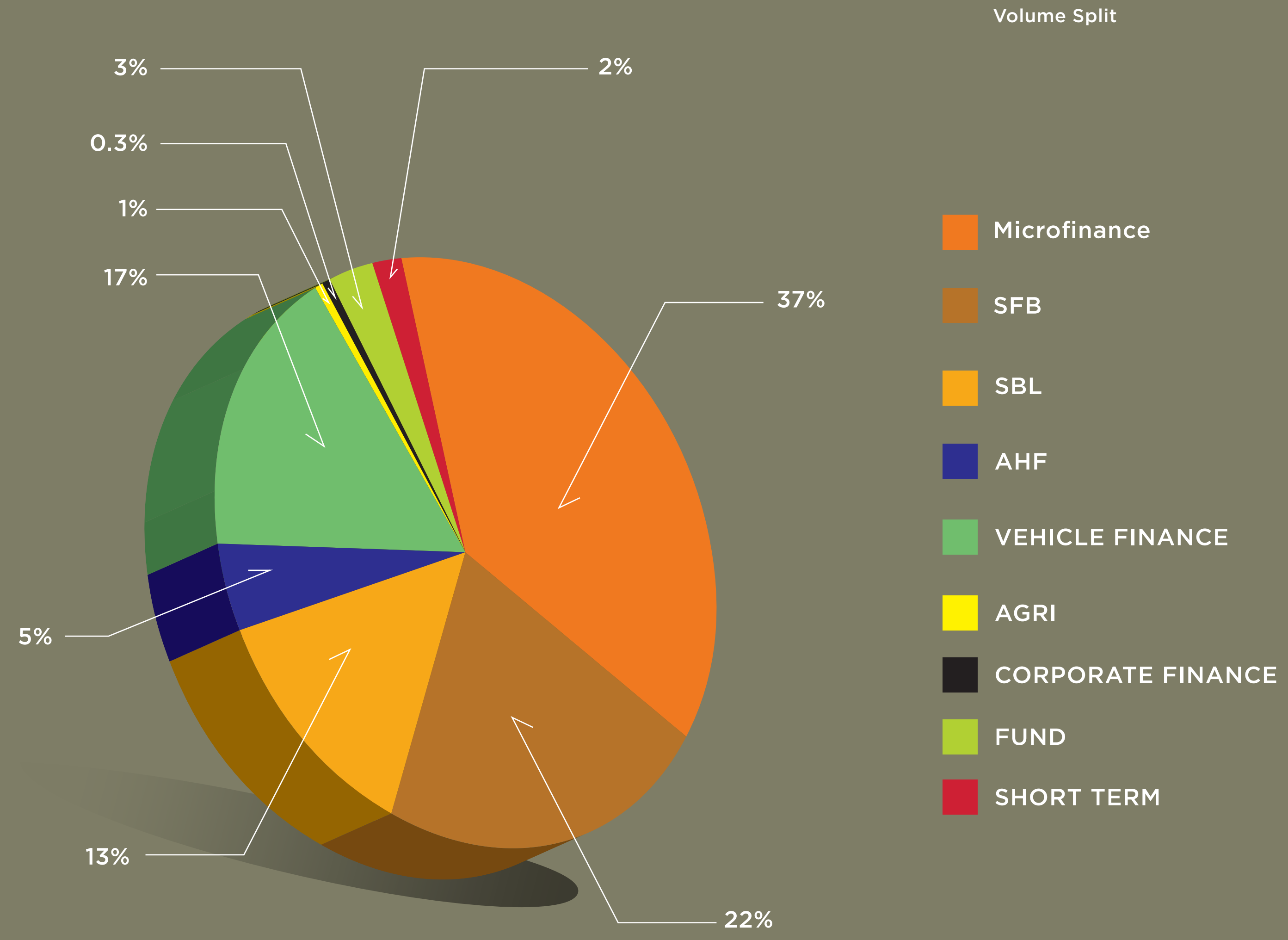
IFMR Capital Business **Highlights**

IFMR CAPITAL BUSINESS HIGHLIGHTS

In a year where the environment turned challenging like never before, IFMR Capital has managed to achieve yet another remarkable year of robust growth and strong relationships. In addition, we've built new client and investor relationships, strengthened our existing relationships, introduced new products and demonstrated increased value for large and small high-quality partners alike.

- Business volumes witnessed an expansion to INR 148 billion this year, growing at a rate of more than 11 percent over FY 2016.
- We continued to on-board new Partners as we expanded our reach and diversified to new sectors, adding 25 new clients in FY2017. We have also tightened our monitoring of entities and are proactively engaging closely with all entities to ensure that credit standards are met.
- Continuous diversification as share of non-MFI and non-SFB business increased to 38% of volumes from 21% in FY2016.
- Ramped up the Direct Origination business where we have established partnerships with six entities.
- While the industry was witnessing stress, our wallet share with clients increased to 34% from 28% in FY2016, an indication of the confidence that partners and investors have in IFMR Capital.
- Business volumes witnessed an uptick in SBL, Affordable Housing and Vehicles whereas Microfinance saw muted growth.
- We added 22 new investors in FY17 across categories like Banks, Mutual Funds, Insurance Companies and Private Wealth. Focus on non PSL placements and bank syndications has started to yield the desired effects as contribution from non PSL placements increased to 56% in FY17 as compared to 46% in FY16.
- Cost of funds reduced to 10.51% in FY17 as compared to 11.42% in FY16. We closed some high cost loans and also benefitted from fall in MCLR due to demonetization.
- IFMR Investments launched two new funds in FY2017, including the first 10 year debt AIF primarily targeting insurance companies.
    - Total of five funds with a cumulative AUM of ~INR 750 crore
    - IFMR Investments was awarded by Asia Asset Management's Best of the Best Awards 2016 for "Most Innovative Product" and "Rising Star" for the Indian category





MEDIA FOOTPRINTS

IFMR Capital helping small firms connect with capital market: CEO

START-UP ISLAND

Being capital market-friendly while delivering financial inclusion

IFMR Capital and Annapurna act as a bridge between investors and small entrepreneurs

Many micro lenders h... high debt-equity

Raising Equity, Securitisation, Bundling Of Lo...

CORPORATE NEWS

LUCRATIVE AVENUE

IFMR arm raising ₹100 crore to invest in microfinance businesses

The new fund will primarily invest in debt and also have a small allocation for preference shares

WEDNESDAY, 1 MARCH 2017 BENGALURU

IFMR launches two credit funds, plans to raise up to Rs850 cr

Kshama Fernandes
FINDING CREDIT FOR THE WORTHY

FOR THE YEAR ENDED MARCH 2016, IFMR CAPITAL HAD REVENUES OF Rs 246 CRORE AND A NET PROFIT OF Rs 60 CRORE

IFMR CAPITAL: THE MONEY CONDUCTORS

With its unique risk-mitigating financial products, the NBFC has handheld MFIs into the world of big finance. In the process, it has helped breakout businesses find their passports to growth—credit

...ING ENTREPRENEURS

...g the debt capital market for NBFCs

BETTING ON FINANCIAL SERVICES

IFMR Capital Finds $25m Eight Roads & Others

Existing backer LeapFrog Investments makes partial exit in non-banking finance company

Many enterprises in the MSME and SME sectors still continue to face challenges when it comes to access to finance and we believe we will have a strong role to play in bringing these MSMEs and SMEs to the capital market

BusinessLine
FRIDAY · MARCH 10 · 2017

IFMR Capital, Sumitomo Mitsu... Banking ink pact

OUR BUREAU

Chennai, March 9

IFMR Capital, a non-banking finance company, has signed an agreement with Sumitomo Mitsui Banking Corporation of Japan to facilitate priority sector investments in India.

Under the agreement, Sumitomo Mitsui will use IFMR Capital's relationships, product structuring capability, risk management and credit underwriting processes to acquire priority sector assets.

Investor interest

The partnership, according to an IFMR Capital press release, wi... help in developing interes... among Japanese and other in... vestors from the Asia-Pacific re... gion in financially excluded sec... tors in the country.

IFMR Capital has relationships with more than 100 NBFCs and micro-finance institutions. It acts as a bridge between investors and NBFCs catering to the financially excluded sectors.

IFMR Capital to raise $50 million

CHENNAI: IFMR Capital has inked an agreement with Standard Chartered Private Equity (SCPE) to raise $50 million. The funds will help the firm strengthen its business in unbanked sectors, including affordable housing finance and small business. "It (the fund-raising exercise) will also enable the company bolster its product innovation and address the capital needs of a growing breed of new-age financial institutions in other sectors," according to a release. SCPE is subscribing to primary capital and also picking up partial stake from one of the existing investors, Leapfrog, at a ...

...nding Startup Capital Float ...s ₹15 crore from M&M Fin

...er says NCD to strengthen Capital Float's lending books

PREVIOUS NCD ISSUE

Capital Float had raised ₹17 crore from IFMR Capital Finance through NCDs in Dec

Companies: Pursuit of Profit 11

Birla Sun and Ujjivan Strike Securitisation Deal

Atmadip.Ray
@timesgroup.com

Kolkata: Birla Sun Life Mutual Fund and Ujjivan have struck a securitisation deal thereby opening up the possibility of easier financing options for lenders at the bottom of the pyramid. The size of the deal is ₹150 crore.

This is the first instance, after the Andhra Pradesh microfinance crisis of 2010, of a mutual fund investing in a securitisation deal initiated by a micro lender. The deal could give a fillip to the securitisation market with mutual fund houses showing interest to invest as government bond yields have been falling over the past one year. "It's encouraging as mutual funds have started coming back to invest in microfinance loan pools after the 2010 crisis," said IFMR Capital Chief Executive Officer Kshama Fernandes. "It's a purely commercial play for mutual funds as they look to maximise returns."

Bond yields dipped almost 65-100 basis points since April 2016. A premium of 50 to 100 basis points is what is received by an investor from a securitised paper compared to a plain bond.

The Ujjivan-Birla Sun Life deal took place in the last week of January, just a week before Ujjivan began operations as a small finance bank. IFMR Capital arranged the deal.

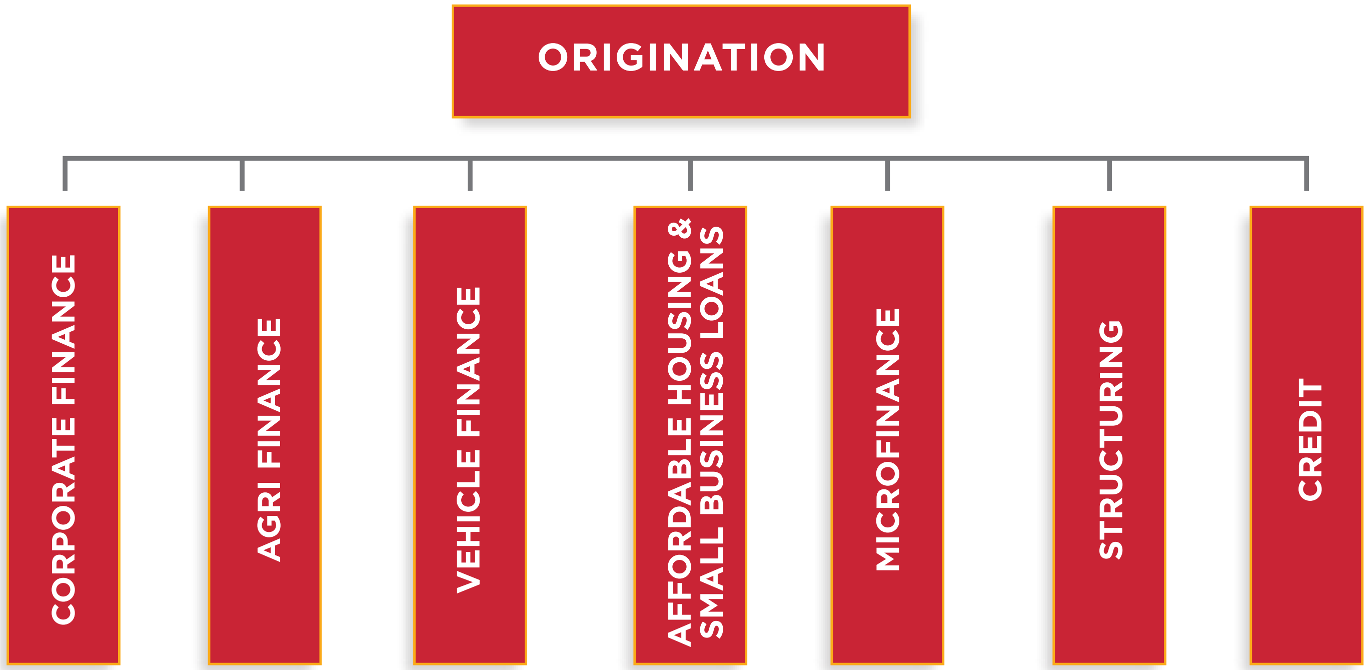
"The securitisation transaction is a testimony to the company's inherent strength and excellent risk management amid the challenges of demonetisation.

Origination

> IFMR Capital is playing a stellar role in identifying niche sectors and companies for large financial institutions like us to lend to. Through deep understanding of the sectors and a credit focused approach via strong due diligence and continued risk monitoring, they have helped us build our portfolio and helped us diversify into sectors that are complementary to our primary business line. The team is very energetic and professional in their approach too. We wish IFMR Capital the very best in their work

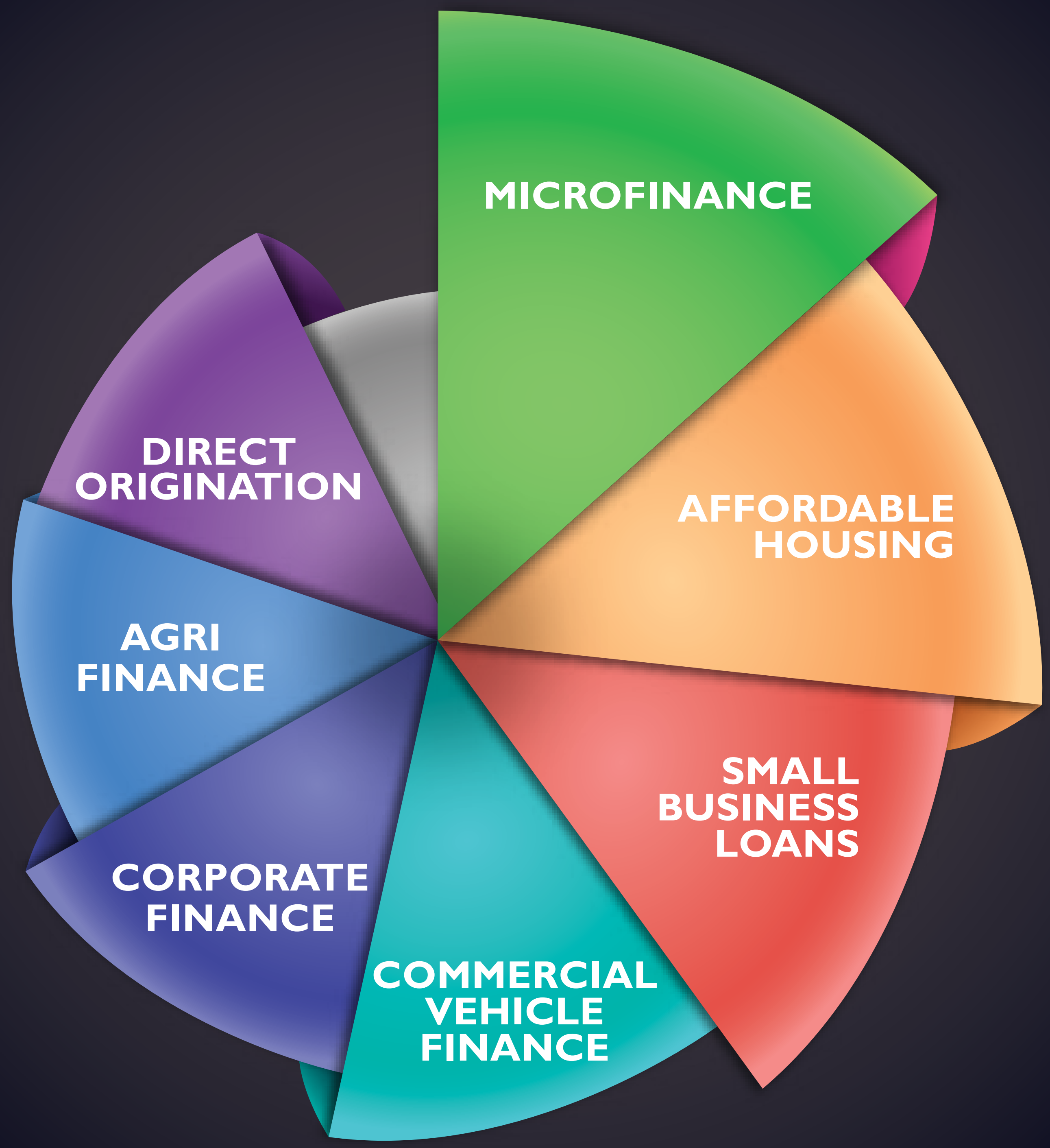
Kapil Krishan
Chief Financial Officer, Manappuram Finance Limited

In FY17, the Origination team strengthened the sector focused Business teams that work with the centralised credit and structuring teams. Fresh talent was inducted to achieve expansion in new sectors.



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

Sector Updates



Microfinance

The microfinance sector grew by 25% in FY17, following up on robust growth achieved during the previous two years. That trend continued for the first half of FY17. In this period, we expanded our product suit to add value to MFIs, Business Correspondent Companies and Small Finance Banks.

The second half of the year was impacted by demonetization, which negatively affected the cash flows of the end clients who transact significantly in cash for the purpose of their business and loan payments.

Credit discipline, which has been the bed rock of microfinance, was severely impacted due to demonetisation as customers did not have legal tender to repay their loans. The NBFC MFIs had to redraw their business plans and strategies to manage the delinquencies. This also impacted new client acquisition and fresh disbursals for around 3 months. It resulted in a slowdown in business momentum in Q3 and Q4 post a promising first half.

Another challenge faced by the sector related to rumours regarding farm loan waivers announced by the governments in of many states. It was however observed that these rumours did not have a material impact on the collections.

At IFMR Capital, we maintained a strong presence on the field to understand disbursements and collections in different geographies and continued to support our clients with the right products.

Equity commitment from institutional investors continued, which kept the interest of banks and other lenders alive. A few MFIs have been supported by large NBFCs by way of strategic equity investments, there by strengthening the institutions further.

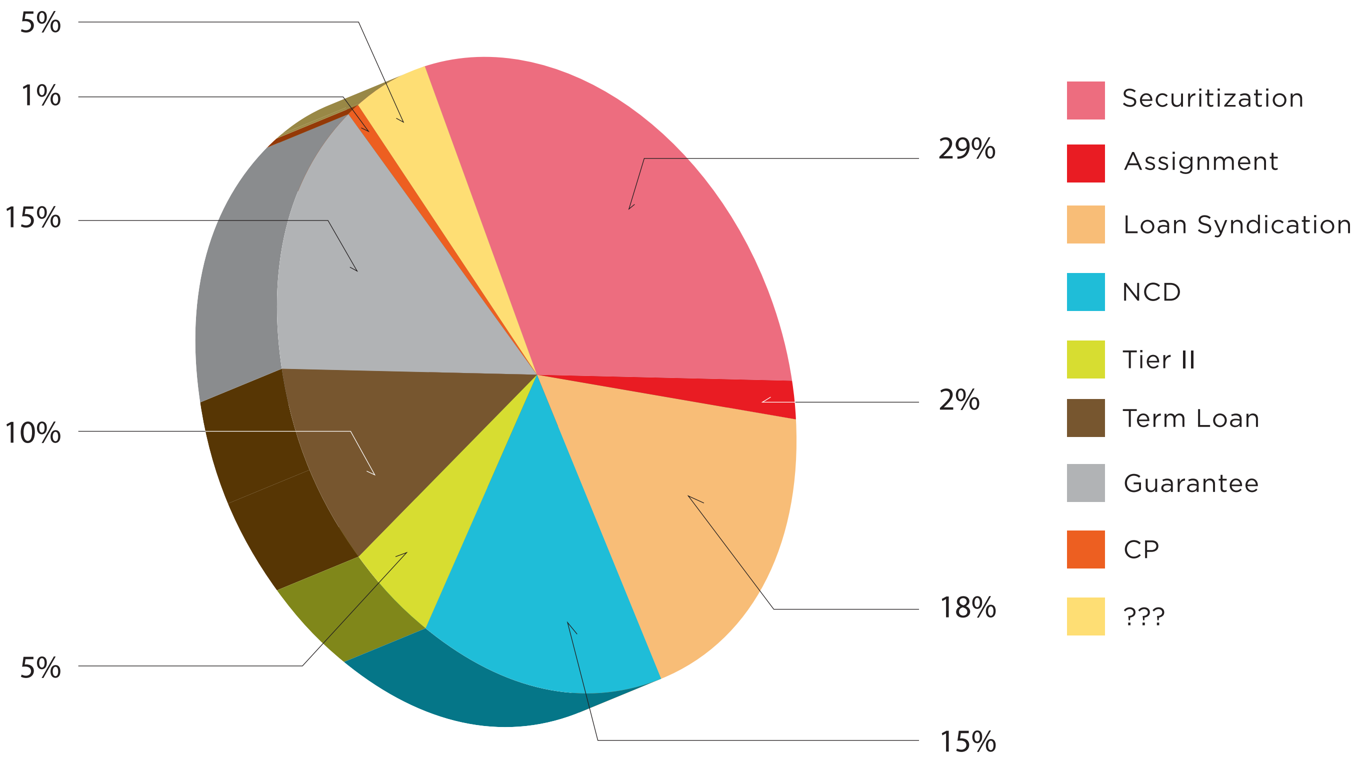
In FY17, 4 NBFC MFI partners launched their Small Finance Bank operations while 3 others will convert in FY 18. SFBs will be able to provide savings products to their client segment while the credit activities will continue to be focused on microfinance and microcredit to small and medium enterprises.

We work with 120 partners in the sector and added new partners in FY 17. During the year we enabled a financing of INR 87bn to our MFI, Business Correspondent and SFB partners.

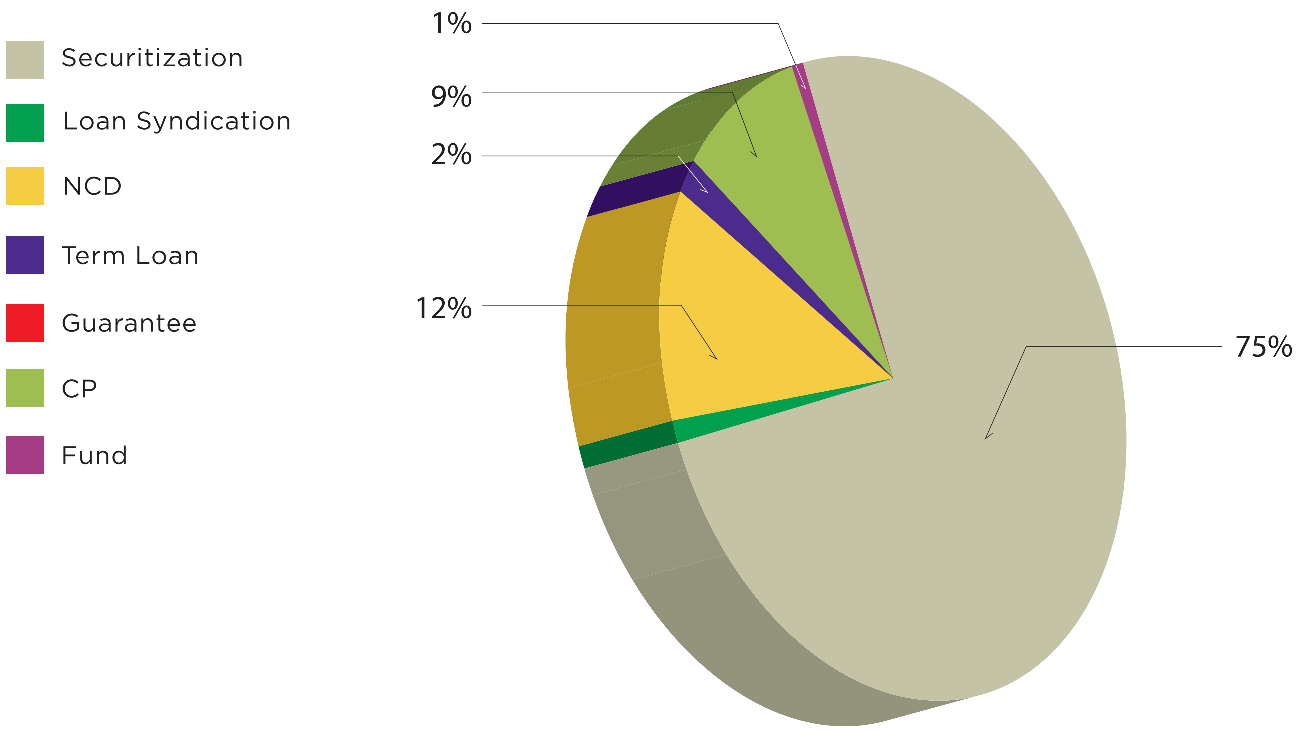
The sector has bounced back gradually, Collection efficiencies of loans disbursed post demonetization look better while the recoveries from lagged delinquencies have also started improving.

> “IFMR Capital has been one of most trusted partners for AYE. The team at your firm understands the MSME space very well and adds incredible value to our vision of servicing micro and small businesses by bringing in innovative debt products that are customized to our needs. We at AYE Finance are proud be associated with IFMR Capital.”
>
> **Sanjay Sharma**
> MD of Aye Finance

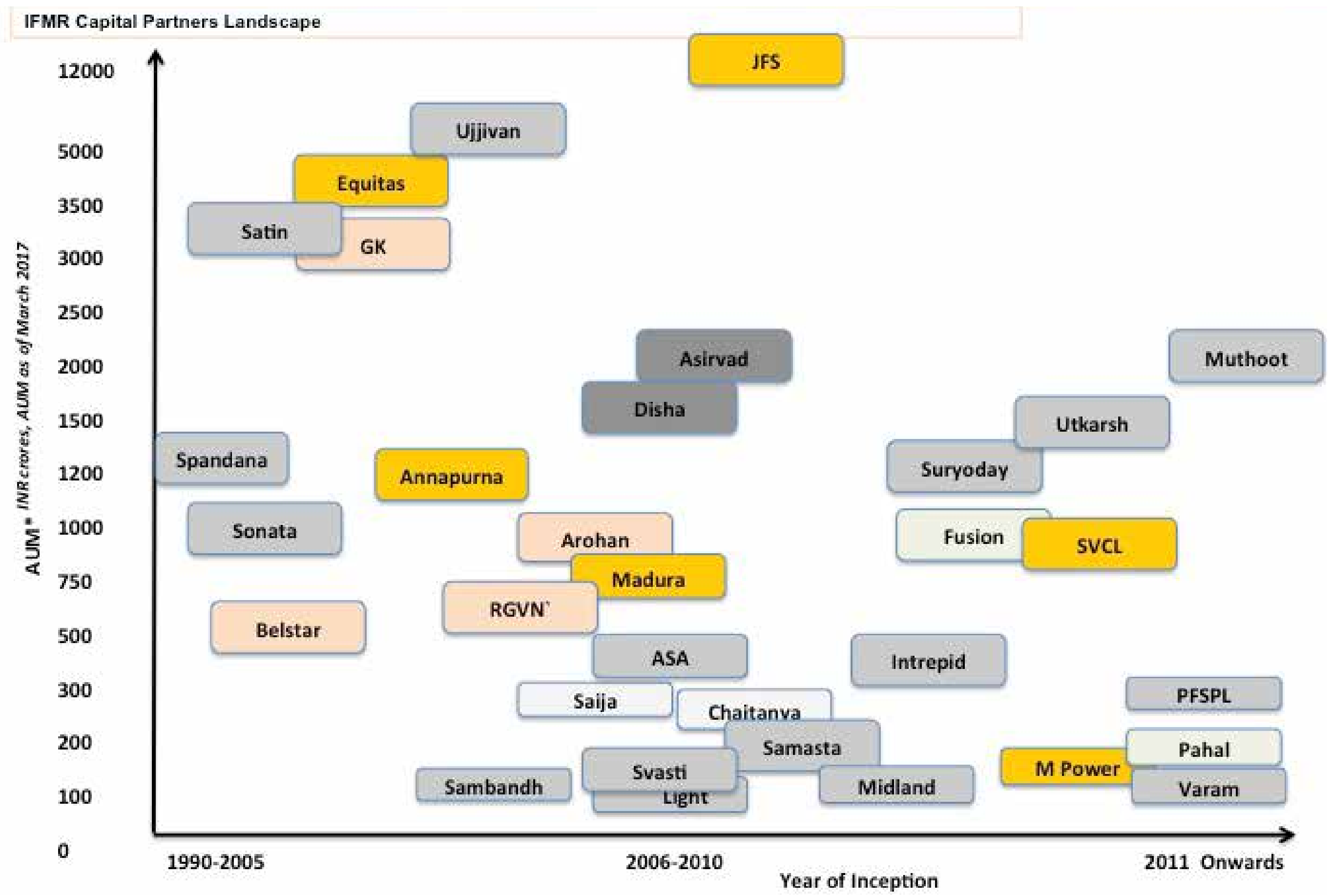
Product wise split in MFIs



Product wise split in SFBs



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



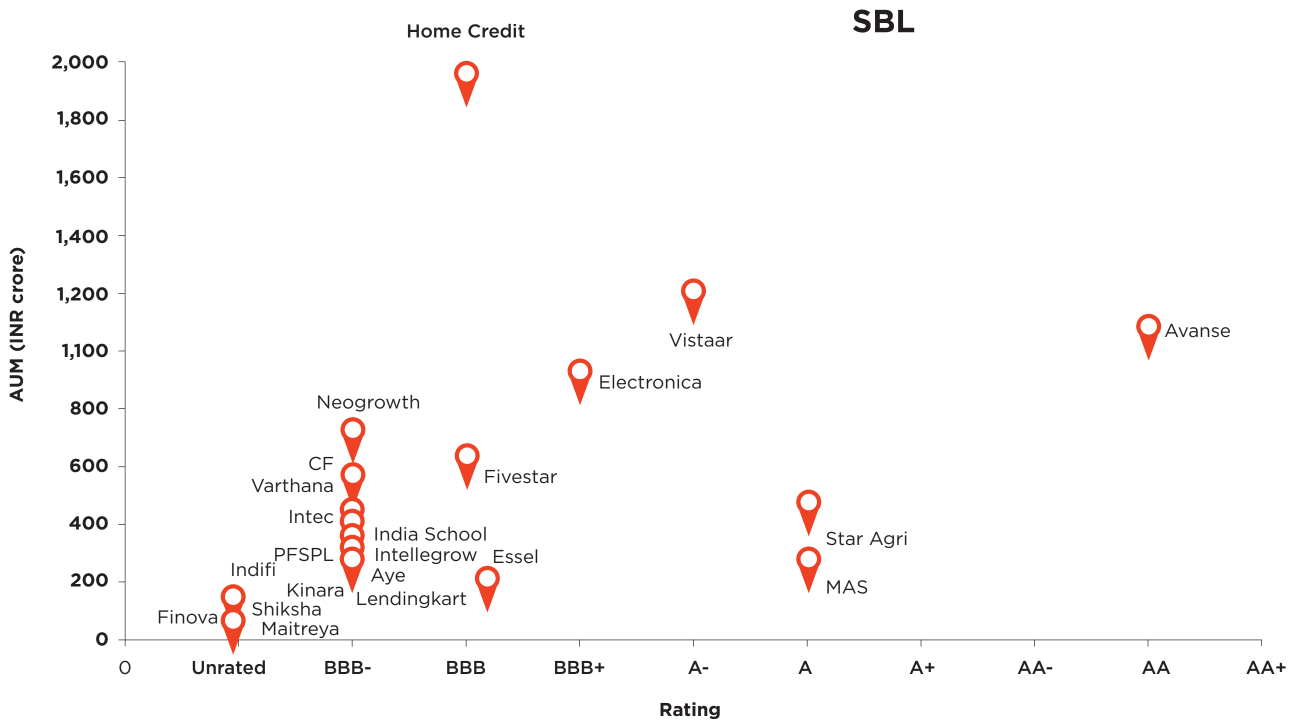
Small Business Loans

Small business loans is a vast sector in India with around 57.7 million small business units, that run manufacturing, trading or services activities. The demand for credit to this segment remains very strong. Formal institutions have stayed away as the segment requires focused and differentiated business models. Given the diversity of the sector, different business models, focusing on niche segments like financing of livelihood businesses, micro-enterprises, equipment/ machinery, supply chains and even affordable private schools have evolved over the last 5 years since we started our foray into the Small Business Loan segment.

Technology is set to play a very important role in the segment as traditional approaches have not yielded very fruitful results. We believe it can bring about efficiency in the overall business operations and support risk management. Physical touch points will continue to be critical in underwriting loans to informal sectors. Going forward, we can expect technology to be used in credit assessment as data builds up.

SMEs were affected by the demonetisation move as they faced operational issues including low cash reserves for meeting related expenses. The working capital cycles elongated due to the cash crunch, affecting the supply chains and production cycles. Even though we saw a significant shift to non-cash transactions, we believe that a large number of SMEs still need to be educated about the different options available.

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



Note:
The chart does not include Credila, with an AUM of INR 4,300 crore and a credit rating of AA+, for the sake of representation as it was an outlier

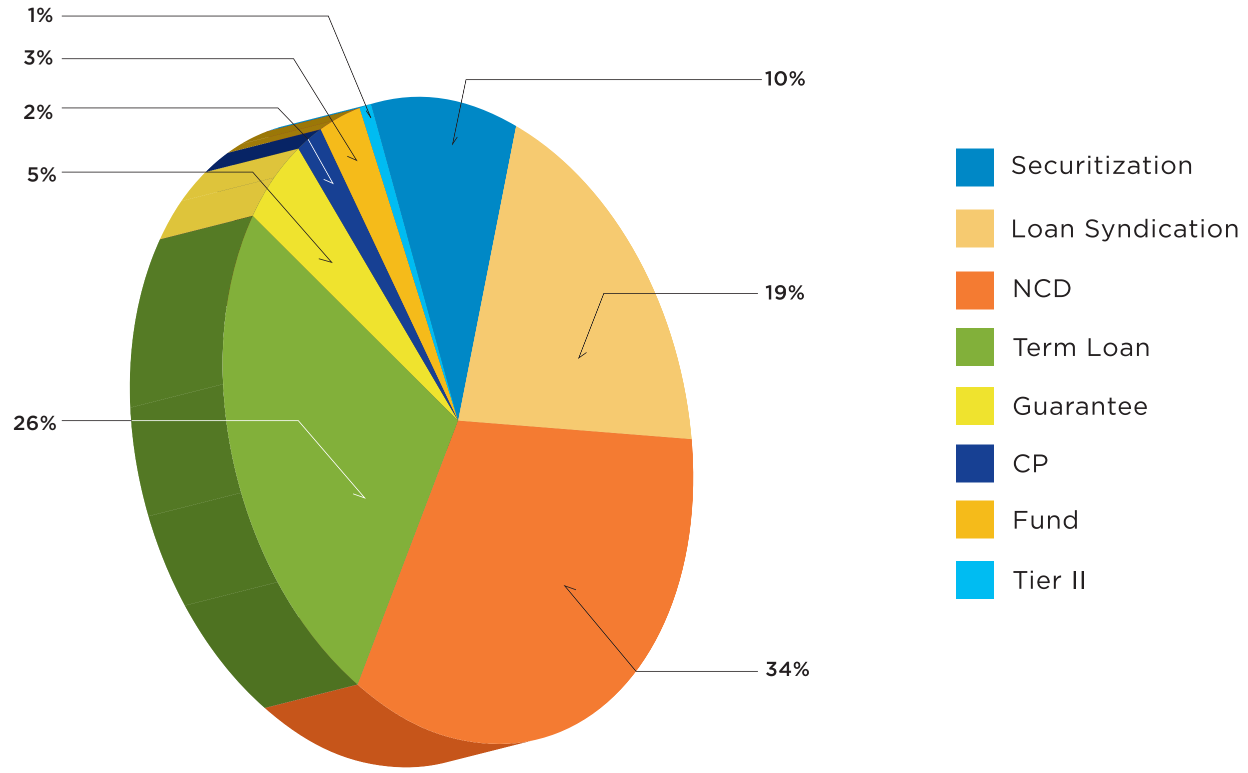
Education and Student finance remains a strong sub segment within Small Business loans. IFMR Capital has a sizeable exposure to this space where the business models have evolved well and is reflecting in the portfolio quality. Another emerging sub segment is where entities underwrite based on business transaction details, credit bureau reports, bank statements and tax returns, leveraging through significant use of technology.

Implementation of GST is expected to provide opportunities as well as pose challenges to MSMEs. Entities shall bring a lot of MSMEs into the tax net, thereby increasing cost pressures. But, a simplified tax structure and unified market is expected to improve operational efficiencies in the long run. It will also lead to the creation of large quantum of digital data, which should support credit underwriting going forward.

We enabled a financing of INR 19bn to our partners in the sector. This was achieved through a mix of term loans from our balance sheet, PTC transactions, Direct Assignement deals, placement of NCDs and bilateral syndication.

The equity interest in the sector has been strong. 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 sector.

Product wise split in SBL



Housing Finance

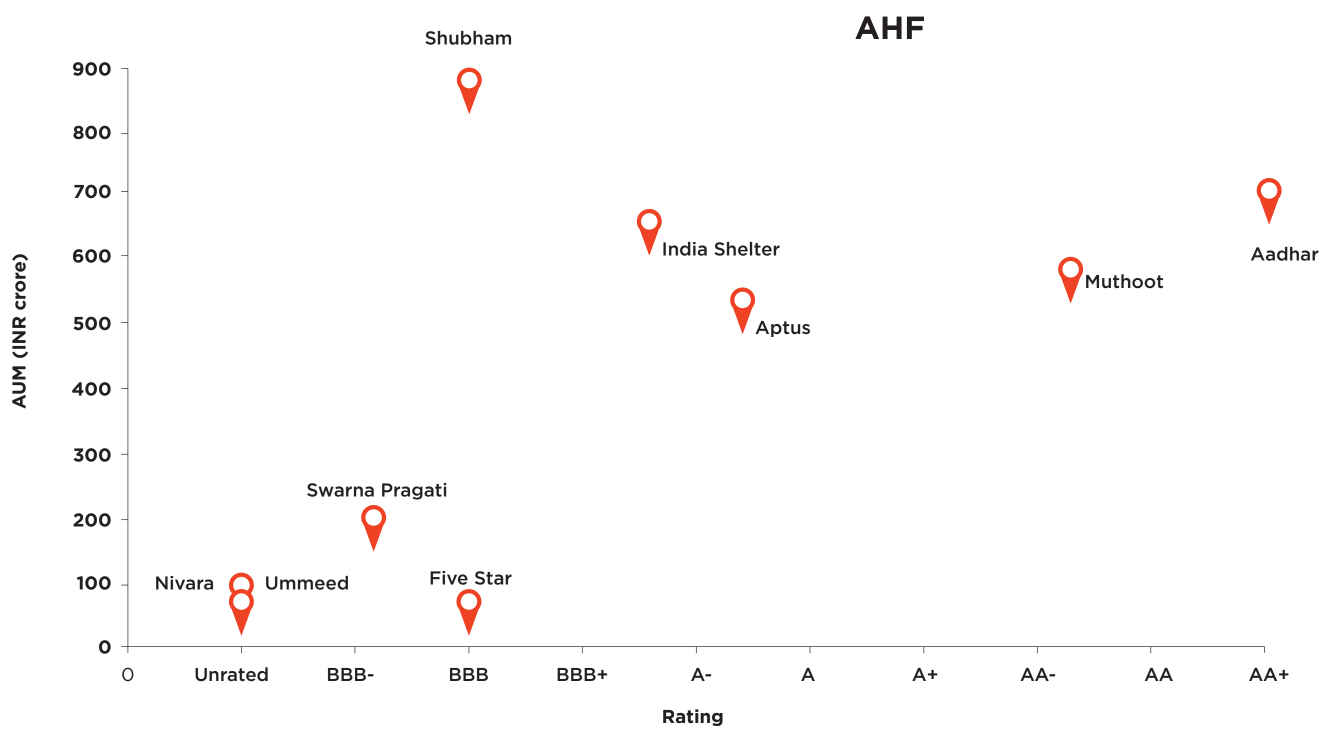
The total housing credit in the country is estimated to be INR 13.7 trillion. The market remains highly untapped with mortgage to GDP ratio of only 9%. Affordable housing finance companies seek to empower borrowers in the unorganised segment as they seek to fulfill their aspiration of owning or renovating a house. The affordable housing finance sector continues to see new entrants starting with a high equity base and a significant employment of technology. The equity interest in the sector continued to be very high in FY 2017.

The sector stood out as a bright spot in the retail credit segment as it was least affected by demonetisation. Demonetisation is expected to improve the credit requirement from the formal sector as illicit transactions through cash become more difficult now.

We on-boarded 3 housing finance companies in FY 17, with which our total client base increased to 15. These entities have a wide reach across the country. We saw our partner entities stabilising their business models, with a good thrust on technology and emphasis on manpower.

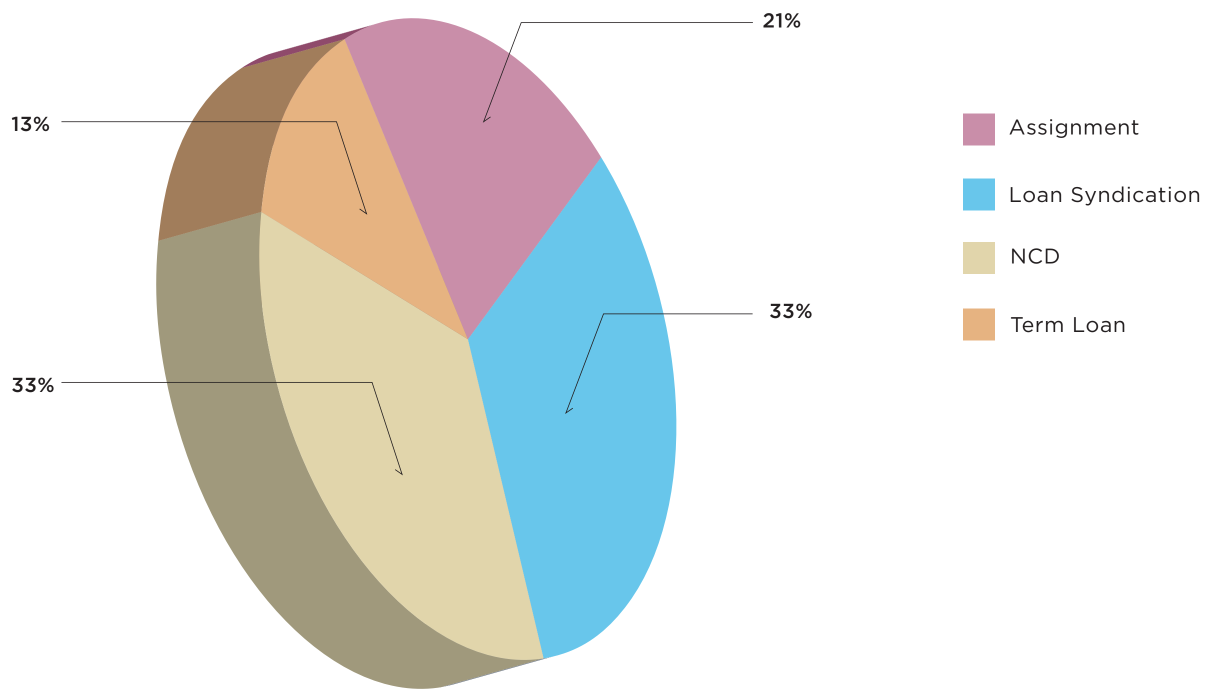
IFMR Capital has always believed that housing finance as a business model requires the support of large equity base right at the beginning to fund the investment in infrastructure including human resources, technology and control systems. An HFC would require this equity cushion to achieve better rating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

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



Note:
The chart does not include Aspire, with an AUM of INR 4,300 crore and a credit rating of A+, for the sake of representation as it was an outlier

Product-wise split in AHF



deliver housing finance at sustainable cost to the end customer. In line with this belief, we saw a lot of our partner HFCs raising good amounts of equity this year.

Implementation of Real Estate Regulatory Authority (RERA) is expected to protect the interest of the consumers and investors and improve the level of transparency and accountability in the sector. The Act includes provisions for ensuring timely and orderly delivery of projects increasing the investor interest in the sector. The developers' focus on Affordable housing schemes, supported by favourable demographics is a positive factor for the market.

While most of the Affordable housing finance companies have been heavily funded by equity, the debt requirement will be higher as the business models stabilise in the coming years.

Overall volumes for the sector totalled 7.0bn in FY17, almost doubling from INR3.6bn in FY16. The key products in the sector included term loans, NCDs, securitisation and bi-lateral assignment and commercial paper.

Vehicle Finance

Vehicle Finance continued to be the second largest sector for us in FY 2017. We work with 21 NBFCs in the sector, which specialise in offering loans for used and new commercial vehicles, multi-utility vehicles, passenger vehicles, three wheelers and two wheelers.

FY 2017 was an interesting year for the sector as vehicle finance NBFCs faced multiple challenges in the form of demonetisation, selective ban on diesel run vehicles and implementation of BS IV norms. The sector recovered from the effects of demonetisation as collection efficiency started improving by the end of January 2017. Clients operating in the used vehicle segment made changes to their credit policies to manage the challenge of the ban on diesel run vehicles. Movement to BS-IV offered opportunities as a lot of customers went for pre-buying as the OEMs offered high discounts on the old stock.

The underlying assets recorded a robust year with sales in CV segment growing by ~4%. Sales in CV segment were affected due to expectations of correction in prices after implementation of GST. The sales of Passenger Vehicles grew by over 9 percent and of two wheelers grew by 11%. Within the Passenger Vehicles, Passenger Cars, Utility Vehicles and Vans grew by 4 percent, 30 percent and 2 percent respectively during the year. The used vehicle segment continued to grow better than the other segments.

We on-boarded 8 new partners in the sector while we continued to deepen our engagement with the existing partners. We had carved out two wheelers as a separate sub asset class in the last FY. The pipeline of new partners this year included a few clients operating in the two wheeler asset class. Equity interests in the sector continued as we saw most of our clients in the sector attract equity from Institutional investors.

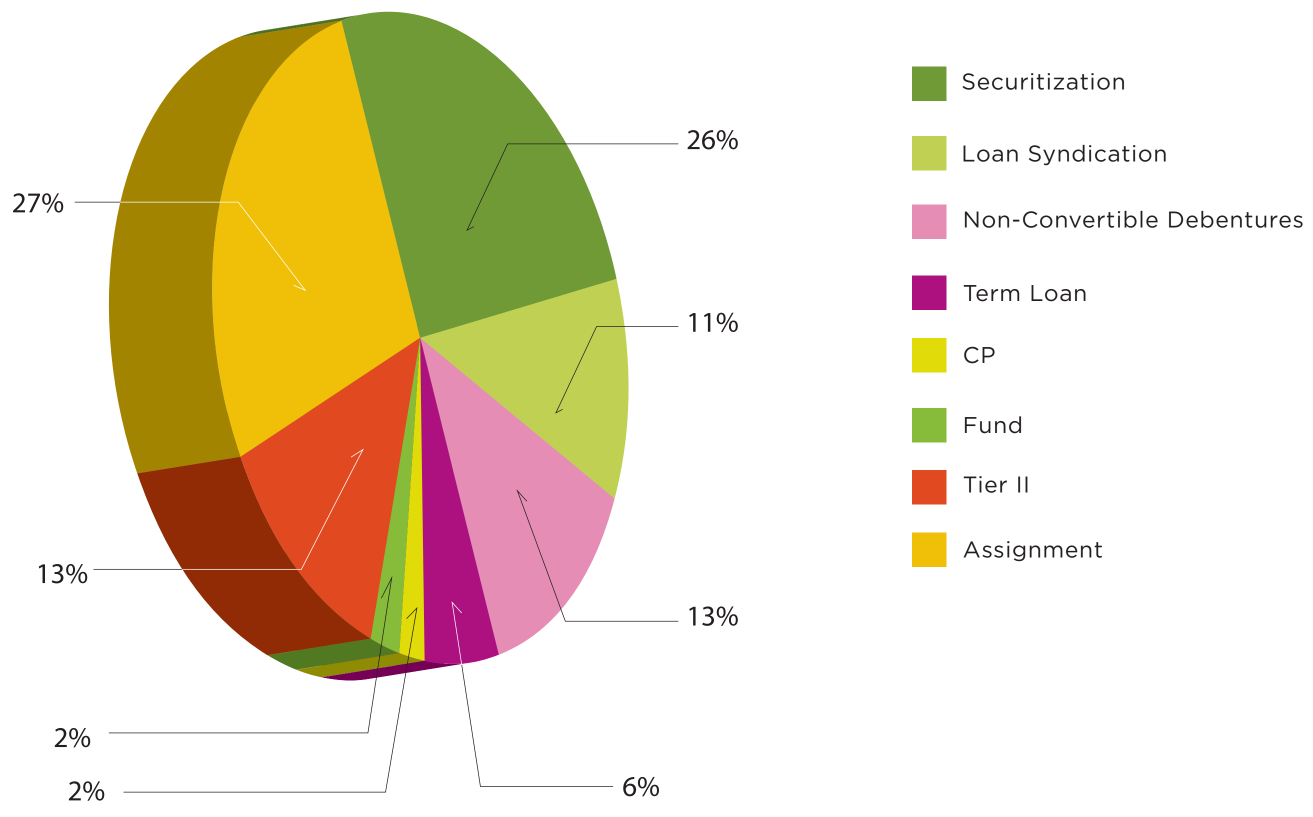
Over the last 3 years since we started working in the sector, we have successfully created a market for PTCs backed by vehicle loans originated by NBFCs with ratings lower than A-. In this financial year, we also closed the first PAR MOSEC PTC transaction by pooling loans from two NBFCs.

The outlook for the vehicle finance sector is positive as the highly unorganised sector is poised to get more organised because of the effects of demonetisation. As the smaller NBFCs gain strength with high capitalisation and expand their outreach, they will outperform the broader market in terms of growth.

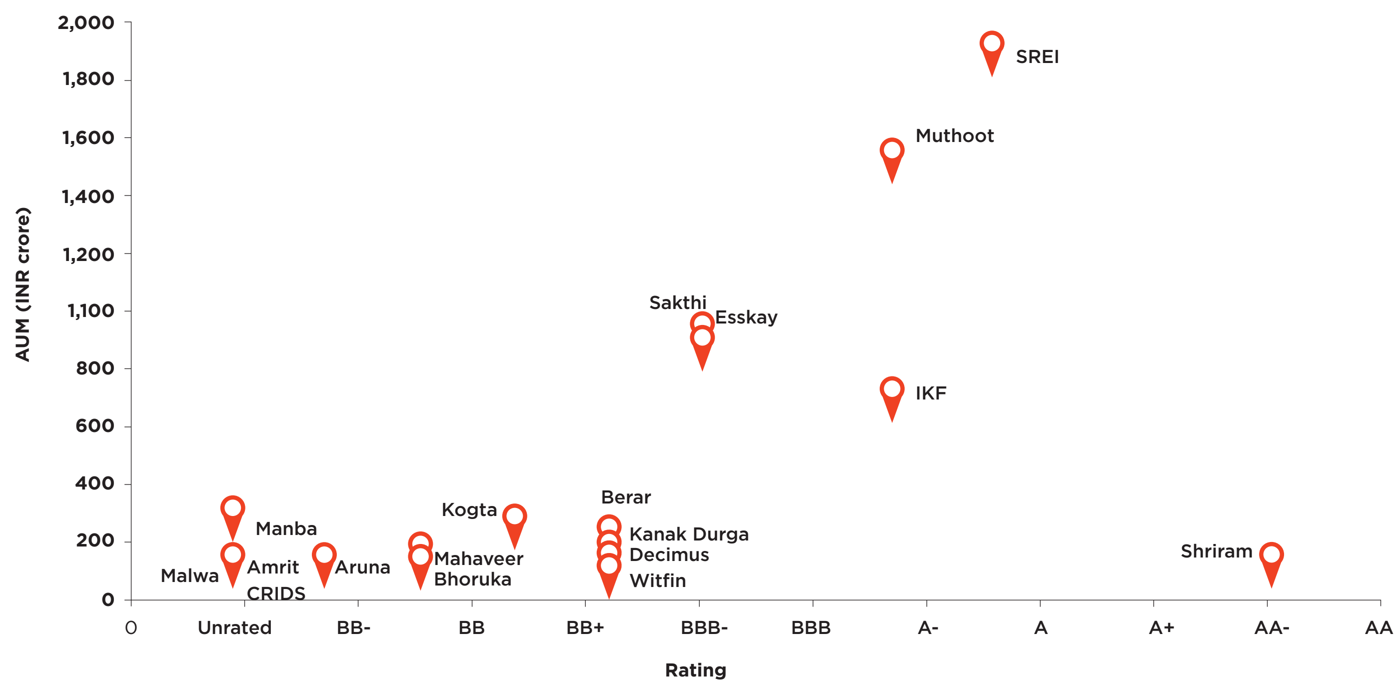
Implementation of GST is expected to bring efficiencies in the logistics segment. The underlying asset segments are expected to perform well with the expected growth in infrastructure segment and overall improvement in economic activity.

SECTOR UPDATES

Product-wise split in CV



VEHICLE FINANCE



Note:
The chart does not include HLF, with an AUM of INR 14,500 crore and a credit rating of A+, for the sake of representation as it was an outlier

Corporate Finance:

With the overall objective of diversifying IFMR Capital's loan book, the momentum of scaling up Corporate Finance business continued in FY17, as the team broadened the scope and evaluated companies in new sectors such as apparel, data & risk management, retail analytics and transaction processing.

During FY2017, apart from disbursing incremental loans to existing partners, IFMR Capital on-boarded 2 new partners - Purple Panda (Clovia), an online ecommerce company backed by IvyCap Venture Fund and Skymet Weather Services, a weather data provider backed by Omnivore Partners and UK based DMG group. The Corporate Finance business witnessed cumulative business volume of INR 41 crore. The product mix for these segments has been quite diversified in the form of Term Loans, Structured Working Capital Facility.

While during the year, the team explored various sectors and companies to understand different business models, the plan going forward is to develop a frame work for underwriting and also focus on specific sectors. IFMR Capital will also look to add strength to the Corporate Finance team in FY18.

Direct Origination:

IFMR Capital started the Direct Origination (DO) product in January 2016 and has been refining its understanding and implementation of the product since. We have adopted the co-lending business model where the partners co-lend with IFMR Capital. DO has shown very promising growth in terms of volumes, partnerships and market trends. In the initial phase, IFMR Capital is partnering with select partners for direct DO.

Neogrowth was on-boarded as the first DO partner in January 2016. Since then, we have added 7 more partners and have a strong pipeline of entities across different sectors, products and geographies. DO portfolio has shown very strong growth YoY and we closed FY17 with total financing enabled of INR 141 crore. The portfolio has show high quality with PAR 90 less than 0.25%. with less than 0.25% as PAR 90.

We are currently working with partners in SBL, Agri, Fintech and MFI and are looking to add partners from Vehicle Finance and Housing sector as well. We participate in a wide range of products including MSME, Agri invoice financing, LAP and personal loan across 8 partners who have a presence across the country PAN India.

The upward trend witnessed by DO has reinforced the basic tenets and idea behind the product. The benefits of DO for IFMR Capital and its co-lending partners are

- Diversification of IFMR Capital's balance sheet – The DO business significantly increases the retail asset book and provides significant diversification.
- Granularity of data – The product provides IFMR Capital direct access to end customer data and the ability to analyze and model granular credit behavior at a pre-origination stage This provides a critical competitive advantage for us given our already existing access to granular performance data post-origination.
- Meeting the requirement of our clients and building stickiness via multiple product lines - many partners treat DO as another source of financing. The product gives us the ability to help these partners continue lending to their clients through the use of our balance sheet.
- Attractive yields - a direct loan to the end customer provides a higher yield and spread for the company

On back of strong growth last year, we plan to scale up DO significantly. To achieve the ambitious growth targets, DO business and support teams will be strengthened further along with technology integration and infrastructure buildup. A new Loan Management system called PERDIX for DO has been set up and would act as the base for enabling portfolio management, analytics and building credit scoring models.

Agri Finance

Agri Finance, another promising sector for IFMR Capital, witnessed considerable increase in business in FY17. During the year, we scaled up our exposure in this sector, on-boarding 3 new companies:

- Samunnati (Samunati Financial and Intermediation Services Pvt. Ltd), a non-deposit taking NBFC that provides financing (working capital and asset finance) to retail and institutional borrowers in the agri value chain.
- Fr8 (New Olog Logistics Private Limited): A technology driven logistics service provider, offering long haul trucking solutions to large corporates, SMEs, and agribusinesses by connecting them with vendors (owner cum truck drivers, fleet owners).
- Y-Cook: A food technology company, creating a new market in the food space, of minimally processed vegetables, lentils and fruits. Their unique and differentiated processing allows field fresh produce to retain their natural freshness, colour, texture, flavour and nutrients for 12 months without any preservatives or additives or even refrigeration.

During the previous years, the companies on-boarded include:-

- An Agri Finance Company offering Commodity Backed Loans
- An Agri Warehousing Company and
- An integrated commodity and collateral management services company

Over the last 2 years, we have achieved a cumulative business volume of INR 1.5bn with a mix of term loans, structured working capital limit (SWCL) and debt syndication.

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

Origination - Credit

Over the year, we have strengthened the Credit Team further and started to develop sector expertise by focusing on specialisation within the team. This has helped sharpen the role of the team, besides helping manage a larger number of partners, which has happened through an expansion of existing sectors as well as on-boarding partners in Corporate Finance. More high-quality partners in existing sectors where IFMR Capital has presence as well as by on-boarding partners in newer segment namely ‘Corporate Finance’.

We progressed well by on-boarding four new partners operating in retail analytics, weather information and logistics under Corporate Finance during the year. This was a culmination of our in depth assessment of the underlying sectors over the 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 have built upon the beginning made during FY 2016 on retail portfolio, with its size portfolio rising from INR 10 crore in FY16 to INR 102 crore in FY17. We have on-boarded three new Small Business Loan entities as Direct Origination partners, taking the total number of partners to five. From a credit vantage point, focus has been on putting in place a framework for credit automation driven by continuous review and analytics of DO portfolio to reduce subjectivity and streamline the process. This, we believe, will also help operational efficiency and enable us to scale the product 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.

Deals & Highlights

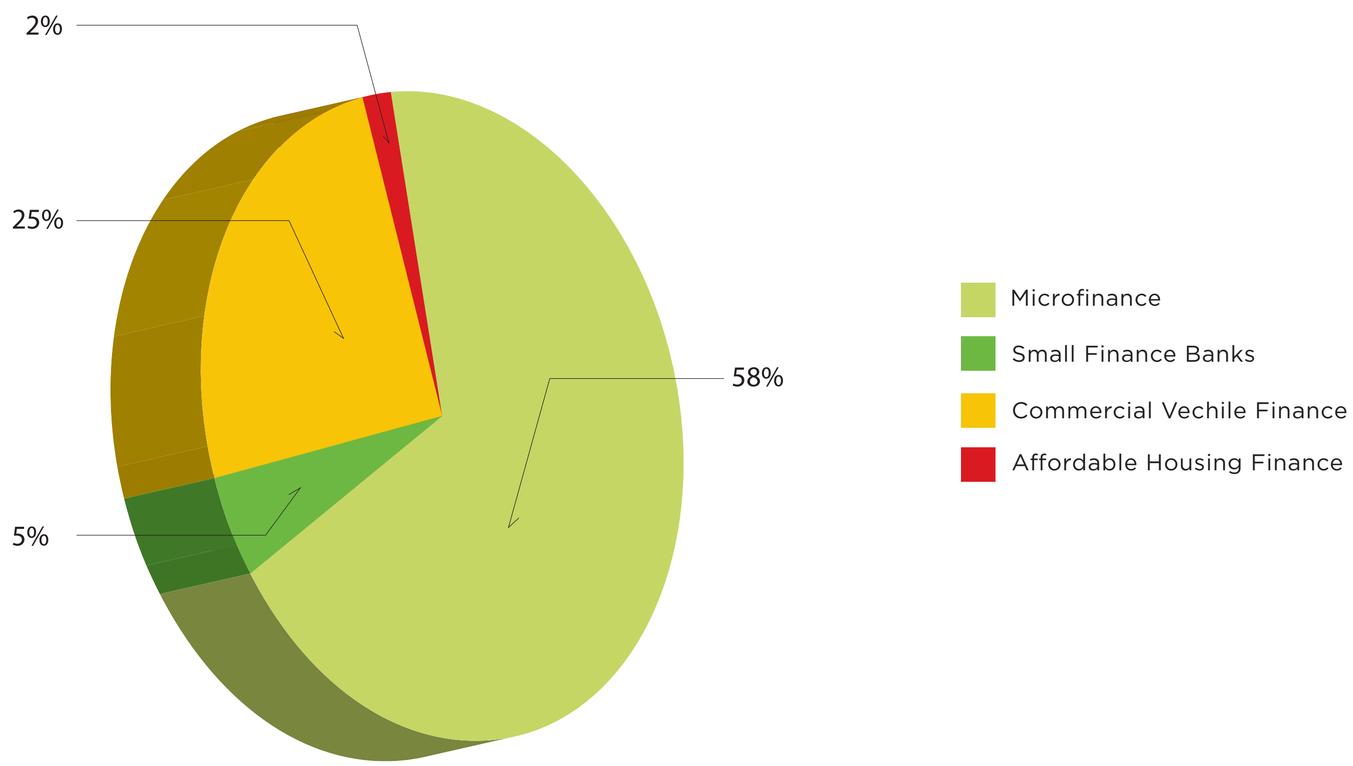
1. Securitization and Direct Assignment

FY17 was a stellar year - We closed 100 transactions (88 Securitization and 12 Direct Assignment) and saw a 9% jump in funding enabled through these transactions over FY16.

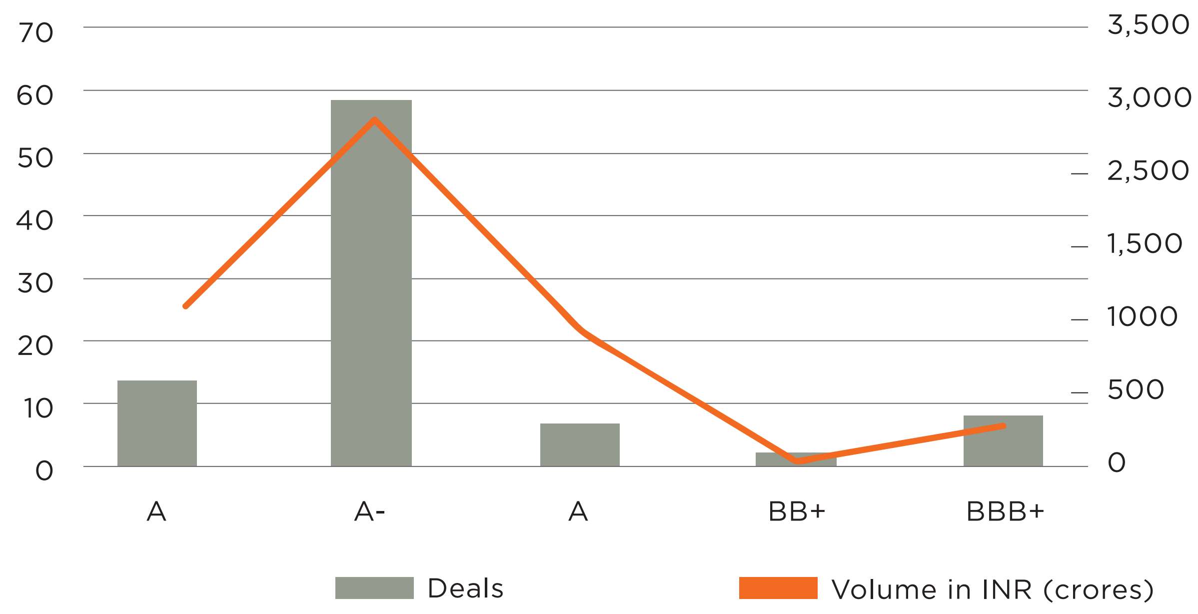
These deals, which elicited participation from 38 partners across 5 asset classes, contributed to 41% of total business volumes.

As our client base crosses a century, we also saw an expansion in participation in securitization transactions to 38 partners across our five major asset classes.

Business Volumes FY 2017 - Securitization & Direct Assignment



Ratings Assigned - Securitization & Bilateral Assignment FY 2017

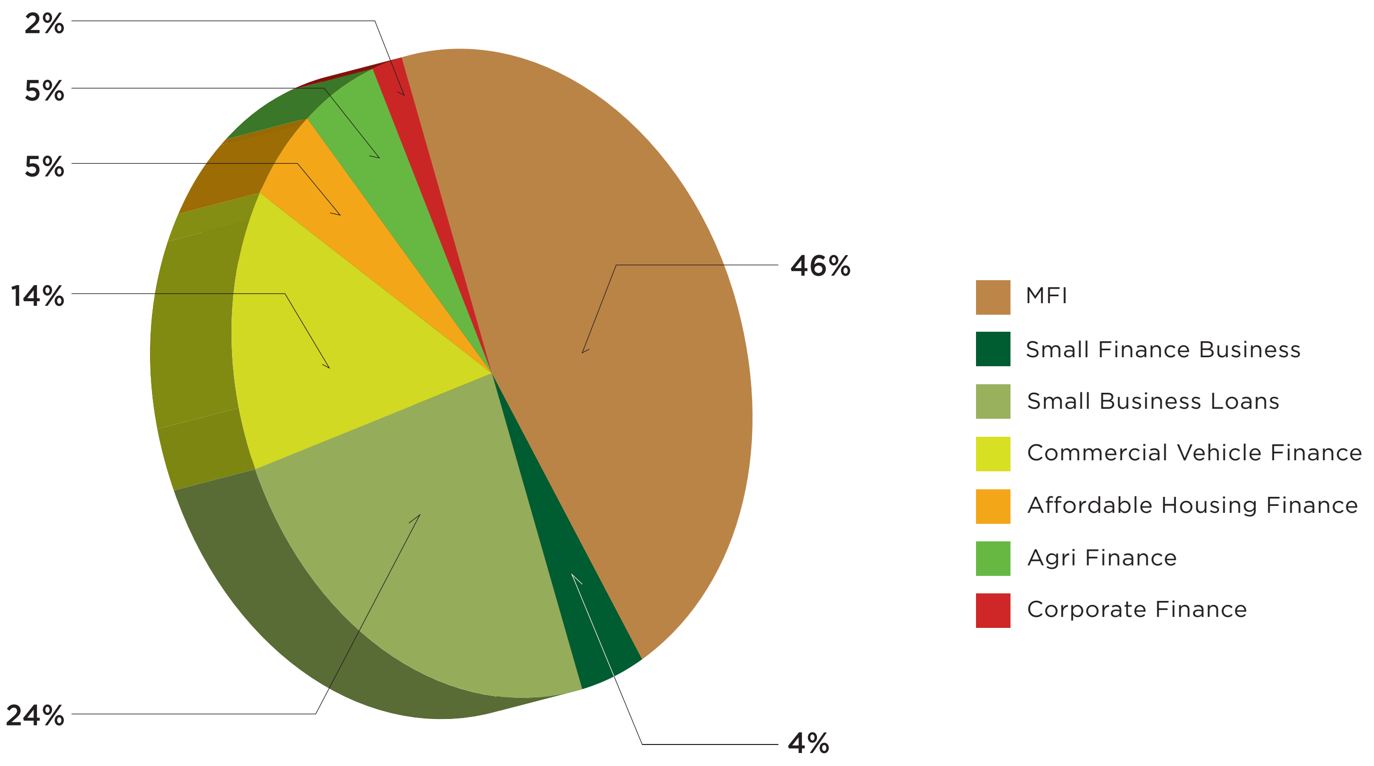


Multi-originator securitization: IFMR Capital concluded FY 2016, with a Mosec tally of 88 since inception. Of these, 11 were concluded in the FY 2016.

2. Term loans & cash credit

IFMR Capital extended term loans and cash credit sanctions worth INR 23.62 billion in FY17, achieving a jump of 77 percent over FY16

Spread of term loans and cash credit disbursements across asset classes

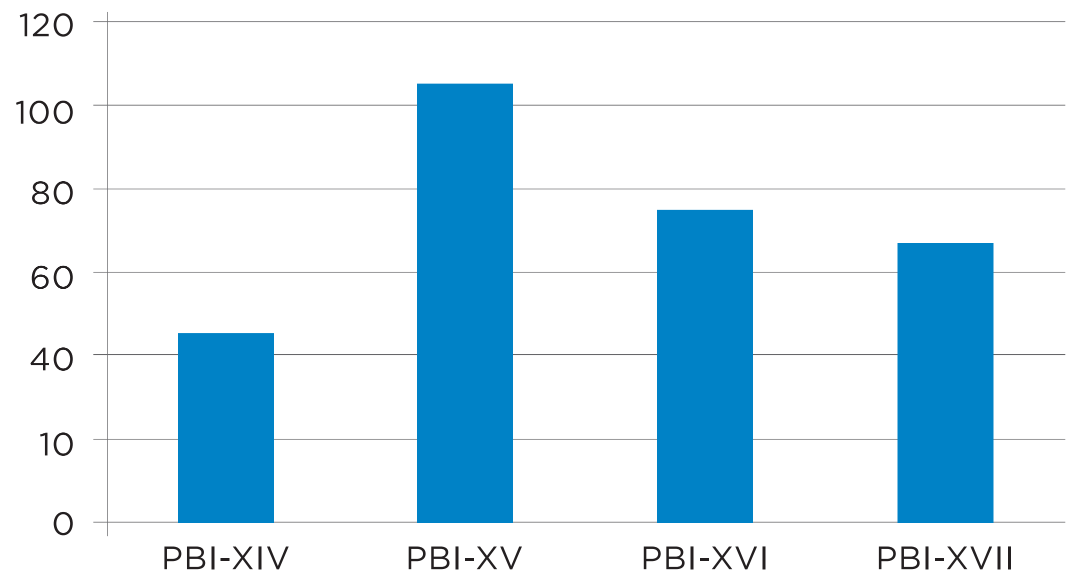


DEALS & HIGHLIGHTS

3. Pool Bond Issuance programme

The first Pool Bond Issuance in the country was structured, arranged and co-guaranteed by IFMR Capital in FY14. Since then, we have structured 16 more PBIs with a diverse set of investors and large NBFCs. In FY17, we executed 4 PBI deals enabling funding of ~INR 3bn.

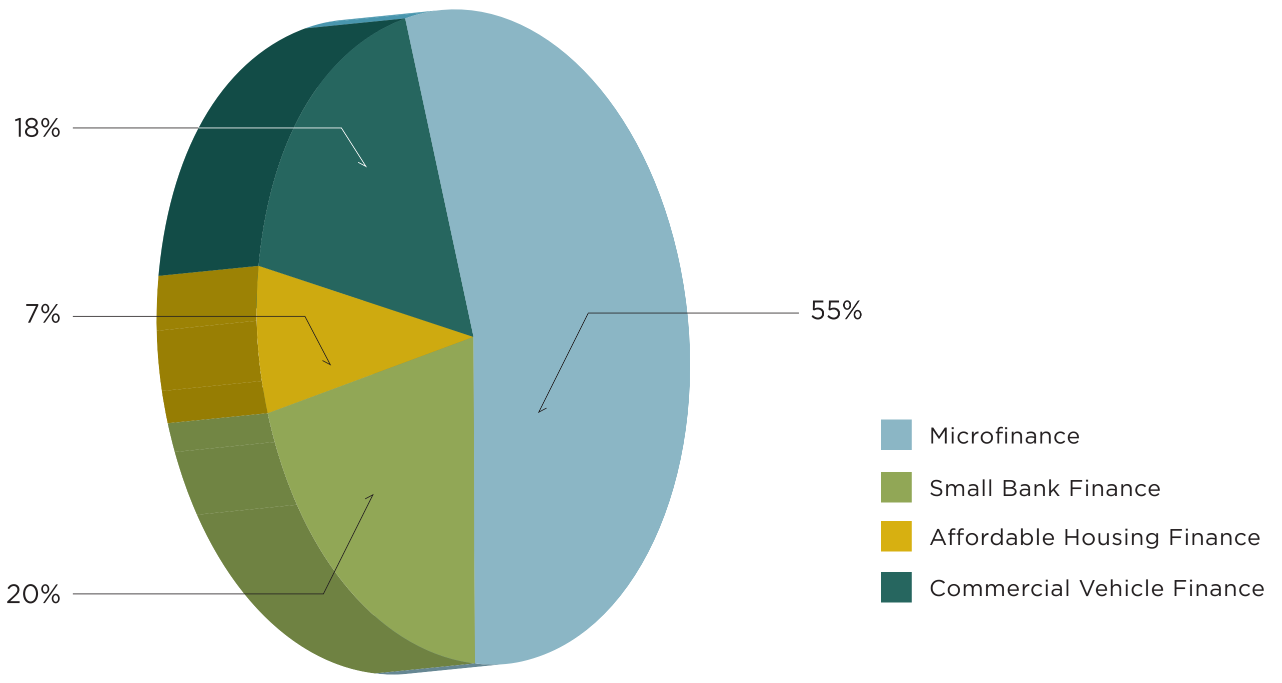
PBI Issuances (INR crore)



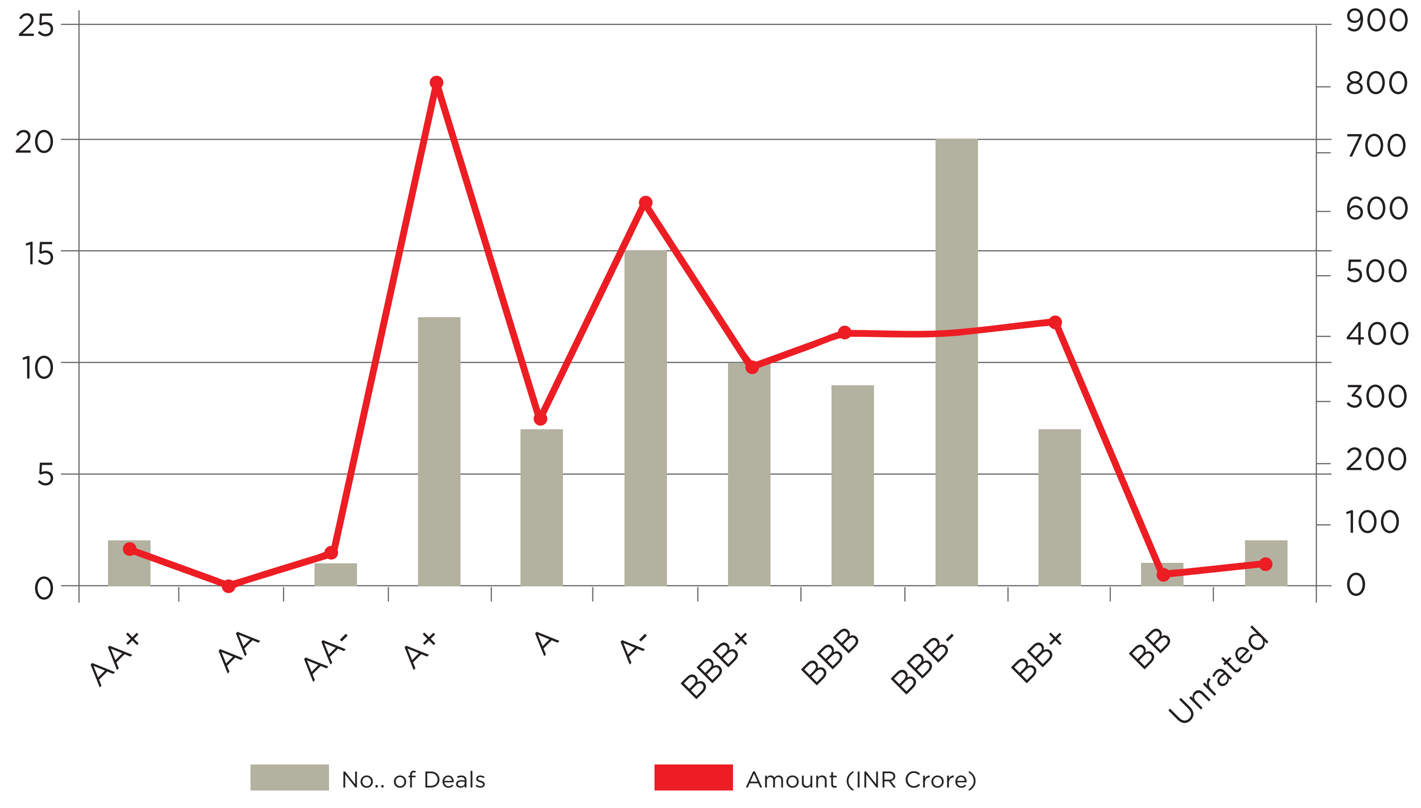
4. Placement of Non-Convertible Debentures and Commercial Paper

IFMR Capital acts as an arranger for investment in non-convertible debentures and commercial paper issuances of its partner institutions. We closed FY17 with an NCD volume of INR 35 billion and CP volume of INR 5 billion.

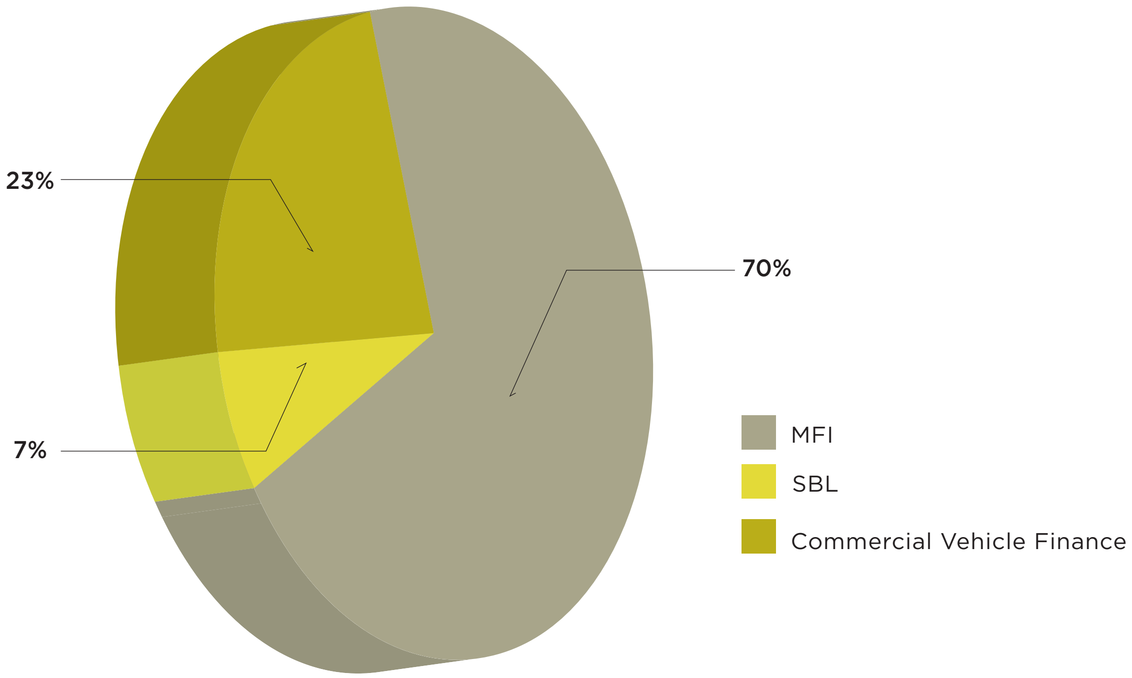
Long Term Market Issuances in FY 2017 Sector distribution



Ratings Assigned - NCD Issuances FY 2017



Commercial Paper Placement FY 2017 - Sector Spread



5. Tier II Instruments

IFMR Capital acts as an arranger to its partner clients for subordinated debt capital, preference share issuances and external commercial borrowings. In FY17, the total volume of funding to clients via the placement of long term subordinated NCDs was INR786 crore, a jump of 73% over FY16.

6. Debt Syndication

Volumes in debt syndication surpassed the previous year figures by more than a third. Total debt syndication volumes were INR 22.75 billion spread across all asset classes that IFMR Capital works in. Investor partners included public sector banks, private sector banks and large NBFCs.

Key Highlights & Achievements

- In the first investment by a mutual fund in a microfinance company's securitization deal since 2011, IFMR Capital acted as the arranger, structurer and co-investor. When it placed a 150 crore securitisation transaction deal for Ujjivan Financial Services Limited with Birla Sun Life Mutual Fund

- IFMR Capital structured the country's first Multi partner Securitization (Mosec R) in CV sector. With this we also took a first of its kind structure – "PAR Mosec" to the market. The transaction saw participation of Mahaveer Finance and WITFIN and the PTCs were subscribed by HLF.

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 FY17, we launched first of its kind structure "PAR MOSEC" – this will allow us to extend the MOSEC programme to non MFI asset classes as well.

The way forward

As we look forward to expand our outreach nation-wide we focus on making our technology infrastructure more robust and scalable, that will enable us to provide 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 customized client requirements. We look forward to building on our strengths to deliver greater value to our client partners in the years to come.

Markets

In FY2017, IFMR Capital continued to lead the way in building a deep capital markets platform for high quality institutions that specialize in lending to financially excluded segments. We paved the way for several new partners to access capital markets for the first time and also provided several large investors an opportunity to participate in high growth segments with backing from IFMR Capital in the form of a strong credit evaluation and due diligence, its own skin in the game and concurrent risk monitoring.

In FY17, we added a total of 22 investors to our existing base – taking the total count of investors who have invested with IFMR Capital to 109 as of March, 2017. IFMR Capital continues to strive to build a diversified base of investors so that its clients benefit through its ability to raise debt in the right form at the right time and at efficient cost. The 109 active investors comprise 38 Banks, 19 NBFCs, 16 Mutual Funds, 10 International Funds, 10 DFIs (domestic as well as international), 8 Private wealth advisory firms and 8 Insurance companies.

The first two quarters of the year saw IFMR Capital's business grow steadily on the back of strong underlying demand in almost all sectors that we work in, addition of new clients across asset classes, and steady capital market inflows based on strong asset performance. As a result, IFMR Capital had its strongest H1 ever, as we saw business volumes in the first six months very quickly build to INR 86 bn. Highlights included arranging an INR 200 crore bond issuance by an NBFC engaged in consumer durable and two wheeler financing, a seven-year direct assignment deal of affordable housing finance loans from an HFC to a PSU Bank, a number of Tier II raises for clients in the form of redeemable preference issuances and subordinated bonds. We also closed our largest ever securitization deal in June 2016 – the originator being a large microfinance institution with an in-principle license to convert into a Small Finance Bank and the investor being a new age private sector bank.

Our capital markets desk also facilitated several secondary market trades both from IFMR Capital's balance sheet as well as back to back trades of higher rated non SLR bonds. This helped us build further visibility with investors that otherwise could not participate in our transactions due to rating and other considerations. For the very first time we also assisted in the trading of Priority Sector Lending certificates – between a PSU Bank and a Foreign Bank treasury. IFMR Capital's value add came from price discovery in a product that had very recently been launched by the RBI and we were able to match the needs of the PSLC seller and buyer in an efficient manner.

November 2016 saw demonetization as a nation-wide event have an impact on almost all constituents of IFMR Capitals' ecosystem – end borrowers, institutional partners and investors. The period immediately succeeding demonetization put IFMR Capital's business model through a true test: how resilient were the underlying sectors, what would be the long term impact on the underlying businesses, and many other such questions followed. IFMR Capital's response to demonetization was a strong and powerful vote of confidence in our sectors and supporting clients through this difficult phase. We were able to adopt this bold strategy on the back of a few important steps that we undertook:

a) Intensified field visits by our Risk, Origination and Capital markets teams. These visits focused on client level as well as geography level analysis, which helped build a better understanding of the underlying client, asset class and districts

b) Pool selection criteria and filtering of pools based on additional checks that included exposure to stressed districts, bureau scrubs etc.,

c) Regular dissemination of updates to investors and stakeholders through webinars, industry updates and one on one discussions

d) Introduction of risk mitigation practices in structured transactions that included higher first loss from partner entities, trapping of cash-flows related to pool performance etc.

What followed in the months immediately succeeding demonetization was that while business volumes dropped as a result of slow demand and asset quality concerns, we continued to remain very actively engaged with every client and investor.

The other aspect of IFMR Capital's structured finance practice – i.e. the skin in the game approach also went through a true test possibly for the first time since inception of the company. The subordination provided by IFMR Capital in nearly all its structured finance transactions directly led to senior investors seeing limited or zero impact on the performance of their pools and transactions. Investors thus gained increased confidence in IFMR Capital's structures, and have continued to support our work and our transactions.

We ended the year with lower volumes than were planned, but what we gained were crucial insights into consumer and institutional behavior in stressed times. Demonetization in many ways has been an opportunity for IFMR Capital and we emerged stronger as an organization. We continue to believe strongly in the underlying asset classes as well as the depth of the Indian capital markets. FY17 brought out the importance of the presence of market players like IFMR Capital who through balance sheet participation, provide a shock absorption capability

that lends confidence to market participants to remain invested during temporary turbulences caused by events beyond their control.

We remain committed to extending our balance sheet and being significant investors in the transactions originated and structured by us. We have ambitious targets that include changing the landscape of the inclusive finance landscape in the country, and as each year goes by, we remind ourselves of Mahatma Gandhi's words – "The future depends on what you can do today"

Risk Management

“IFMR Capital has been one of most trusted partners for AYE. The team at your firm understands the MSME space very well and adds incredible value to our vision of servicing micro and small businesses by bringing in innovative debt products that are customized to our needs. We at AYE Finance are proud be associated with IFMR Capital.”

Sanjay Sharma
MD of Aye Finance

The risk management function provides a comprehensive framework for effective risk identification, control, monitoring and reporting. During the year under review, the aftereffects of demonetisation, particularly on the microfinance sector, presented new and interesting challenges in terms of areas of risk management to be explored. The sector probably witnessed the first large scale systemic risk event since the AP-crisis of 2010. The intensive yet comprehensive risk management approach has resulted in consistently high quality portfolios, relative to industry, across asset classes with a zero NPA track record. Till date, there has been no utilization of the first loss credit enhancement for shortfalls in recovery of principal on matured structured debt instruments. The cumulative collection efficiency of live securitization transactions was 94.7% per cent as of March 31, 2017. The PAR 90 on microfinance pools stood at 5.7% and that of the non-microfinance portfolios was 1.2%.

During FY17, our portfolio diversification improved significantly on key dimensions: microfinance exposure is now 52%[1] of the portfolio as compared to 57% as of FY2016 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 31 states and Union Territories states and 528 districts and the single largest district exposure in microfinance has come down significantly from 8% of equity as of FY16 to 5% of equity in FY17.

The risk management function at IFMR Capital includes the Risk Analytics and Modelling team and the Credit Risk & Monitoring team. The risk team is headed by the Head of Risk, 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, recovery and prepayment rates, along with the future expected cash flows on portfolio based products.

[1] This includes 15% exposure to Small Finance Banks and 37% to NBFC-MFIs

The risk modelling team aims to develop a deep understanding of risk at all levels - asset class, partner, transaction and overall portfolio to ensure better estimation and mitigation of risk. With a wealth of data from almost 11 million underlying loan contracts from more than 400 securitization transactions, financial and portfolio performance from all our partners 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 estimate loss on portfolio based products. In FY17, the risk modelling team played a proactive role in modelling future performance of transactions which were impacted by demonetisation.

The proprietary capital estimation model estimates 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 partners 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 16 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 Credit Risk & Monitoring team is responsible for developing a comprehensive risk view on IFMR Capital's partners and the sectors that IFMR Capital has exposure to

via conducting on-the-ground as well as data based monitoring of IFMR Capital's portfolio as required through a risk based design. 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. The institutional rating model (for objective counterparty risk assessment) which was under pilot last year has been finalised and will be implemented in a full-fledged manner.

For all entities that IFMR Capital has exposure on, the credit risk & monitoring team conducts visits one 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. In the aftermath of demonetisation, the credit risk and monitoring team has conducted many geography focused visits to get nuanced understanding of the ground level state of operations across districts and states which were impacted. During the year the credit risk & monitoring team and risk analytics team worked closely to measure the portfolio performance, tracking underwriting quality and identifying credit drivers for our quasi-retail (Direct Origination) portfolio.

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. During the year under review, the risk monitoring team made 162 visits to 70 entities across all asset classes. The breadth of the monitoring team's coverage is illustrated in the table below.

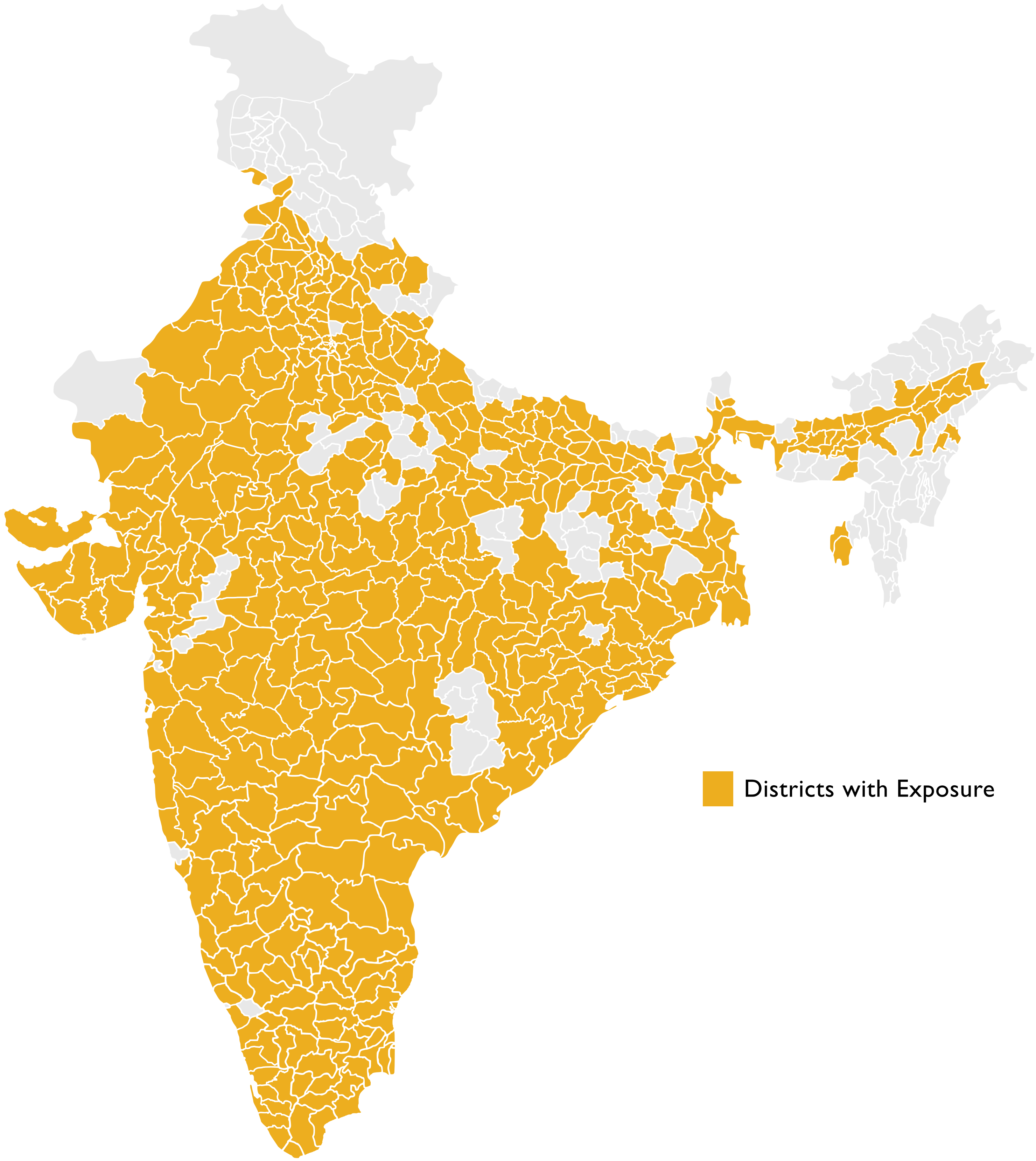
As on March 31, 2017

	Q1	Q2	Q3	Q4	Total	Till Date
No. of Visits	35	28	53	46	162	658
No. of Entities	34	28	48	37	70	89
No. of States	12	14	12	16	21	23
No. of Districts	30	33	52	47	125	270
No. of Branches	58	49	109	87	303	1472
No. of Customers	58	58	72	54	242	1253
No. of Centres	124	84	138	108	454	3320

During the coming year, we will focus on sharpening our risk analytics insights across asset classes and invest more in predictive and prescriptive analytics by engaging with external sources such as credit bureau companies, market research firms for ourselves and our key stakeholders. We also plan to engage more with our existing partners for various qualitative & quantitative analytics engagements.

The credit risk & monitoring design will be carefully refined further based on our understanding of risk across sectors and entities, considering newer products and sectors that the company continues to explore such as corporate finance and Direct Origination.

IFMR Capital - District Wise Exposure



Treasury

In FY17, IFMR Capital's treasury team started with the following well defined objectives:

1. Continue to make our funding more efficient - reduce our cost of funds and diversify our funding sources.
2. Infuse capital for growth and efficiently manage capital adequacy.
3. Develop a diversified secondary market for the different types of assets that we invest in (loans, bonds, pass through certificates, investment in AIF units etc.) to improve price discovery, develop name recognition amongst investors and manage capital efficiently.
4. Actively manage interest rate risk on IFMR Capital's balance sheet.

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

Financial Performance

During the financial year, our operating income grew by around 52 per cent, driven by around 59 percent growth in our interest income and 24 percent growth in our fee income. Our cost of funds reduced sharply by 91 basis points during the year, ending the year at 10.51 per cent from 11.42 per cent in FY16, This, along with the higher fee yield, enabled our net interest income to grow at 51 percent. helped by improved fee yield. However, growth in operating expense was significantly higher than our revenue growth due to equity raise expenses and sharp growth in employee base.

As a result of the above, operating profits grew by a healthy albeit lower extent of 40.6 per cent year over year. During the year, we provided ~INR 24 crore towards our investments in

subordinate tranches of securitisation transactions with microfinance portfolios as the underlying. These transactions had underlying portfolio from specific districts which witnessed significant drop in collection efficiency and increase in PAR following demonetization. While the provision was recognized in advance of the required regulatory provisioning, it impacted our net profit which grew by only 6.7 percent in FY17. We ended the year with RoE of 17 per cent.

During FY17, we raised around INR 162 crore of equity capital from marquee investors like Eight Roads (investment arm of Fidelity International Limited) and Standard Chartered Bank (Singapore branch). Eight Roads infused capital in October 2016, whereas Standard Chartered Bank's infusion came in December 2016, a month after demonetization was announced, signalling confidence of the investors in the business and management of IFMR Capital to navigate uncertain times in the industry. The equity infusion helped us bolster our capital base, providing us the ability to participate in larger ticket transactions as well as raise funds at lower costs than earlier from the market. We ended the year with more than INR 500 Cr of net worth, a critical threshold in the financial services industry.

On the borrowing front, the year was very good for IFMR Capital. We ended the year with a diversified mix of lenders. Existing lenders continued to repose their faith by sanctioning significant enhancement to IFMR Capital during the year at lower spreads than their earlier facilities. As demonetization brought a flush of liquidity into banks, in particular the PSU banks, bank lending rates came down substantially, 70-80 bps on an average in January 2017 and became cheaper than comparable market borrowings. IFMR Capital borrowed significantly in Q4 FY17 to take advantage of the benign liquidity and interest rate environment (807 crore out of the total 1,797 crore during FY17), given the business needs also peak in Q4. Even though this brought down the cost of funds sharply, FY18 will see the first full year benefit of lower MCLR borrowings and we expect the cost to be further lower.

There was an increase in the share of borrowings from the capital markets as we raised NCDs of 425 crore in this year.

We also increased our commercial paper limits from INR 250 crore to INR 400 crore during the year and issued CPs of various tenors to mutual funds as well as NBFCs, to effectively manage our cost of funds. We remain prudent in issue of commercial papers and continue to engage with our existing and new lenders.

During the year, we also undertook structural measures to actively manage the interest rate risk of our balance sheet. We have revised the internal threshold for equity duration (impact to equity due to movement in interest rates) and monitor it on an ongoing basis. We have also started offering floating rate loans with interest rates linked to an internal benchmark to partly mitigate interest rate risk. We expect this book to ramp during FY18 and provide a buffer against rate increases in the future. This provides us with more flexibility in managing interest rate risk.

Through the year, we carried out active sell down of over INR 550 crore of assets to manage capital efficiently. This enabled us to maintain comfortable capital adequacy throughout the year and built visibility for our assets in the market.

IFMR Investments

IFMR Investment Managers Private Limited (IIMPL)

During the year under review, IIMPL has launched two new funds, IFMR FImpact Long Term Credit Fund, the first Scheme of IFMR Finance for Freedom Fund III, a Category II Fund registered with SEBI under the SEBI (Alternative Investment Fund) Regulations, 2012 and IFMR FImpact Medium Term Opportunities Fund, which is also a Category II Fund registered with SEBI under the SEBI (Alternative Investment Fund) Regulations, 2012. During the year, We completed fund raising and deployment for IFMR FImpact Long Term Multi Asset Class Fund and IFMR FImpact Medium Term Microfinance Fund, the first scheme of IFMR Finance for Freedom Fund and IFMR Finance for Freedom Fund II respectively, registered with SEBI under the SEBI (Alternative Investment Fund) Regulations, 2012 in FY 2015-16. CARE reaffirmed the rating of 'CARE AA (AIF)' on IFMR FImpact Investment Fund, 'CARE AA-(AIF)' on IFMR FImpact Long Term Multi Asset Class Fund and 'CARE AA (AIF)' on IFMR FImpact Medium Term Microfinance Fund. In addition, IFMR FImpact Long Term Multi Asset Class Fund and IFMR FImpact Medium Term Opportunities Fund secured a rating of 'CARE AA- (AIF)' . Further, ICRA reaffirmed its fund management quality rating of 'AMC 2' during the year. During the year, IIMPL was awarded Asia Asset Management's Best of the Best Awards for the 'Most Innovative Product – India' and 'Rising Star – India' for its performance in FY16.

Current Assets Under Management

(in INR crores)	IFMR FImpact Investment Fund	IFMR FImpact Long Term Multi Asset Class Fund	IFMR FImpact Medium Term Micro Finance Fund	IFMR FImpact Long Term Credit Fund	IFMR FImpact Medium Term Opportunities Fund	Total
FY 2015	45.4	-	-	-	-	45.4
FY 2016	103.8	168.1	-	-	-	271.9
FY 2017	103.5	400.6	102.3	65.2	44.9	716.5

The cumulative AUM increased from INR 272 crore as at the end of FY16 to INR 717 crores. The strong growth in AUM has been on the back of IFMR FImpact Long Term Multi Asset Class Fund and IFMR FImpact Medium Term Microfinance Fund achieving final close as well as on account of substantial investor appetite for the two new funds which were launched in the latter part of the year.

Following the success in the domestic fund management space, IIMPL plans to launch 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 AIFs to take foreign investments, However, for investors who would like to invest in offshore jurisdictions, we 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, vehicle finance and agri-business finance.

During the year, the net revenue from operations increased from around INR 3 crore to INR 9 crore while PAT increased from around INR 1 crore to INR 3 crore.

IFMR Investment Adviser Services Private Limited (IIASPL)

In FY16, IIASPL acted as an investment advisor to the first AIF of IIMPL. 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 partners 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.

HUMAN Resources

The HR team at IFMR Capital supports and upholds the company's goals by fostering a positive and engaging work environment while identifying and responding to the changing needs of our diverse workforce.

The goals of the Human Resources Department are to help the company achieve its strategic mission, while ensuring our employees are engaged and motivated. The team's success is measured by our ability to align and integrate processes with the strategic mission.

Recruitment

A streamlined recruitment process was implemented this year. We have widened sources of recruitment by partnering with on line recruitment portals thereby brining down cost of recruitment significantly. Internal Job Movements (IJP) process has been introduced and well accepted. Job description templates have been created and standardised covering all aspects of the defined role. These templates were used to build the JD repository which is now above 50 in number catering to several roles and levels. In parallel, functional interview panel members were identified in each function based on criteria of knowledge and attitude and a 4 step methodology was put in place.

We realise that it is necessary to build pipeline and a future talent base for the organisation and we initiated "Campus Connect', wherein we hired 11 fresh graduates from premier B schools such as GIM, IIM Shillong, IIT Madras, Vedica and XIMR. In all, we closed 42 hires during the year and our closing headcount was 121.

All these measures have made recruitment faster and more efficient with standardised processes in place.

Talent Management

We believe open communication and providing employees a forum to express their opinions freely is a great way to build a culture of transparency. The HR team has started engaging with business and other teams to understand their requirements and challenges better. Feedback was given to senior management and several significant changes were made post these sessions. Easy accessibility to the HR team gave clarity to the employees on who to approach for specific issues thereby optimizing managerial time and band width. Overall employee experience improved extensively. Employee meets and focus groups have now become frequent, and managers welcome feedback to improve policies and processes.

HR Policies were updated in tune with best practices and within legal frameworks.

Talent review and succession planning for the short term and long term was conducted and presented to the Board. A second and third line of succession was planned with development initiatives for the long term. Employees with high potential were identified in every team and specific career paths were prepared for them.

It is our firm belief that our managers are the cornerstone to our success, and it is our endeavour to build significant capability. Towards this we have initiated a robust Learning & Development framework. The interventions have been planned to spread over the next 18 months of gradual learning capsules catering to the common identified learning needs as a starting point. Competency mapping exercise has been initiated as well and is in its preliminary stages. This process will lend itself to building capability in the long term through well aligned development initiatives that will cater to specific needs for the role and individual.

Technology

Sustainable differentiation is difficult to achieve; one significant differentiation that is tough for competition to emulate is operational excellence. Our aim is to digitize HR processes from sourcing, entry to exit. We initiated the digitization of HR processes through migrating from the ADP Portal to the Adrenalin Portal as a small step in this direction. The Adrenalin HRMS houses the employee database, salary master, individual tax portal, provides leave monitoring systems, mobile application for attendance and leaves as well as the performance management system. We have put in place a common appraisal system (applicable throughout the organization) that leaves little room for discretion and bias. The payroll system is now completely automated as well.

This year has seen the HR function significantly evolving from a support staff function to become a 'go – to' function for guidance and support.

Board's Report

BOARD'S REPORT

Dear Shareholders

Your directors have pleasure in presenting the eighth annual report along with the financial statements of the company for the year ended March 31, 2017. The summarised consolidated financial results of the Company are given hereunder:

Financial highlights:

Rupees in Crores

Particulars	As on March 31, 2017	As on March 31, 2016
Income	370.15	246.43
Less: Expenditure	272.13	163.32
Gross profit before depreciation	98.02	83.11
Less: Depreciation for the year	1.21	0.61
PBT (Profit before Tax)	96.81	82.50
Less: Provision for tax (Current year)	42.93	22.89
Less: Deferred tax	(9.89)	(0.43)
PAT (Profit after Tax)	63.77	60.04
Profit brought forward from previous year	96.94	49.77
Less: Transfer to reserve	11.89	12.03
Less: Appropriations	2.57	0.84
Balance carried forward to balance sheet	146.25	96.94

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, 2017, the company achieved a Profit Before Tax of INR 96.81 Crores, a growth of over 17.35% over the last financial year.

Your company achieved overall volumes of financing as per table below:

Products	Volumes Achieved (Rs. Crores)	
	FY 16-17	FY 15-16
Direct Origination	142	10
Guarantee	944	1,443
Securitisation	6,225	5,745
Syndication	5,610	4,551
Term Loan	1,474	1,289
Working capital facilities	38	30
Total Volume of Financing	14,433	13,068

Credit Rating:

The Credit rating of the company for FY 2016-17 were as follows, there was no change in the rating of the company during the year.

Instrument	Rated Amount (in Rs crore)	Rating Action
Long-Term fund based limits	1,500.00	[ICRA]A+ (stable); assigned/outstanding
Non-Convertible Debentures	828.50	[ICRA]A+ (stable); outstanding
Subordinated debt	7.50	[ICRA]A+ (stable); outstanding
ommercial paper	400.00	[ICRA]A1+; outstanding

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, 2017 is 16.93% as against 16.43% as on March 31, 2016. The minimum capital adequacy ratio prescribed by RBI is 15%.

Equity Raise

During the financial year, the company raised additional equity and preference share capital and consequently the shareholding pattern of the company is as follows:

Equity Shares (INR 10/- each):

Name of Shareholder	No of Shares	% of share capital
IFMR Holdings Private Limited	45,887,686	58.56
Leapfrog Financial Inclusion India (II) Limited	26,860,220	34.28
FIL Capital Investments Mauritius (II) Limited	1,979,859	2.53
Standard Chartered Bank (Singapore Branch)	3,637,908	4.64
Total	78,365,673	100.00

Compulsorily Convertible Preference Share (INR 20/- each)

FIL Capital Investments Mauritius (II) Limited	7,918,937	59%
Standard Chartered Bank (Singapore Branch)	5,444,238	41%
Total	13,363,175	100%

During the Financial Year, the company redeemed 15,000,000 redeemable preference shares of Rs. 10/- each prior to maturity and complied with the provisions of the Companies Act, 2013 in this regard

Change in Directors and Reconstitution of Board:

During the Financial Year, the following changes occurred in the Board of Directors of the Company:

Appointments:

Name of director	Designation	Date of appointment
Mr. Kabir Narang	Nominee Director	14th October 2016
Ms. Vedika Bhandarkar	Independent Director	1st November 2016
Mr. Udai Dhawan	Nominee Director	15th December 2016
Mr. Rajesh Kumar Dugar	Nominee Director	21st February 2017
Mr. Nicholas Anthony Moon	Nominee Director	21st February 2017
Mr. AlexandrVladislavovichNisichenko	Alternate Director to Mr. Nicholas Anthony Moon	21st February 2017

Resignations:

Name of director	Designation	Date of Resignation
Mr. Samir Shah	Independent Director	6th April 2016
Mr. Kabir Narang	Nominee Director	24th January 2017
Mr. James Darius Roth	Nominee Director	21st February 2017

State of affairs of the Company 2016-17:

During a challenging financial year, your company achieved robust growth achieving financing volumes of INR 14,433 Crores across all sectors, which is around 10.45% over and above the volumes achieved in FY 2015-16. The company faced a stiff challenge in the third and fourth quarters of the Financial Year on account of the demonetisation, however, with the strong support of our equity investors and lenders, the company was successful in closing the Financial Year with a strong balance sheet of around INR 2,950 crores and a total originator base of around 117.

The demonetisation also surged our funding opportunities as banks and financial institutions were flush with liquidity and consequently we ended the year with total borrowings of INR 2340 crores with an overall cost of funds of around 10.70%.

In this heightened risk environment triggered by the demonetisation event, the company has stepped up its risk monitoring and analytics functions and has been tracking performance of its originators on the ground. The Risk Committee has been provided with regular updates on the portfolio performance and with internal tracking the same being put in place on a higher than normal frequency.

The Investor Relations team has risen to the challenge of facing investor queries on transactions and originators represented by us over the year. The team has engaged in extensive investor awareness and updates with regular in-person interactions across investors.

Future Outlook:

We expect the impact of demonetization to be felt by the sectors we deal in until around H1 of FY2018 post which we believe that growth rates will pick up.

The company's way forward involves scaling up of existing businesses and seeking to explore new and innovative business opportunities that leverage on its existing strengths. The company intends to capitalize on its strong relationships with originators, its structured finance expertise and strong underwriting principles, and achieve a strong business with optimum diversification providing long term returns and rewards to all its stakeholders. With this view in mind, the company has evaluated other opportunities in corporate finance, as well as in building market risk appetite for debt securities. These opportunities build on our core strengths of risk underwriting as well as depth of relationships in capital markets.

The most important step forward for this Financial Year would be to materialize the concept of digitizing the existing platform/ecosystem of originators and investors as well as internal processes, thereby unleashing efficiencies across products, processes and stakeholders. This might open up multiple new opportunities in the capital markets space for our originators and more systematic avenues for investment into our sectors for investors.

Subsidiaries:

IFMR Investment Managers Private Limited (IIMPL)

During the year, the net revenue from operations of your Company is Rs. 91,055,134 /-(Previous year - Rs 29,498,758/-). For FY 2017, your Company's Profit after tax stood at Rs. 34,712,853/- vis-à-vis a Profit after tax of Rs. 6,590,325/- in the previous year.

During the year under review, the IIMPL has been appointed as the Investment Manager of 2 Alternative Investment Funds- IFMR FImpact Long Term Credit Fund, the first scheme of IFMR Finance for Freedom Fund III and IFMR FImpact Medium Term Opportunities Fund, the first scheme of IFMR Finance for Freedom Fund IV. Both the funds are Category II Fund registered with SEBI under the SEBI (Alternative Investment Fund) Regulations, 2012. During the year, we also achieved final closure and deployment of IFMR FImpact Long Term Multi Asset Class Fund at INR 388 crores and IFMR FImpact Medium Term Microfinance Fund at INR 99 crores. We also received rating reaffirmation for IFMR FImpact Investment Fund at 'CARE AA (AIF)' and IFMR FImpact Long Term Multi Asset Class Fund at CARE AA-. Also, IFMR FImpact Medium Term Microfinance Fund secured a rating of 'CARE AA (AIF)' while IFMR FImpact Long Term Credit Fund & IFMR FImpact Medium Term Opportunities 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 follow a unified structure consisting 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 jurisdiction being either Singapore or Mauritius.

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 and will also consider investments in the corporate finance space.

IFMR Investment Adviser Services Private Limited (IIASPL):

IFMR Investment Adviser Services Private Limited was founded with the intent providing high quality investment advice and investment products in asset classes that impact the financially excluded. The Company is the wholly-owned subsidiary of IFMR Capital Finance Private Limited, a systemically important non-deposit taking Non-Banking Finance Company engaged in creating a stable and inclusive financial system in India by providing efficient and reliable access to finance for high quality Originators.

During the Financial Year, the company aimed to leverage the deep expertise and understanding in the financial inclusion space and expand the scope of advisory framework by providing the following advisory services within the existing asset classes and existing originator base in the domestic and international markets:

a) Strategy and process related advisory

b) Transaction related advisory

c) Risk analytics advisory

The company has identified significant opportunity in the advisory space in relation to business planning, business and process advisory, market scoping and segmentation, B-Plan modelling, organization structure building, operating model evaluation, etc.

Non-acceptance of deposits:

Your Company has not accepted any public deposits during the financial year 2016-17.

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:

Summary	YE 31 March 2017 (in INR)	YE 31 March 2016 (in INR)
Travel	821,541	388,038
Director's sitting fees	93,286	96,722
Subscription	997,956	57,031
Consultancy Charges	6,289,314	-
Books and periodicals	-	523,054
Advertisement and publishing	395,176	-
Total	8,597,273	1,064,845

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 its independent directors without the attendance of non-independent directors and members of the management. Since the company had recently added new directors to the Board, the independent directors present opined that it would be prudent to meet during September 2017 for the evaluation of other Board members.

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, 2017 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.

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:

The company has not served the notice, agenda papers and minutes of the meetings within the time limits prescribed in Secretarial Standards I issued by the Institute of Company Secretaries of India with respect to meetings of the Board/ Committees of the Board, however 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.

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 the company is engaging with audit firms for appointment of Statutory auditors for Financial Year 2017-18.

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 2016-17.

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 - 9 (11th May 2016, 25th July 2016, 3rd August 2016, 7th October 2016, 14th October 2016, 18th October 2016, 25th November 2016, 15th December 2016, 24th January 2017.)

(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) The qualification in the Secretarial Auditors' Reports is discussed elsewhere in this report.

(e) There were no adverse remarks/qualification in the Statutory Auditors' report.

(f) Particulars of loans investments guarantees under Section 186 - not applicable as the company is a non-banking finance company

(g) Particulars of related party transactions under Section 188(1) - Annexure 2 of the Report

(h) The amounts proposed to be carried to reserves, if any - Rs. 13.79 Crores (transferred to Statutory Reserve) and Rs. 68.97 Crores (transferred to General Reserves).

(i) 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.

(j) Details of CSR initiatives of the Company - Annexure 3 of the Report

(k) 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 underwent significant changes during the second half of the Financial Year, hence the Board evaluation exercise required to be carried will be carried out during the Financial Year 2017-18.

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	i. Mr. Samir Amrit Shah resigned as director with effect from 6th April 2016.
	ii. Mr. Kabir Narang was appointed as Nominee Director with effect from 14th October 2016, he resigned with effect from 24th January 2017.
	iii. Ms. Vedika Bhandarkar was appointed as Independent Director with effect from 1st November 2016.
	iv. Mr. Udai Dhawan was appointed as Nominee Director with effect from 15th December 2016
	v. Dr. James Darius Roth resigned as Nominee Director with effect from 21st February 2017
	vi. Mr. Rajesh Kumar Dugar was appointed as Nominee Director with effect from 21st February 2017
	vii. Mr. Nicholas Anthony Moon was appointed as Nominee Director with effect from 21st February 2017
	viii. Mr. AlexandrVladislavovichNisichenko was appointed as Alternate Director to Mr. Nicholas Anthony Moon with effect from 21st February 2017.
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 Section 197(12) of the Companies Act, 2013:

Ratio of remuneration of each director to the median employee's remuneration: 1:8:6.

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

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

Name of director/ Key Managerial Personnel	% increase in remuneration vis-à-vis last financial year
Dr. Kshama Fernandes, Chief Executive Officer cum Director	10%
Mr. Vineet Sukumar, Chief Financial Officer	10%
Ms. R. Srividhya, Company Secretary	18%

- Percentage increase in the median remuneration of employees in the financial year: 4.17%
- Number of permanent employees on the rolls of the company - 121 (as of 31st March 2017)
- 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 13%. The company's increase in Profit Before Tax over the last Financial Year is 17.35%.
- Variations in the net worth of the company as at the close of the Financial Year and previous Financial Year - **71.46%**
- Comparison of each managerial remuneration against the performance of the company - **Dr. Kshama Fernandes received an increased remuneration of 10% against the company performance of a PBT increase of 17.35%.**
- 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 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 of the Company.

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

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

Acknowledgement:

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

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

On behalf of the Board
For IFMR Capital Finance Private Limited

Sucharita Mukherjee
Director
(DIN: 02569078)

Kshama Fernandes
Director
(DIN: 02539429)

Date: May 10, 2017
Place: Chennai

Annexure I
Form No. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31/03/2017

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

I. REGISTRATION AND OTHER DETAILS:

i) CIN: 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: Karvy Computershare Pvt. Ltd, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032

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	50.03% (On a fully diluted basis)	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 (On a fully diluted basis)

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			% change in share holding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1.	IFMR Holdings Private Limited	46,225,895	58.99	Nil	45,887,686	50.03%	Nil	Nil
	Total	46,225,895	58.99	Nil	45,887,686	50.03%	Nil	Nil

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

IFMR Holdings Private Limited transferred 338209 equity shares of Rs. 10/- each to Standard Chartered Bank (Singapore Branch) during the Financial Year 2016-17.

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	12,627,015,640	1,817,500,000	292,715,482	14,737,231,122
ii) Interest due but not paid	-	-		
iii) Interest accrued but not due	40,069,292	349,046	21,711,993	62,130,331
Total (i+ii+iii)	**12,667,084,932**	**1,817,849,046**	**314,427,475**	**14,799,361,453**
Change in Indebtedness during the financial year				
- Addition	136,060,878,631	10,430,000,000	48,519,565	146,539,330,468
- Reduction	131,198,291,662	6,345,000,000	245,212,481	137,788,504,143
Net Change	4,862,586,969	4,085,000,000	(196,692,916)	8,750,826,325
Indebtedness at the end of the financial year				
i) Principal Amount	17,489,602,610	5,902,500,000	96,022,566	23,488,057,448
ii) Interest due but not paid				
iii) Interest accrued but not due	286,572,138	21,000,367	7,669,814	315,242,319
Total (i+ii+iii)	**17,776,174,747**	**5,923,500,367**	**103,692,380**	**23,803,299,767**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	Total Amount (Rs in Lacs.)
	Name of Managing Director : Kshama Fernandes	
1.	Gross salary	842,279
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	448,021
	(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	394,258
2.	Stock option	17,341,500
3.	Sweat Equity	
4.	Commission - as % of profits - others	
5.	Others(Bonus May-16 & LTIP Mar-17)	29,458,720
	Total A	
	Ceiling as per the Act	

B. REMUNERATION TO OTHER DIRECTORS: -

Sitting Fees to Directors: Rs. 3,13,286

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount (Rs in Lacs.)
		CFO	Company Secretary	
1.	Gross salary	743,188	121,417	864,605
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	395,313	64,584	459,897
	(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	347,875	56,833	404,708
2.	Stock option	14,971,500	-	14,971,500
3.	Sweat Equity			
4.	Commission - as % of profits - others			
5.	Others(Bonus May-16 & LTIP Mar-17)	23,953,240	525,000	24,478,240
	Total A	40,411,116	767,834	41,178,950

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

Sucharita Mukherjee
Chairperson
DIN: 02539429

Kshama Fernandes
Chief Executive Officer cum Managing Director
DIN: 02569078

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	42,000,000	4,225,895	46,225,895	58.99%	45,887,686	0	45,887,686	58.56%	0.43%
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):-	42,000,000	4,225,895	46,225,895	58.99%	45,887,686	0	45,887,686	58.56%	0.43%
(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)	42,000,000	4,225,895	46,225,895	58.99%	45,887,686	0	45,887,686	58.56%	0.43%
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	32,139,578	Nil	32,139,578	41.01%	45,841,162	Nil	32,477,987	41.44%	-0.43%
Sub-total (B)(1):-	Nil	Nil	32,139,578	41.01%	45,841,162	Nil	32,477,987	41.44%	-0.43%
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 ofRs. 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)	32,139,578	Nil	32,139,578	41.01%	45,841,162	Nil	32,477,987	41.44%	-0.43%
C. Shares held by Custodian for GDRs & ADRs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Grand Total (A+B+C)	74,139,578	4,225,895	78,365,473	100.00%	91,728,848	Nil	78,365,673	100%	

NOTE: 721,371 options were issued to employees under the IFMR Capital Employees Stock Option Scheme 2016, Scheme I. The Options under the above scheme have no yet vested. At the time of vesting, each option holder shall be entitled to one share.

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

SI. 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	32,139,578	41.01%	32,477,987	41.44%
2	Date wise Increase / Decrease in shareholding during the year specifying the reasons for increase/ decrease*	Allotment of 200 equity shares and transfer of equity shares interse the shareholders as detailed below			
3	At the End of the year	32,477,987	41.44%	32,477,987	41.44%
		Shareholding at the beginning of the year	Cumulative Shareholding 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 Rs.)

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 foreignsubsidiaries	NA
4.	Share capital	Rs. 23,200,000
5.	Reserves & surplus	(Rs. 20,584,778)
6.	Total assets	Rs. 5,435,946
7.	Total Liabilities	Rs. 2,820,724
8.	Investments	NIL
9.	Turnover	Rs. 11,875,000
10.	Profit/Loss before taxation	Rs. 10,652,410
11.	Provision for taxation	Rs. 2,119,820
12.	Profit after taxation	Rs. 8,532,590
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.

On behalf of the Board

For IFMR Capital Finance Private Limited

Sucharita Mukherjee
Director
(DIN: 02569078)

Kshama Fernandes
Director
(DIN: 02539429)

Date: May 10, 2017
Place: Chennai

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 Rs.)

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 foreignsubsidiaries	NA
4.	Share capital	Rs. 108,300,000
5.	Reserves & surplus	Rs. 27,124,979
6.	Total assets	Rs. 310,509,978
7.	Total Liabilities	Rs. 175,084,999
8.	Investments	Rs. 269,750,000
9.	Turnover	Rs. 91,055,134
10.	Profit/Loss before taxation	Rs. 51,504,104
11.	Provision for taxation	Rs. 17,024,363
12.	Profit after taxation	Rs. 34,479,741
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.

On behalf of the Board

For IFMR Capital Finance Private Limited

Sucharita Mukherjee
Director
(DIN: 02569078)

Kshama Fernandes
Director
(DIN: 02539429)

Date: May 10, 2017
Place: Chennai

Part "B": Associates and Joint Ventures - Not Applicable

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	Transaction	Duration	Date of approval by Board	For the year ended 31st March 2017
Controlling Entity: IFMR Trust - Represented by IFMR Trusteeship Services Private Limited	Reimbursement of Expenses			314,292
	Share of common Expenses			15,533,332
	Reimbursement Income			1,369,142
IFMR Holdings Private Limited	Reimbursement expenses			2,674,151
Direct subsidiaries:				
IFMR Investment Adviser Services Private Limited	Purchase of Fixed Assets		21st Jan 2015	20,834
	Sale of fixed assets			5,972
	Interest on loan			540,055
	Reimbursement of expenses			18,276
IFMR Investment Managers Private Limited	Working Capital Loan granted		21st Jan 2015	134,000,000
	Repayment of Working capital loan			33,000,000
	Interest on loan			7,170,972
	Reimbursement of expenses			1,645,430
	Purchase of fixed assets			5,533
	Sale of fixed assets			90,002
Fellow Subsidiaries :				
Pudhuaaru Financial Services Private Limited	Term Loans Disbursed		NA	177,500,000
	Interest on Term loans			19,116,149
	Interest on Cash collateral			551,759
	Guarantee Facility			28,551,196
	Fee Income			32,330,485
IFMR Finance Foundation	Corporate Social Responsibility		21st Nov 2016 31st Mar 2017	6,616,821

Name of the related party	Transaction	Duration	Date of approval by Board	For the year ended 31st March 2017
Companies which have common directors:				
Future Financial Services Limited	Term Loans disbursed		NA	-
	Interest on term loan			13,062,350
	Guarantee Facility			12,958,504
	Fee Income			2,640,017
Disha Microfin Private Limited	Term Loans disbursed		NA	120,000,000
	Interest on term loan			29,132,477
	Guarantee Facility			134,166,201
	Fee Income			15,828,940
	Investment in NCD			100,000,000
Kshama Fernandes	Remuneration		NA	10,752,504
	Long Term Incentive			9,510,840
	Employee stock option			17,341,500
Vineet Sukumar	Remuneration		NA	9,487,500
	Long Term Incentive			7,798,160
	Employee Stock Option			14,417,000
Srividhya	Remuneration		NA	2,075,000

On behalf of the Board
For IFMR Capital Finance Private Limited

Sucharita Mukherjee	Kshama Fernandes
Director	Director
(DIN: 02569078)	(DIN: 02539429)

Date: May 10, 2017
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 2016-17, the company contributed towards financial inclusion in underdeveloped areas of India through the following programs of the IFMR Finance Foundation in its research to

a) Understanding the impact of the Prime Minister's Mudra Yojna

b) Household Finance Research focusing on customer well-being and facilitating income generation and asset creation for low income customers

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. 486,682,076

IV. Prescribed CSR Expenditure: (two per cent of the amount specified in III. Above): Rs. 9,733,642

V. Details of CSR spent during the year:

a) Total amount to be spent for the financial year - Rs. 9,733,642

b) Amount unspent - Rs. 3,116,821. The CSR Committee, at their meeting recommended that the company must revert with a comprehensive CSR strategy covering research and direct socio-economic causes that can create a consistent impact for IFMR Capital in the longer run and that the unspent CSR sum of Rs. 3,116,821 must be allocated for such causes. Until then, this amount could be rolled forward for the next Financial Year.

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 - Understanding the Impact of the Prime Minister's Mudra Yojna		-	Rs. 35,00,000	Rs. 35,00,000	Rs. 35,00,000
2	IFMR Finance Foundation	Social Project - Household Finance Research			Rs. 3,116,821	Rs. 3,116,821	Rs. 3,116,821

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
(Kshama Fernandes):

Signature of the Chairman of the CSR Committee
(Susan Thomas):

Secretarial Audit Report

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2017
[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 of
IFMR CAPITAL FINANCE PRIVATE LIMITED
CIN: U65910TN1989PTC017021
No. 1, Kanagam Village,
10th Floor IITM Research Park,
Taramani Chennai- 600113

Dear Members,

We 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 us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our 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, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31stMarch, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by IFMR CAPITAL FINANCE PRIVATE LIMITED ('the Company') for the financial year ended on 31stMarch, 2017 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 Amendments, 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;

(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;

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:

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

n) Reserve Bank Commercial Paper Directions

o) Master Direction on Money Market Instruments: Call/Notice Money Market, Commercial Paper, Certificates of Deposit and Non-Convertible Debentures (original maturity up to one year)

We further report that based on the information received, explanations given, process explained, records maintained and statutory compliance 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 following labour laws:

a) Tamil Nadu Shops and Establishment Act, 1947

b) The Employees' State Insurance Act, 1948

c) Workmen's Compensation Act, 1923

d) The Payment of Bonus Act, 1965

e) The Payment of Gratuity Act, 1972

f) The Employees' Provident Funds and Miscellaneous Provisions Act, 1952

g) The Minimum Wages Act, 1948

h) The Payment of Wages Act, 1936

i) The Maternity Benefit Act, 1961

j) The National and Festival Holidays Act, 1958

k) The Equal Remuneration Act, 1976

l) Industrial Employment (Standing Orders) Act, 1946

m) The Tamil Nadu Industrial Establishments (Conferment of Permanent Status to Workmen) Act 1981

n) The Tamil Nadu Labour Welfare Fund Act, 1972

o) Employment Exchange Act, 1959

p) The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

We further report that based on the information received, explanations given, process explained, records maintained and Compliance reports submitted to the board, the company is regular in making statutory payments and there have been no prosecutions against the company or its officers nor notices issued to them 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) The Professional Tax Act, 1976

We 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;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. as mentioned above subject to the observations/ qualifications stated elsewhere in this report.

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. 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.

Notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent and the meetings that were convened at shorter notice were in compliance with the requirements mandated under the Act, however *the Company has not served the notice, agenda papers and the minutes of the meetings within the time limits prescribed in Secretarial Standard 1 issued by the Institute of Company Secretaries of India with respect to meetings of the Board/ Committees of the Board.*

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

All decisions were taken unanimously.

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

We further report that during the audit period the company had:

a) obtained consent of the shareholders at the Annual General Meeting held on 11.05.2016 to issue Non- Convertible Debentures upto a maximum amount not exceeding Rs 500 Crores.

b) obtained consent of the shareholders at the Extra Ordinary General Meeting held on 27.07.2016 to

   i) issue Non- Convertible Debentures upto a maximum amount not exceeding Rs 2000 Crores

   ii) increase the Authorised share capital from Rs 120 Crores to Rs 220 Crores by addition of 10 Crores equity shares of Rs 10/- each

c) obtained consent of the shareholders at the Extra Ordinary General Meeting held on 07.10.2016 to

   i) Reclassify the Authorised Share Capital of the Company from Rs 220 Crores comprising of 20 Crores equity shares of Rs 10/- each and 2 Crores Redeemable preference shares of Rs 10/- each to Rs 220 Crores comprising of 16.50 Crores equity shares of Rs 10/- each, 1.75 Crores Compulsorily Convertible Preference Shares of Rs 20/- each and 2 Crores Redeemable Preference Shares of Rs 10/- each

   ii) Issue 79,18,937 Compulsorily Convertible Preference shares of Rs 20/- each and 100 Equity shares of Rs 10/- each at Rs 121.23/- per share to FIL Investments (Mauritius) II Limited through preferential allotment

   iii) Grant upto 49,92,814 options under IFMR Capital Employee Stock Option Plan, 2016 and IFMR Capital Stock Option Scheme 1, 2016 out of which 721,371 options were issued during the year.

   iv) Grant stock options to the employees of holding and/or subsidiary companies under IFMR Capital ESOP Scheme 1 2016

d) Obtained approval of the shareholders at the Extra Ordinary General Meeting held on 26.11.2016 to Issue 54,44,238 Compulsorily Convertible Preference shares of Rs 20/- each and 100 Equity shares of Rs 10/- each at Rs 121.23/- per share to Standard Chartered Bank (Singapore Branch) through preferential allotment

e) Obtained approvals of the shareholders at the Extra Ordinary General Meeting held on 14.10.2016 and 15.12.2016 to adopt the revised Articles of Association of the Company after incorporation of the relevant terms of the share subscription and shareholders agreement dated 07.10.2016 and 26.11.2016 respectively.

f) Issued 18 Commercial Papers amounting to Rs 793 Crore

Place : Chennai
Date : 03.05.2017

Signature:
Name of Company Secretary in practice: Dr. B Ravi
FCS No.: 1810 CP No.: 3318
MANAGING PARTNER
B RAVI & ASSOCIATES

Financials

IFMR Capital Finance Private Limited
Balance Sheet as at 31 March, 2017

Amount in INR

Particulars	Note Reference	As at 31 March 2017	As at 31 March 2016
I EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	3	1,050,920,230	933,654,730
Reserves and Surplus	4	3,950,220,989	2,016,592,803
		5,001,141,219	2,950,247,533
Non Current Liabilities			
Long Term Borrowings	5	10,944,671,768	7,363,829,353
Other Long Term Liabilities	6	44,050,608	108,447,464
Long Term Provisions	7	78,313,335	39,155,709
		11,067,035,711	7,511,432,526
Current Liabilities			
Short Term Borrowings	8	5,823,105,559	3,251,025,738
Trade Payables	9		
(i) Total outstanding dues to Micro and Small enterprises			
(ii) Total outstanding dues to other than Micro and Small enterprises		173,886,831	84,424,718
Other Current Liabilities	10	7,005,612,593	4,102,601,106
Short Term Provisions	11	335,120,367	31,217,788
		13,337,725,350	7,469,269,350
TOTAL		29,405,902,280	17,930,949,409
II ASSETS			
Non Current Assets			
Fixed Assets			
Tangible Assets	12	3,002,560	2,031,079
Intangible Assets	12	33,785,726	22,669,158
Intangible Assets under development		1,769,264	8,061,371
		38,557,550	32,761,608
Non Current Investments	13	7,683,785,060	3,368,866,551
Deferred Tax Assets (Net)	35	121,998,850	23,134,806
Receivables under Financing Activity	17	7,647,856,528	5,427,561,869
Long-term loans and advances	14	189,555,274	41,412,243
Other Non Current Assets	15	113,382,193	160,036,413
		15,795,135,455	9,053,773,490
Current Assets			
Current Investments	16	3,675,766,667	781,763,977
Receivables under Financing Activity	17	8,187,985,057	6,958,128,736
Cash and Cash equivalents	18	1,259,713,756	802,057,988
Short - Term Loans and Advances	19	140,599,412	177,980,873
Other Current Assets	20	346,701,933	157,244,345
		13,610,766,825	8,877,175,919
TOTAL		29,405,902,280	17,930,949,409

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 : 10 May 2017

Chief Financial Officer

Company Secretary

IFMR Capital Finance Private Limited
Statement of Profit and Loss for the year ended 31 March, 2017

Amount in INR

Particulars	Note Reference	For the Year ended 31 March 2017	For the Year ended 31 March 2016
INCOME			
Revenue from Operations	21	3,572,907,004	2,421,446,029
Other Income	22	31,289,888	12,493,179
TOTAL REVENUE (I)		3,604,196,892	2,433,939,208
EXPENDITURE			
Finance costs	23	1,763,141,937	1,176,883,302
Employee Benefits Expense	24	333,734,518	225,264,723
Standard and loss asset provision	25	337,436,709	25,119,508
Depreciation/ Amortisation Expense	12	12,034,000	5,927,635
Other Expenses	26	251,950,349	177,886,157
TOTAL EXPENSES (II)		2,698,297,513	1,611,081,325
Profit before Tax (I - II)		905,899,379	822,857,883
Tax Expenses / (Benifit)			
- Current tax expense		410,079,330	225,612,505
- Deferred Tax	35	(98,864,046)	(4,167,933)
Total Tax Expenses		311,215,284	221,444,572
Profit for the Year		594,684,095	601,413,311
Earnings Per Share (of INR 10/- each)	34		
a) Basic		7.41	7.63
b) Diluted		6.99	7.63

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 : 10 May 2017

Chief Financial Officer

Company Secretary

IFMR Capital Finance Private Limited
Cash Flow Statement for the Year ended 31 March 2017

Amount in INR

Particulars	For the year ended 31 March 2017		For the year ended 31 March 2016	
A. Cash flow from operating activities				
Net Profit before tax		905,899,379		822,857,883
Adjustments for:				
Depreciation/ Amortisation Expenses	12,034,000		5,927,635	
Amortisation of Processing Fees	38,022,922		23,696,716	
Finance costs	1,723,699,721		1,150,746,005	
Interest income from Bank on Deposits	(19,229,161)		(36,200,291)	
Provision for Standard Assets	337,436,709		25,119,508	
Provision for preference dividend	(3,805,068)			
Provision for Gratuity	4,973,080		2,472,376	
Provision for Compensated Absences	4,455,485		1,196,004	
Provision for CSR	(3,116,821)		-	
Provision for Long term incentive and ESOP	(24,128,855)		12,501,815	
		2,070,342,012		1,185,459,768
Operating profit before working capital changes		2,976,241,391		2,008,317,651
Changes in working capital and Others:				
Adjustments for (increase) / decrease in operating assets:				
Receivable under financing activity (Current)	(1,229,856,322)		(1,646,792,825)	
Receivable under financing activity (Non Current)	(2,220,294,659)		(3,071,324,395)	
Loans and advances	(522,510,667)		(218,698,455)	
Investments in securitisation (Current)	(2,894,002,690)		401,029,598	
Investments in securitisation (Non Current)	(4,314,918,509)		(1,956,076,823)	
Other Non current assets	5,032,930		(279,585,349)	
Other current assets	(189,840,261)		(116,105,877)	
Adjustments for increase / (decrease) in operating liabilities:				
Trade payables	89,462,114		31,513,767	
Collateral deposits from customers	(199,753,162)		395,107,566	
Other current liabilities	25,285,927		(130,000,595)	
		(11,451,395,299)		(6,590,933,388)
Cash flow from extraordinary items				
Cash used in operations		(8,475,153,908)		(4,582,615,737)
Net income tax paid		-		-
Interest received on collateral deposit		27,558,725		28,832,494
Interest paid on borrowings		(1,444,352,568)		(1,158,574,120)
Interest paid on security deposits		(26,463,971)		(7,839,303)
Net cash used in operating activities (A)		(9,918,411,722)		(5,720,196,666)
B. Cash flow from investing activities				
Capital expenditure on fixed assets, including capital advances	(17,935,697)		(18,214,235)	
Proceeds from sale of fixed assets	105,755		15,854	
Collateral deposits - placed (net)	196,281,964		146,345,173	
Own deposits - (placed) / matured (net)	-		209,132,317	
Interest Income received from Banks	(8,329,564)		7,367,797	

Amount in INR

Particulars	For the year ended 31 March 2017		For the year ended 31 March 2016	
Investment in shares of subsidiaries	-		(115,800,000)	
Dividend received				
- Others				
		170,122,458		228,846,906
Net cash used in investing activities (B)		170,122,458		228,846,906
C. Cash flow from financing activities				
Proceeds from long-term borrowings	11,897,893,015		8,681,216,420	
Repayment of long term borrowings	(5,529,606,244)		(3,974,144,462)	
Proceeds from Short-term borrowings	2,675,761,215		68,129,249,045	
Repayment of short term borrowings	(103,681,394)		(67,193,822,243)	
Inflow from Share Capital	1,620,041,950		150,000,000	
Redemption of preference share capital	(150,000,000)			-
Processing fees paid	(34,617,194)		(31,734,177)	
Dividend paid on preference share	(13,832,354)			
		10,361,958,994		5,760,764,583
Net cash flow used in financing activities (C)		10,361,958,994		5,760,764,583
Net increase /(decrease)in Cash and cash equivalents (A+B+C)		613,669,730		269,414,823
Cash and cash equivalents at the beginning of the year		578,312,962		308,898,139
Cash and cash equivalents at the end of the year		1,191,982,692		578,312,962
Reconciliation of Cash and cash equivalents with the Balance Sheet:				
Cash and cash equivalents as per Balance Sheet (Refer Note 18)		1,259,713,756		802,057,988
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements (Refer note below)		3,242,082		1,506,483
Restricted balances placed in deposits account (Refer note below)		64,488,982		222,238,543
Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements)		1,191,982,692		
Add: Current investments considered as part of Cash and cash equivalents (as defined in AS-3 Cash Flow Statement)		-		-
Cash and cash equivalents at the end of the year		1,191,982,692		578,312,962
Balances with banks in current accounts		1,191,982,692		578,312,962
		1,191,982,692		578,312,962

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 : 10 May 2017

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 read with rule 7 of Companies (Accounts) Rules, 2014 and the relevant provisions of Companies Act, 2013. 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 in India requires estimates and assumptions to be made by the management that affect the reported amount of assets and liabilities including contingent 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 prospectively 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 stated 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 exceed 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.

Cost of investments include acquisition charges such as brokerage, fees and duties, as applicable.

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 balance sheet date.

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".

Provision for Standard Assets is made as per internal estimates, based on past experience, realisation of security, and other relevant factors, on the outstanding amount of Standard Assets for all types of lending subject to the minimum provisioning requirements specified by the RBI. Provision for Non-Performing Assets is made as per the provisioning norms approved by the Board for each type of lending activity subject to the minimum provisioning requirements specified by the RBI.

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 including 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 is recognized based on coupon rate and Investment in Commercial Paper is recognized on straight line basis, 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

Other-short term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service. The cost of short-term compensated absences is accounted as under:

a. in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

b. in case of non-accumulating compensated absences, when the absences 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 Employee share based payments

In respect of stock options granted pursuant to the Company's Employee Stock Option Schemes, the Companydetermines the compensated cost based on the intrinsic value method and the compensation cost is amortised on a straight line basis over the vesting period.

2.14 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.

The company enters into forward exchange contracts and other instruments that are in substance a forward exchange contract to hedge its risks associated with foreign currency fluctuations. The premium or discount arising at the inception of a forward exchange contract or similar instrument is amortised as expense or income over the life of the contract. Exchange differences on such contract are recognised in the Statement of Profit and Loss in the period in which the exchange rates change. Any profit or loss arising on cancellation of a forward exchange contract or similar instrument is recognised as income or expense for the period.

2.15 Derivative Accounting

The Company enters into derivative contracts in the nature of foreign currency swaps with an intention to hedge its existing assets and liabilities in foreign currency. Derivative contracts which are closely linked to the existing assets and liabilities are accounted as per the policy stated for foreign currency transactions and translations.

All other derivative contracts are marked-to-market and losses are recognised in the Statement of Profit and Loss. Gains arising on the same are not recognised, until realised, on grounds of prudence.

2.16 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.

2.17 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.

2.18 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'.

2.19 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.

2.20 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.

2.21 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.

2.22 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 for possible obligations which will be confirmed only by future events not wholly within the control of the company or present obligations rising form past events whose probable outflow required to settle the obligation is not known. Contingent assets are neither recognised nor disclosed in the financial statements.

Provision for Standard Assets is made as per internal estimates, based on past experience, realisation of security, and other relevant factors, on the outstanding amount of Standard Assets for all types of lending subject to the minimum provisioning requirements specified by the RBI. Provision for Non-Performing Assets is made as per the provisioning norms approved by the Board for each type of lending activity subject to the minimum provisioning requirements specified by the RBI.

Early adoption of Provision for Non-performing assets and Standard assets

The Reserve bank of India has prescribed the revised asset classification norms and provisioning norms which arerequired to be adopted in a phased manner over a period of three years commencing from the financial year endedMarch 31, 2016.

In the current year the Company has early adopted the provisioning for standard assets to the extent they are required to be complied by March 31, 2018 and the revised asset classification norms to the extent they are required to be complied by March 31, 2018.

Amount in INR

Particulars	As at 31 March 2017	As at 31 March 2016
Note 3		
Share Capital		
Authorised		
165,000,000 (Previous year - 100,000,000 shares) Equity Shares of INR 10/- each, with voting rights. Refer Note (a)	1,650,000,000	1,000,000,000
17,500,000 (Previous year - NIL) Compulsorily convertible preference shares of INR 20/- each, with voting rights. Refer Note (a)	350,000,000	-
20,000,000 (Previous year - 20,000,000 shares) Redeemable Preference Shares of INR 10/- each. Refer Note (a)	200,000,000	200,000,000
Total	2,200,000,000	1,200,000,000
Issued, Subscribed and Fully Paid-up		
78,365,673 (Previous year - 78,365,473 shares) Equity Shares of INR 10/- each with voting rights	783,656,730	783,654,730
13,363,175 (Previous year - NIL) Compulsorily convertible preference shares of INR 20/- each, with voting rights	267,263,500	-
NIL (Previous year - 15,000,000 shares) 9.85% cumulative non convertible compulsorily Redeemable Preference Shares of INR 10/- each (redeemed in full on 26th December, 2016)	-	150,000,000
Total	1,050,920,230	933,654,730

(a) The Board of Directors in their meeting held on 27th July, 2016, approved the increase in the authorised share capital from INR 1,200,000,000 to INR 2,200,000,000 (comprising of 200,000,000 equity shares of INR 10 each and 20,000,000 Redeemable Preference Shares of INR 10 each) reclassified into 165,000,000 equity shares of INR 10 each, 17,500,000 compulsorily convertible preference shares of INR 20 each and 20,000,000 redeemable preference shares of INR 10 each in their meeting held on 7th October, 2016.

(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 2017		As at 31 March 2016	
	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	78,365,473	783,654,730
Add: Shares issued during the year (Refer Note f)	200	2,000		
Balance as at the end of the year	78,365,673	783,656,730	78,365,473	783,654,730

Amount in INR

Redeemable Preference shares

Particulars	As at 31 March 2017		As at 31 March 2016	
	No. of Shares	Amount in INR	No. of Shares	Amount in INR
Balance as at the beginning of the year	15,000,000	150,000,000	-	-
Add: Shares issued during the year (Refer Note e)			15,000,000	150,000,000
Less : shares redeemed during the year (Refer Note g)	(15,000,000)	(150,000,000)		
Balance as at the end of the year	-	-	15,000,000	150,000,000

Compulsorily Convertible Preference shares

Particulars	As at 31 March, 2017		As at 31 March, 2016	
	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 e)	13,363,175	267,263,500		
Balance as at the end of the year	13,363,175	267,263,500	-	-

(c) Details of Shares held by each shareholder holding more than 5% shares on a fully diluted basis

Name of the Share Holder	As at 31 March, 2017		As at 31 March, 2016	
	No. of Shares held	% of Shares	No. of Shares held	% of Shares
IFMR Holding Private Limited (Holding Company) - Equity Shares	45,887,686	50%	46,225,895	59%
Leapfrog Financial Inclusion India Holdings Limited - Equity shares	26,860,220	29%	32,139,578	41%

FIL Capital Investments (Mauritius)(II) Limited - Equity shares	9,898,796	11%	-	-
Standard Chartered Bank (Singapore Branch) - Equity shares	9,082,146	10%	-	-

Name of the Share Holder	As at 31 March, 2017		As at 31 March, 2016	
	No. of Shares held	% of Shares	No. of Shares held	% of Shares
Unifi AIF - Preference shares	-	-	10,200,000	68%
Unifi Capital - Preference shares	-	-	4,800,000	32%

d) Shares reserved for issue under options:

`Refer Note 29(b) for details of shares reserved for issue under options.

(e) During the previous year 2015-16, 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.

(f) During the year the Company vide resolution dated 14th October, 2016 and 15th December, 2016 issued and allotted 7,918,937 compulsorily convertible preference shares of INR 20 each and 100 equity shares of INR 10 each and 5,444,238 compulsorily convertible preference shares of INR 20 each and 100 equity shares of INR 10 each respectively

(g) During the year, the Company vide resolution dated 15th December, 2016 provided for an early redemption of 15,000,000 preference shares of INR 10 each aggregating to INR 150,000,000 and the shares were fully redeemed on 26th December, 2016 along with applicable dividend. Refer Note 4

"(h) Disclosure of Rights

(i) Terms / rights attached to Equity Shares:

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.

(ii) Terms / rights attached to Compulsorily Convertible Preference Shares:

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 if declared, shall be carried forward to the subsequent financial years.

Amount in INR

Particulars	As at 31 March 2017	As at 31 March 2016
Note 4		
Reserves and Surplus		
Statutory Reserve*		
Opening Balance	245,259,161	124,976,499
Add : Transfer from surplus in Statement of Profit and Loss	118,936,819	120,282,662
Closing Balance	364,195,980	245,259,161
* 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	794,510,194
Add : Premium on shares issued during the year	1,352,776,450	-
Closing balance	2,147,286,644	794,510,194
Surplus in Statement of Profit and Loss		
Opening Balance	976,823,448	499,497,867
Add: Profit for the year	594,684,095	601,413,311
	1,571,507,543	1,100,911,178
Less: Transferred to Statutory Reserve	(118,936,819)	(120,282,662)
Less: Appropriations		
Dividend on 9.85% non convertible redeemable preference shares	(10,848,825)	(3,805,068)
Dividend distribution tax	(2,983,534)	-
Closing Balance	1,438,738,365	976,823,448
Total	3,950,220,989	2,016,592,803

Note 5		
Long Term Borrowings		
Debentures		
Secured - Non Convertible Debentures (Refer Note 5 (i) to 5 (vi))	2,750,000,000	2,845,000,000
Unsecured - Non Convertible Debentures (Refer Note 5 (vii and viii))	2,530,000,000	52,500,000
Term Loan and other facilities from Bank (Secured) (Refer Note 5 (ix) to 5 (xlvi))	5,223,762,679	3,965,281,339
Term Loan from Others (Secured) (Refer Note 5 (xlvii) to 5 (liv))	440,909,089	501,048,014
Total	10,944,671,768	7,363,829,353
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 2017		As at 31 March2016	
						Non current	Current	Non current	Current
Debentures - Secured									
i	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
ii	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 with a security cover of 1.10 times.	-	1,500,000,000	1,500,000,000	
iii	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 April 2017. Secured by way of First ranking and continuing charge over books debts and investments with a security cover of 1.10 times .	-	1,250,000,000	1,250,000,000	-
iv	Debentures	10.90%	24-Jun-16	24-Jun-19	The Company has issued 750, 10.90% Non Convertible Debentures (Listed) of INR 1,000,000 each redeemable at par in June 2019. Secured by way of First ranking and continuing charge over books debts and investments with a security cover of 1.20 times	750,000,000	-		-
v	Debentures	9.60%	29-Dec-16	27-Dec-19	The Company has issued 1000, 9.60% Non Convertible Debentures (Listed) of INR 1,000,000 each redeemable at par in December 2019. Secured by way of First ranking and continuing charge over books debts and investments with a security cover of 1.05 times	1,000,000,000	-		-
vi	Debentures	10.10%	24-Oct-16	20-Apr-20	The Company has issued 1000, 10.10% Non Convertible Debentures (Listed) of INR 1,000,000 each redeemable at par in April 2020. Secured by way of First ranking and continuing charge over books debts and investments with a security cover of 1.10 times	1,000,000,000	-		-
Total						2,750,000,000	2,750,000,000	2,845,000,000	189,999,810

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 2017		As at 31 March2016	
						Non current	Current	Non current	Current
Debentures - Unsecured									
vii	Debentures	14.50%	18-Sep-13	18-Dec-18	The Company has issued 1500, 14.5% Non Convertible Debentures (subordinated, listed) of INR 50,000 each redeemable at par in 8 half yearly installments commencing from Sep 2015 and ending December 2018. The debenture issued is unsecured	30,000,000	22,500,000	52,500,000	15,000,000
viii	Debentures	10.44%	2-Aug-16	2-Aug-19	The Company has issued 2500, 10.44% Non Convertible Debentures (listed) of INR 100,000 each redeemable at par in August, 2019 . The debenture issued is unsecured	2,500,000,000			
Total						2,530,000,000	22,500,000	52,500,000	15,000,000
Term Loans from Banks - Secured									
ix	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	-	18,153,402	19,038,858	80,000,000
x	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
xi	IDBI Bank	10.75%	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	251,600,000	151,800,000	417,200,000	82,800,000
xii	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
xiii	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
xiv	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
xv	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
xvi	HDFC Bank	10.70%	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	80,000,000	160,000,000

S. No	Particulars	Rate of interest	Date of loan taken	Date of maturity	Security/ Repayment details	As at 31 March 2017		As at 31 March2016	
						Non current	Current	Non current	Current
xvii	HDFC Bank	10.50%	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	62,500,000	83,333,333	145,833,333	83,333,333
xviii	HDFC Bank	10.30%	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	83,333,333	83,333,334	166,666,667	83,333,333
xix	Bank of Baroda	10.25%	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	100,000,000
xx	Bank of Baroda	10.25%	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	100,000,000	100,000,000	200,000,000	50,000,000
xxi	Bank of Baroda	13.00%	27-Dec-13	30-Sep-16	Repayable in 11 equated quarterly installments commencing from March 2014 ending September 2016. Floating and exclusive charge over book debts and investments	-	-	-	27,272,724
xxii	Ratnakar Bank Limited	12.90%	30-Jun-14	30-Jun-17	Repayable in 11 equated quarterly installments commencing from December 2014 ending June 2017. Floating and exclusive charge over book debts and investments	-	-	22,727,280	90,909,088
xxiii	Ratnakar Bank Limited	12.50%	18-Dec-14	18-Dec-17	Repayable in 10 equated quarterly installments commencing from September 2015 ending December 2017. Floating and exclusive charge over book debts and investments	-	-	75,000,000	100,000,000
xxiv	Ratnakar Bank Limited	10.50%	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	50,000,000	100,000,000	150,000,000	100,000,000
xxv	Ratnakar Bank Limited	10.50%	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	142,857,143	71,428,572	214,285,714	35,714,286
xxvi	South Indian Bank Limited	10.75%	29-Sep-14	29-Jun-18	Repayable in 14 equated quarterly installments commencing from March 2015 ending September 2018. Floating and exclusive charge over book debts and investments	14,285,705	57,142,860	71,428,565	57,142,860
xxvii	Axis Bank Limited	10.50%	25-Feb-16	25-Nov-18	Repayable in 8 equated quarterly installments commencing from May 2017 ending November 2018. Floating and exclusive charge over book debts and investments	125,000,000	125,000,000	218749999	31250000
xxviii	Axis Bank Limited	10.95%	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	200,000,000
xxix	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	20,833,333	25,000,000

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 2017		As at 31 March2016	
						Non current	Current	Non current	Current
xxx	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	33,333,333	50,000,000
xxxi	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	-	33,333,334	33,333,334	50,000,000
xxxii	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
xxxiii	Kotak Mahindra Bank	12.20%	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
xxxiv	State Bank of India	10.65%	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	560,000,000	560,000,000	1,120,000,000	280,000,000
xxxv	State Bank of India	10.75%	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	136,350,000	181,800,000
xxxvi	State Bank of Patiala	9.65%	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	109,109,091	109,090,909	218,181,819	81,818,182
xxxvii	Tamilnadu Mercantile Bank	10.75%	30-Jun-15	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	24,303,586	100,000,000	124,975,917	100,000,000
xxxviii	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
xxxix	Abu Dhabi Commercial Bank	10.15%	30-Jul-16	29-Jul-18	Repayable in 6 equated quarterly installments commencing from April 2017 ending July 2018. Floating and exclusive charge over book debts and investments	50,000,000	100,000,000	-	-
xl	Axis Bank Limited	9.00%	30-Mar-17	30-Mar-19	Fully hedged Foreign Currency term loan repayable in 5 installments commencing from March 2018 ending March 2019. Floating and exclusive charge over book debts and investments	656,250,000	91,643,015	-	-
xli	Federal Bank Limited	10.00%	30-Nov-16	30-Nov-19	Repayable in 6 equated half yearly installments commencing from May 2017 ending Nov 2019. Floating and exclusive charge over book debts and investments	333,333,334	166,666,666	-	-
xlii	HDFC Bank	9.15%	24-Mar-17	24-Mar-20	Repayable in 12 equated quarterly installments commencing from June 2017 ending March 2020. Floating and exclusive charge over book debts and investments	333,333,332	166,666,668	-	-

S. No	Particulars	Rate of interest	Date of loan taken	Date of maturity	Security/ Repayment details	As at 31 March 2017		As at 31 March2016	
						Non current	Current	Non current	Current
xliii	IDBI Bank	10.25%	29-Dec-16	29-May-20	Repayable in 36 equated monthly installments commencing from July 2017 ending May 2020. Floating and exclusive charge over book debts and investments	375,000,008	124,999,992	-	-
xliv	Ratnakar Bank Limited	9.85%	30-Dec-16	30-Dec-20	Repayable in 14 equated quarterly installments commencing from Sep 2017 ending December 2020. Floating and exclusive charge over book debts and investments	392,857,147	107,142,857	-	-
xlv	State Bank of India	9.65%	23-Feb-17	29-Feb-20	Repayable in 11 equated quarterly installments commencing from Aug 2017 ending February 2020. Floating and exclusive charge over book debts and investments	1,480,000,000	520,000,000	-	-
xlvi	South Indian Bank Limited	9.40%	31-Mar-17	31-Mar-20	Repayable in 10 equated quarterly installments commencing from Dec 2017 ending March 2020. Floating and exclusive charge over book debts and investments	80,000,000	20,000,000	-	-
Total						5,223,762,679	3,460,251,608	3,965,281,339	2,682099643
Term Loans from Others - Secured									
xlvii	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	-	-	-	13,641,735
xlviii	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
xlix	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
l	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
li	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	49,999,997	50,000,001	116,666,665	50,000,001
lii	Aditya Birla	11.20%	28-Dec-15	1-Jan-19	Repayable in 12 equated quarterly installments commencing from April 2016 ending October 2018. Floating and exclusive charge over book debts and investments	100,000,000	75,000,000	200,000,000	75,000,000
liii	Bajaj Finance Limited	9.70%	7-Feb-17	7-Feb-20	Repayable in 11 equated quarterly installments commencing from July 2017 ending Feb 2020. Floating and exclusive charge over book debts and investments	290,909,092	109,090,908	-	-
liv	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	61,080,000	81,440,000
Total						440,909,089	295,170,909	501,048,014	853,378,705
Grand Total						10,944,671,768	6,527,922,517	7,395,079,354	3,709,228,158

Amount in INR

Particulars	As at 31 March 2017	As at 31 March 2016
Note 6		
Other Long Term Liabilities		
Collateral Deposits from Customers - (Refer Note below)		
- From Related Parties (Refer Note No.33)	-	
- Others	31,715,420	71,983,421
Trade Payables (Refer Note 29)	12,335,188	36,464,043
Total	44,050,608	108,447,464
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	7,048,609	3,197,430
For Gratuity (Refer Note No. 31 b)	14,256,664	9,955,032
Provision for Standard Asset (Refer Note No.36)		
On Receivable under Financing Activity	30,591,426	16,282,686
On Investments & Others	26,416,636	9,720,561
Total	78,313,335	39,155,709
Note 8		
Short Term Borrowings		
Secured		
(i) Working Capital Demand Loan from Bank (Secured) (Refer (a) below)	920,900,000	500,000,000
(ii) Loans repayable on demand		
Cash Credit and Bank overdraft (Refer (b) below)	1,646,433,612	1,091,572,397
(iii) Commercial Paper (Unsecured) (Refer (c) below) (net of unexpired discount charges INR 94,228,053 (previous year INR 90,546,659))	3,255,771,947	1,659,453,341
Total	5,823,105,559	3,251,025,738

(a) Working Capital Demand Loan

(i)) from HDFC bank of INR 60.00 Crores is secured by way hypothecation of book debts. It carries an interest of 9.6% and is repayable in one instalment in June 2017.

(ii)) From SBM bank of INR 32.09 Crores is secured by way hypothecation of book debts. It carries an interest of 9.0% and is repayable in four equated quarterly instalments commencing from June 2017 ending March 2018.

c) Commercial paper

Current Year

No of units	Date of issue	Maturity Date	Amount in INR	Discount Rate
500	28-Jun-16	27-Jun-17	250,000,000	10.50%
700	18-Nov-16	17-Nov-17	350,000,000	7.35%
2,000	20-Jan-17	21-Apr-17	1,000,000,000	8.35%
2,000	7-Feb-17	9-May-17	1,000,000,000	8.00%
1,500	22-Mar-17	21-Mar-18	750,000,000	9.00%

Previous Year

Amount in INR

Particulars					As at 31 March 2017	As at 31 March 2016
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%		

Note 9		
Particulars	As at 31 March 2017	As at 31 March 2016
Other Trade Payables		
(i) total outstanding dues of micro enterprises and small enterprises		
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		
- Sundry Creditors	173,619,947	81,906,321
- Payable to Related parties (Refer Note No.33)	266,884	2,518,397
Total	173,886,831	84,424,718

(i) In accordance with the Notification dated 4th September, 2015 issued by the Ministry of Corporate Affairs, following disclosures are required to be made relating to Micro, Small and Medium Enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006.

Particulars	As at 31 March 2017	As at 31 March 2016
(i) Principal amount and interest due thereon remaining unpaid to any supplier as at the end of the accounting year		
(ii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day		
(iii) The amount of interest due and payable for the period of delay in making the payment		
(iv) The amount of interest accrued and remaining unpaid at the end of the accounting year		
(v) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid		
In the view of the management, the amounts due to the suppliers are paid within the mutually agreed credit period and therefore, there will not be any interest that may be payable in accordance with the provisions of this Act.		

Note 10		
Other Current Liabilities		
1. Current Maturities of Long Term Borrowings		
Debentures		
Secured - Non Convertible Debentures (Refer Note 5 (i) to 5 (vii))	2,750,000,000	189,999,810
Unsecured - Non Convertible Debentures (Refer Note 5 (viii))	22,500,000	15,000,000
Term Loan and other facilities from Bank (Secured) (Refer Note 5 (ix) to 5 (xliii))	3,460,251,608	2,682,099,643
Term Loan from Others (Secured) (Refer Note 5 (xliv) to 5 (li))	295,170,909	853,378,704
Collateral Deposits from Customers (Refer Note No.6)		
- From Related Parties (Refer Note 33)	-	7,711,351
- Others	61,246,900	213,020,710
2. Interest Accrued but Not Due	315,242,319	62,359,137
3. Other Payables		
(i) Statutory Liabilities	3,900,506	23,294,998
(ii) Other Liabilities	30,316,037	3,411,533
(iii) Remittances payable - Derecognised assets	63,867,493	52,325,220
4. Corporate Social Responsibility - Provision	3,116,821	-
Total	7,005,612,593	4,102,601,106

Note 11		
Short Term Provisions		
1. Provision for Employee benefits		
For Compensated Absences	1,030,026	425,720
For Gratuity (Refer Note No.31 b)	1,295,967	624,519
2. Provision for Standard Assets (Refer Note No. 36)		
On Receivable under Financing Activity	32,720,217	20,874,386
On Investments & Others	46,394,611	5,488,095
3. Provision for estimated losses on investments in securitisation and guarantee on credit enhancement	245,748,769	-
4. Provision for non performing assets	7,930,777	-
5. Dividend Payable on 9.85% non convertible redeemable preference shares (refer Note 3)	-	3,805,068
Total	335,120,367	31,217,788

Note 12 Fixed Assets

Amount in INR

Description	Gross Block				Accumulated Depreciation/Amortisation				Net Block	
	As at 1 April 2016	Additions (#)	Deletions	As at 31 March 2017	As at 1 April 2016	For the year	Deletions	As at 31 March 2017	As at 31 March 2017	As at 31 March 2016
Tangible Assets (Owned)										
Plant and Machinery	290,437	-	-	290,437	227,025	34,437	-	261,462	28,975	63,412
Previous year	(290,437)	-	-	(290,437)	(151,480)	(75,545)	-	(227,025)	(63,412)	(138,957)
Computers	8,205,778	3,695,165	362,799	11,538,144	6,857,127	3,801,501	257,044	10,401,584	1,136,560	1,348,651
Previous year	(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)
Furniture and Fittings	193,148	388,969	-	582,117	142,168	267,119	-	409,287	172,830	50,980
Previous year	(90,684)	(102,464)	-	(193,148)	(84,491)	(57,677)	-	(142,168)	(50,980)	(6,193)
Leasehold improvements	1,676,066	618,987	-	2,295,053	1,676,066	146,959	-	1,823,025	472,028	-
Previous year	(1,676,066)	-	-	(1,676,066)	(459,196)	(1,216,870)	-	(1,676,066)	-	(1,216,870)
Office Equipment	925,456	2,576,393	-	3,501,849	405,683	1,923,304	-	2,328,987	1,172,862	519,773
Previous year	(78,363)	(847,093)	-	(925,456)	(53,798)	(351,885)	-	(405,683)	(519,773)	(24,565)
PMS Server	6,609,723	-	-	6,609,723	6,561,460	28,958	-	6,590,418	19,305	48,263
Previous year	(6,609,723)	-	-	(6,609,723)	(6,489,066)	(72,394)	-	(6,561,460)	(48,263)	(120,657)
Total	17,900,608	7,279,514	362,799	24,817,323	15,869,529	6,202,278	257,044	21,814,763	3,002,560	2,031,079
Previous year	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
Intangible Assets										
Website Development cost	789,834	-	-	789,834	789,834	-	-	789,834	-	-
Previous year	(789,834)	-	-	(789,834)	(776,661)	(13,173)	-	(789,834)	-	(13,173)
Developed Software*	23,862,271	16,948,290	-	40,810,561	1,193,113	5,831,722	-	7,024,835	33,785,726	22,669,158
Previous year	-	(23,862,271)	-	(23,862,271)	-	(1,193,113)	-	(1,193,113)	(22,669,158)	-
Total	24,652,105	16,948,290	-	41,600,395	1,982,947	5,831,722	-	7,814,669	33,785,726	22,669,158
Previous year	789,834	23,862,271	-	24,652,105	776,661	1,206,286	-	1,982,947	22,669,158	13,173
Grand Total	42,552,713	24,227,804	362,799	66,417,718	17,852,476	12,034,000	257,044	29,629,432	36,788,286	24,700,237
Previous year	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

* 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	36,100,000
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	7,600,000
722,000 (PY NIL) Preference Shares of INR 100 each in IFMR Investment Managers Private Limited	72,200,000	72,200,000
Other Investments		
Investment in units of Securitisation	1,560,158,981	1,590,822,722
Investment in units of Alternative Investment Fund	950,946,409	579,364,159

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	289.53
IFMR Fimpact Long Term Multi Asset Class Fund (Class A)	100,000	4,028.78
IFMR Fimpact Long Term Multi Asset Class Fund (Class B)	100,000	428.72
IFMR Fimpact Medium Term Microfinance Fund (Class A)	100,000	926.27
IFMR Fimpact Medium Term Microfinance Fund (Class B)	100,000	737.76
IFMR Fimpact Long Term Credit Fund (Class A)	100,000	1,998.24

Previous 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

Amount in INR

Investment in debentures (unsecured, subordinated, non-convertible) Current year -

Particulars	Face value per unit (INR)	No. of units
9.20% Secured, unsubordinated, Non Convertible debentures	1,000,000	500
11.35% Unsecured, unsubordinated, Non Convertible debentures	1,000,000	81
13.50% Unsecured, subordinated, Non Convertible debentures	1,000,000	200
11.50% Secured, unsubordinated, Non Convertible debentures	1,000,000	378
11.25% Secured, unsubordinated, Non Convertible debentures	1,000,000	240
10.15% Unsecured, unsubordinated, Non Convertible debentures	1,000,000	250
10.45% Unsecured, subordinated, Non Convertible debentures	1,000,000	750
10.80% Unsecured, unsubordinated, Non Convertible debentures	1,000,000	15
11.15% Unsecured, unsubordinated, Non Convertible debentures	1,000,000	600
11.15% Unsecured, unsubordinated, Non Convertible debentures	1,000,000	100
14.25% Unsecured, subordinated, Non Convertible debentures	1,000,000	50
13.99% Unsecured, subordinated, Non Convertible debentures	1,000,000	340
13.00% Unsecured, subordinated, Non Convertible debentures	1,000,000	500
14.50% Unsecured, subordinated, Non Convertible debentures	1,000,000	210
13.99% Unsecured, subordinated, Non Convertible debentures	1,000,000	300
14.25% Unsecured, subordinated, Non Convertible debentures	1,000,000	500
13.35% Unsecured, subordinated, Non Convertible debentures	1,000,000	242

Previous year -

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	7,683,785,060	3,368,866,551
-Aggregate market value of investment in units of Alternative Investment Fund	997,639,320	601,865,418
- Aggregate value of quoted Investments	4,694,000,000	1,070,000,000
- Aggregate value of unquoted Investments	2,038,838,651	1,719,502,392

Particulars	As at 31 March 2017	As at 31 March 2016
Note 14		
Long term Loans and Advances (Unsecured, considered good)		
Advance taxes and tax deducted at source (Net of provision for tax INR 847,496,748 (PY INR 437,401,427)	29,587,849	1,412,243
Loans and advances to Subsidiary (Refer Note (a) and (b))	159,967,425	40,000,000
Total	189,555,274	41,412,243

Note :

a) The company has granted following Unsecured Term Loan to IFMR Investment Manager Private Limited (the Subsidiary Company) (Refer Note 33)

Particulars	Amount	Interest Rate(%)	Tenor (years)
IFMR Investment Managers Loan 1	40,000,000	14.00%	6.50
IFMR Investment Managers Loan 2	25,000,000	14.00%	6.50
IFMR Investment Managers Loan 3	9,000,000	14.00%	6.50
IFMR Investment Managers Loan 4	50,000,000	13.50%	6.50
IFMR Investment Managers Loan 5	50,000,000	13.50%	5.00

(b) During the year the company has granted a credit line of Rs. 10,000,000 to IFMR Investment Manager Private Limited (the Subsidiary Company) at an interest of 13.5%. Also refer Note 33.

Note 15		
Other Non Current Assets (Unsecured, considered good)		
Non Current Bank Balances (Refer Note (i) below)		
- Collateral Deposits (Refer Note (ii) below)	31,715,420	71,983,422
Prepaid Finance Charges (Refer Note No.28)	16,615,425	17,968,713
Interest Accrued but Not Due		
On Collateral Deposits	1,416,615	3,750,646
On Investments	63,634,733	66,333,632
Total	113,382,193	160,036,413

Notes:

(i) Represents cash and cash equivalents that are restricted from being utilised for more than 12 months from Balance Sheet Date

(ii) Represents amounts received as security from the borrowers towards issue of receivable under financing activity

Note 16		
Current Investments - At cost		
Investments in Securitisation	2,617,766,667	741,763,977
Investment in Commercial Paper	280,000,000	-
Investment in debentures (Refer note 13)-Quoted (unless otherwise stated)	778,000,000	40,000,000

Particulars	Face value per unit (INR)	No. of units
12.80% Unsecured, unsubordinated, Non Convertible debentures	1,000,000	33
13.85% Unsecured, subordinated, Non Convertible debentures- Unquoted	1,000,000	350
11.10% Unsecured, subordinated, Non Convertible debentures	1,000,000	150
11.50% Secured, unsubordinated, Non Convertible debentures	1,000,000	378
12.80% Unsecured, unsubordinated, Non Convertible debentures	1,000,000	33
14.50% Unsecured, subordinated, Non Convertible debentures	1,000,000	210

Total	3,675,766,667	781,763,977
- Aggregate value of unquoted Investments	3,247,766,667	781,763,977
- Aggregate value of quoted Investments	428,000,000	40,000,000

Amount in INR

Particulars	As at 31 March 2017	As at 31 March 2016
Note 17		
Receivables Under Financing Activity		
Secured and considered good *		
Non Current		
Loans to others	6,313,324,069	5,089,214,429
Loan to Related Party (Refer Note No.33)	66,130,476	43,460,673
	6,379,454,549	5,132,675,102
Current		
Term Loans and Working Capital Loans	5,980,741,260	6,233,490,261
Loan to Related Party (Refer Note No.33)	114,532,498	297,352,020
	6,095,273,758	6,530,842,281
Unsecured and considered good		
Non Current		
Loans to others	1,224,765,617	193,068,587
Loan to Related Party (Refer Note No.33)	43,636,362	101,818,180
	1,268,401,979	294,886,767
Current		
Term Loans and Working Capital Loans	2,011,487,753	369,104,635
Loan to Related Party (Refer Note No.33)	73,292,769	58,181,820
	2,084,780,522	427,286,455
Total	15,835,841,585	12,385,690,605
* Secured either by way of charge created on unencumbered assets of the Borrowers (in case Portfolio has not been created out of the lending) or by way of charge on the loan portfolio created out of the lending by the Company		

Note 18		
Cash and cash equivalents		
Balance with Banks		
(i) In Current Account (Refer note (iii) below)	1,195,224,774	579,819,445
(ii) Deposit Accounts		
Collateral Deposits (Refer note (i) below)	64,488,982	222,238,543
Own Deposits (Refer note (ii) and (iii) below)	-	-
Total	1,259,713,756	802,057,988

Amount in INR

Particulars	As at 31 March 2017	As at 31 March 2016
Of the above the balances that meet the definition of cash and cash equivalents as per AS 3 cash flow statements is INR 1,191,982,692 (PY INR 578,312,962)		
(i) Represents earmarked 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 3,242,082 (PY INR 1,506,483) matured as at Balance Sheet date, repaid subsequent to year end.		
(iv) The Company did not have any holdings or dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Consequently the disclosure requirement as envisaged in Notification G.S.R 308(E) dated 30th March 2017 is not applicable to the Company.		

Note 19		
Short Term Loans and Advances (Unsecured, considered good)		
Staff Other advances	236,364	736,007
Staff security deposit	5,609,000	4,723,563
Rental & Caution Deposit	12,670,297	4,338,330
Short term loans and advances to Related Parties (Refer note 33)	-	9,959,038
Other receivables	17,339,135	14,348,271
Prepaid expenses	3,211,272	854,731
Receivable from other financial services		
- Related Party	902,801	5,735,299
- Others	97,338,831	133,878,120
Balances with Government Authorities - Service Tax Credit receivable	3,291,712	3,407,514
Total	140,599,412	177,980,873

Note 20		
Other Current Assets		
Prepaid Finance Charges (Refer Note No.28)	21,316,386	21,699,058
Unamortised loss on redemption of Non-Convertible Debentures	-	-
Interest Accrued but Not Due		
On Receivable under Financing Activities	54,170,442	64,090,053
On Collateral Deposits	6,297,965	18,024,131
On Investments in securitisation and NCDs	218,233,211	30,929,843
On investment in Alternative Investment Fund	46,683,929	22,501,260
Total	346,701,933	157,244,345

Amount in INR

Particulars	For the Year ended 31 March 2017	For the year ended 31 March 2016
Note 21		
Revenue from Operations		
Interest Income from financing activity	1,924,329,993	1,370,935,508
Income from Securitisation	476,166,880	286,305,528
Income from Guarantee Facility	38,257,915	29,349,456
Income from other Financial Services		
- Processing Fee	126,974,500	114,216,627
- Professional Fee	487,476,078	366,589,378
- Arranger fee for Guarantee facility	25,855,000	56,845,460
Income from Investment in Commercial Paper	6,852,840	2,634,231
Interest Income from banks on Collateral Deposits from Customers	13,498,528	32,167,587
Interest Income from investment in Non Convertible Debenture	306,934,713	13,854,630
Gain on Investment in Alternative Investment Fund	101,438,899	43,234,526
Profit on Sale of Investments	65,121,658	105,313,098
Total	3,572,907,004	2,421,446,029

Note 22		
Other Income		
Interest Income from banks on Deposits	5,730,633	4,032,704
Profit on sale of Mutual Fund Investments	25,558,795	8,456,814
Other Non Operating Income	460	3,661
Total	31,289,888	12,493,179

Note 23		
Finance Cost		
Interest Expenses on		
- Term Loan	782,881,401	638,356,760
- Debentures	638,217,957	282,888,838
- Cash Credits	64,719,586	35,001,023
- Overdraft Account	4,423,109	18,926,118
- On Collateral Deposits	13,498,528	32,167,587
- On Income Tax/ Service Tax	45,358	2,267
Discount on Commercial Paper	219,959,140	143,405,679
Amortisation of Processing Fees	38,022,922	23,696,716
Bank charges	1,373,936	2,438,314
Total	1,763,141,937	1,176,883,302

Amount in INR

Particulars	For the Year ended 31 March 2017	For the year ended 31 March 2016
Note 24		
Employee Benefits Expense		
Salaries and Wages	301,247,141	204,908,237
Contribution to Provident Fund (Refer Note 31(a))	11,498,753	7,934,385
Gratuity (Refer note 31(b))	6,380,086	3,409,878
Staff Welfare Expenses	14,608,538	9,012,223
Total	333,734,518	225,264,723
Note 25		
Provisions for Standard Assets (Refer Note 36)		
Provision for standard assets:		
On Receivable under Financing Activities	26,199,404	17,988,139
On Investments and others	57,557,759	7,131,369
Provision for non performing assets	7,930,777	-
Provision for estimated losses on investment in securitisation and guarantee on credit enhancement	245,748,769	-
Total	337,436,709	25,119,508
Note 26		
Other expenses		
Rent	32,403,709	13,008,866
Rates and Taxes	7,867,643	73,667,929
Registration & Filing charges	-	1,504,538
Travelling and Conveyance	47,539,967	28,380,823
Legal and Professional Charges	115,015,028	38,984,434
Corporate Social Responsibility expenditure	9,733,642	4,967,285
Communication Expenses	5,023,015	2,172,692
Consultancy Charges	7,728,724	-
Upfront Setup fees	-	700,000
Director's Sitting fees	353,286	176,722
Repairs and Maintenance - Others	4,975,695	1,834,425
Printing and Stationery	933,730	647,980
Advertisement and Business Promotion	3,959,486	3,411,001
Auditors' remuneration:		
-Statutory & Other Audit	3,700,000	3,500,000
-Certification	100,000	100,000
-Tax audit	100,000	100,000

Particulars	For the Year ended 31 March 2017	For the year ended 31 March 2016
-Out of pocket expenses	50,000	40,280
Subscription	4,525,823	1,884,717
Miscellaneous Expenses	7,940,601	2,804,465
Total	251,950,349	177,886,157

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 75,175,000(Previous year - INR 226,365,000) 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 168,310,613 (Previous Year- INR 143,879,550)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 328,262,133 (Previous Year - INR 582,829,330) 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 357,005,847 (Previous year - INR 94,527,005)

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
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	4,098,480
Income Tax Act	Disallowance under Sec 14 A read with rule 8 D	Deputy Commissioner (Appeals)	AY 2014-15	50,722,952	-

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 2017	As at 31 March 2016
Capital Commitments	-	-
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance)	1,184,624	6,847,547

27.2 Expenditure in Foreign Currency (on accrual basis)

Particulars	Year Ended 31 March 2017 (in INR)	Year Ended 31 March 2016 (in INR)
Travel	821,541	388,038
Directors sitting fees	93,286	96,722
Subscription	997,956	57,031
Consultancy Charges	6,289,314	-
Books and Periodicals	-	523,054
Advertisement and publishing	395,176	-
Total	8,597,273	1,064,845

28. Prepaid Finance Charges

During the year the company borrowed INR 14,407,893,015(Previous Year INR10,546,216,429) by way of term Loan and Non-convertible debentures, towards which an amount of INR 24,684,864 (Previous Year INR 31,734,177) 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 37,931,812 (Previous year INR 39,667,772) is included under Note 15 'Other Non-Current Assets' and Note 20 'Other Current Assets'.

29. (a) Long Term Incentive Plan(LTIP):

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 38,064,288 (Previous Year INR 35,215,272) during the current year. Out of the total provision made an amount of INR 8,335,188 (Previous Year INR 36,464,043) is included under Note 6 'Trade payables' and an amount of INR 59,652,280(Previous Year 18,804,353) is included under Note 9 'Trade Payables', based on the compulsory vesting condition by the eligible employees. LTIP has been discontinued with effect from 1st April 2016, and Employee Stock option plan (ESOP) has been introduced

(b) Employee stock option plan (ESOP):

IFMR Capital Employee Stock Option Plan 2016 - Employee Stock Option Scheme 2016 ("Scheme 1")

Employee Stock Option Plan 2016 (ESOP) has been approved by the Board at its meeting held on May 11, 2016 and by the members in the Extra Ordinary General Meeting held on October 7, 2016.

As per the approval, the Company can create, and grant from time to time, in one or more tranches, not exceeding 49,92,814 Employee Stock Options to the employees of the Company, exercisable into not more than 49,92,814 equity shares of face value of Rs.10/- each fully paid-up. Out of the total options, the company has granted 721,371 options and accepted by the eligible employees during the year ended March 31, 2017. Accordingly, provision for the above employee benefits amounting to INR 40,00,000 have been made in the books as at the balance sheet date.

Particulars		Date of Grant	Exercise Price (Rs)	Vesting Commences on	Options Granted	Options Exercised	Options Forfeited / Lapsed	Options Outstanding at the end of the year	
Grant No								Vested	Yet to vest
1	Original	01-03-2017	10	01-03-2017	721,371	-	-	-	721,371

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. The distribution tax has since been withdrawn with effect from 1st June, 2016 and therefore, income from securitization for the months April and May 2016 have only been subject to distribution tax.

Accordingly, the income from investment in securitization for the year ended 31 March 2017 includes an amount of INR

51,601,950 (Previous Year INR 286,305,528) which has been subjected to a distribution tax of INR 13,562,468(Previous Year INR 73,637,782) of which INR Nil (Previous year INR Nil) has been accrued by the Company in respect of income to be collected in future periods. This distribution tax of INR 13,562,468 (Previous year INR 73,637,782) 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 11,498,753 (Previous Year INR 7,934,385) 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	2016-17	2015-16
Accrued Liability as at beginning of the period:	10,579,551	8,107,175
Interest Cost	770,332	588,159
Current Service Cost	2,604,698	1,547,625
Benefits paid	-1,407,006	-937,502
Actuarial gain / loss	3,005,056	1,274,094
Accrued Liability as at the end of the period:	15,552,631	10,579,551
Amounts to be recognized in the Balance Sheet		
Present Value of obligations as on the accounting date:	15,552,631	10,579,551
Fair Value of the Plan Assets:	NIL	NIL
Liability to be recognized in the Balance Sheet:	15,552,631	10,579,551
Amount payable within next one year is included under Note 11 Short Term Provisions	1,295,967	624,519
Amount payable beyond a period of one year is included under Note 7 Long Term Provisions	14,256,664	9,955,032
Expenses to be recognized in the Statement of Profit and Loss		
Interest Cost	770,332	588,159
Current Service Cost	2,604,698	1,547,625
Net Actuarial (gain) / loss	3,005,056	1,274,094
Net Expenses to be recognized in Statement of Profit and Loss *	6,380,086	3,409,878
Note:		
* Rate of Mortality:	Indian Assured Lives (2006-08) Mortality Table	
* Discount Rate:	7.10% 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:	12.50% per annum	11.50% 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	2016-17	2015-16	2014-15	2013-14	2012-13
On plan Liability (gain)/loss	3,005,056	1,274,094	1,212,852	519,920	1,081,257
On plan Assets (gain) / loss	Nil	Nil	Nil	Nil	Nil
Present Value of benefit obligations	15,552,631	10,579,551	8,107,175	5,786,342	3,772,780
Fair Value of Plan Assets	Nil	Nil	Nil	Nil	Nil
Excess of obligation over plan assets	15,552,631	10,579,551	8,107,175	5,786,342	3,772,780

c. Compensated Absences:

Details of assumptions	2016-17	2015-16
Discount rate as per para 78 of AS15R	7.10%	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	12.50%	11.50%
Proportion of Leave availment	5.00%	40.00%
In case Earned leave is not en-cashable proportion of leave that will lapse on separation	95.00%	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 2017 (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

DishaMicrofin Private Limited

Manthan Software Services 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:

Related Party	Transactions	For the Year Ended 31 March 2017	For the Year Ended 31 March 2016
IFMR Trust	Reimbursement of Expenses	314,292	2,809,917
	Share of common expenses	15,533,332	10,936,297
	Reimbursement income	1,369,142	19,851
Pudhuaaru Financial Services Private Limited	Term Loans disbursed	177,500,000	200,000,000
	Interest on Term Loan	19,116,149	24,505,897
	Cash Collateral	-	10,000,000
	Interest on Cash Collateral	551,759	787,004
	Guarantee facility	28,551,196	100,000,000
	Fee income	32,330,485	8,421,596
Future Financial Services Limited	Term Loans disbursed	-	280,000,000
	Interest on Term Loan	13,062,350	33,717,715
	Cash Collateral	-	5,000,000
	Interest on Cash Collateral	-	1,571,199
	Guarantee facility	12,958,504	550,000,000
	Fee income	2,640,017	21,743,144
Disha Microfin Private Limited	Term Loans disbursed	120,000,000	290,000,000
	Interest on Term Loan	29,132,477	18,141,571
	Cash Collateral	-	4,000,000
	Interest on Cash Collateral	-	468,561
	Guarantee facility	134,166,201	-
	Fee income	15,828,940	10,467,063
	Investment in NCD	100,000,000	-
IFMR Finance Foundation	Corporate Social Responsibility	6,616,821	2,980,371
IFMR Investment Adviser Services Private Limited	Equity investment	-	-
	Preference Investment	-	7,600,000
	Purchase of fixed assets	20,834	78,940
	Sale of fixed assets	5,972	15,434
	Interest on loan	540,055	
	Reimbursement of expenses	18,276	66,940

Amount in INR

Related Party	Transactions	For the Year Ended 31 March 2017	For the Year Ended 31 March 2016
IFMR Investment Manager Private Limited	Working Capital Loan granted	134,000,000	41,000,000
	Repayment of Working capital loan	33,000,000	16,000,000
	Interest on loan	7,170,972	1,750,192
	Reimbursement of expenses	1,645,430	256,387
	Purchase of fixed assets	5,533	-
	Sale of fixed assets	90,002	-
	Equity investment	-	36,000,000
	Preference Investment	-	72,200,000
IFMR Holdings Private Limited	Reimbursement of Expenses	2,674,151	
Kshama Fernandes	Remuneration	10,752,504	9,775,000
	Long Term incentive	9,510,840	9,693,270
	Employee Stock Option	17,341,500	-
Vineet Sukumar	Remuneration	9,487,500	8,625,000
	Long Term Incentive	7,798,160	7,874,286
	Employee Stock Option	14,417,000	-
Srividhya R	Remuneration	2,075,000	1,627,500

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	266,854	-
	Share of common expenses	-	2,518,397
IFMR Investment Manager Private Limited	Equity shares	36,100,000	36,100,000
	Preference shares	72,200,000	72,200,000
	Working Capital Loan	141,000,000	40,000,000
	Short term loans and advances	9,962,761	8,259,079
	Accrued Interest receivable on Term Loan	1,924,848	234,740
	Cash Credit	8,690,821	-
IFMR Investment Adviser Services Private Limited	Equity shares	12,779,670	12,779,670
	Preference shares	7,600,000	7,600,000
	Short term loans and advances	315,474	1,699,959

Group Company	Nature of balances outstanding	As at 31 March 2016	As at 31 March 2015
Pudhuaaru Financial Services Private Limited	Term Loan	152,313,260	132,907,934
	Cash Collateral	-	7,711,351
	Accrued Interest receivable on Term Loan	775,626	961,745
	Interest payable on Cash Collateral	32,796	354,258
	Guarantee Outstanding	34,801,196	12,726,270
	Fee income outstanding	8,092,132	77,923
Future Financial Services Limited	Term Loan	28,349,723	151,935,265
	Cash Collateral	-	-
	Accrued Interest receivable on Term Loan	85,920	665,314
	Interest payable on Cash Collateral	-	-
	Guarantee Outstanding	-	75,052,858
	Fee income outstanding	-	2,675,895
Disha Microfin Private Limited	Term Loan	116,929,131	215,969,494
	Investment in NCD	81,000,000	
	Cash Collateral	-	-
	Accrued Interest receivable on Term Loan	724,217	1,349,936
	Accrued Interest receivable on NCD	2,216,515	-
	Interest payable on Cash Collateral	-	-
	Guarantee Outstanding	198,830,827	26,369,030
	Fee income outstanding	440,669	2,981,481
IFMR Holdings Private Limited	Reimbursement of Expenses	543,896	
Kshama Fernandes	Advances and Security Deposit	200,000	200,000
	Long Term Incentive*	24,341,920	15,963,350
	Employee Stock Option*	17,341,500	-
Vineet Sukumar	Long Term Incentive*	19,859,800	12,914,590
	Employee Stock Option*	14,417,000	-

* Represents an accumulated provision since 2010,refer note 29

34. Earnings per share:

Description	For the year ended 31 March 2017	For the year ended 31 March 2016
Profit after tax	594,684,095	601,413,311
Dividend payable to Preference shareholders	13,832,358	3,805,068
Profit after tax attributable to equity shareholders (Basic)	580,851,737	597,608,243
Add: ESOP Compensation expense included in net profit	4,000,000	-
Profit after tax attributable to equity shareholders (Diluted)	584,851,737	597,608,243
Weighted average shares allotted and outstanding during the period	78,365,549	78,365,473
Earnings per share - Basic (face value of INR 10/-each)	7.41	7.63
Equity shares on a fully diluted basis (Weighted average)	83,683,855	-
Earnings per share - Fully diluted basis (face value of INR 10/-each)	6.99	7.63

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 2017	As at 31 March 2016
Deferred Tax Liability:		
Unamortized Processing Charges	11,884,268	13,062,922
Depreciation	5,750,698	1,511,036
Deferred Tax Asset:		
Gratuity	(5,382,455)	(3,661,371)
Provision for Standard Assets	(119,227,145)	(18,122,731)
Provision for compensated absences	(2,795,854)	(1,253,900)
Provision for Long term incentive	(12,228,362)	(14,670,762)
Net Deferred Tax Asset	(121,998,850)	(23,134,806)

36. Changes in Provisions:

Amount in INR

Particulars	As at 31 March 2016	Additional provision	Utilization / Reversal	As at 31 March 2017
Provision for standard assets under financing activity (Refer Note below)	37,157,072	26,154,571	NIL	63,311,643
	(19,168,933)	(17,988,139)	(NIL)	(37,157,072)
Provision for standard assets under Investments and others (Refer Note below)	15,208,656	57,602,591	NIL	72,811,247
	(8,077,287)	(7,131,369)	(NIL)	(15,208,656)
Provision for estimated losses on investments in securitisation and guarantee on credit enhancement	NIL	245,748,769	NIL	245,748,769
	NIL	NIL	NIL	NIL
Provision for non-performing assets	NIL	7,930,777	NIL	7,930,777
	NIL	NIL	NIL	NIL

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. The Reserve Bank of India has prescribed the revised asset classification norms and provisioning norms which are required to be adopted in a phased manner over a period of three years commencing from the financial year ended March 31, 2016. In the current year (March 31, 2017), the Company had early adopted the provisioning for standard assets and the revised asset classification norms to the extent they are required to be complied by March 31, 2018.

b. The Management has made a provision at 0.40% 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 2017	As at 31 March 2016
Number of Assignment Transactions	3	1
Outstanding Assigned Assets in books of Assignee*	503,668,106	292,876,225
Less: Collections not yet due to be remitted to Assignee#	55,396,367	49,992,458
Outstanding Assigned Assets as per books	448,271,739	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	1,868,643,971	764,217,173

* # excludes interest collected from customers on securitised assets

38. Details of Outstanding Derivatives

Particulars	As at 31 March 2017	As at 31 March 2016
(i) Outstanding Derivatives: (Notional principal amount)	2,106,985	-
For hedging (Currency & Interest rate derivatives)		
(ii) Marked to Market positions - Asset / (Liability)	1,070,900,000	-
(iii) Foreign currency exposure not hedged by derivative instrument or otherwise	-	-

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

39. Disclosure of Capital Adequacy & Liquidity:

The Company has disclosed the following information as per the Guidelines for Systemically Important Non Deposit taking Non-Banking Finance Companies as regards Capital Adequacy, Liquidity and

Disclosure Norms issued by the Reserve Bank of India on 1 August 2008:

i. Capital Adequacy Ratio

Particulars	As at 31 March 2017	As at 31 March 2016
Tier I Capital	4,843,587,378	2,709,473,776
Tier II Capital	64,711,643	203,657,072
Total Capital	4,908,299,021	2,913,130,848
Total Risk Weighted Assets	29,063,732,374	17,732,885,874
Capital Ratios		
Tier I Capital as a Percentage of Total Risk Weighted Assets (%)	16.67%	15.28%
Tier II Capital as a Percentage of Total Risk Weighted Assets (%)	0.22%	1.15%
Total (%)	16.89%	16.43%

Amount of Subordinated Debt raised as Tier - II capital	-	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 2017 and previous year as on 31March 2016.

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

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

Category	As at 31 March 2017	As at 31 March 2016
(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 real estates (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	43,359,757	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).	1,094,416,915	975,181,102

40. 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	1,821,851,524	255,059,462	1,004,894,525	1,053,095,172	2,187,856,692	5,543,638,746	121,031,776		11,987,427,897
Market Borrowings	2,250,000,000	1,000,000,000	250,000,000	11,250,000	2,611,250,000	4280,000,000	1,000,000,000		11,402,500,000
Assets:									
Advances	479,957,159	947,068,734	681,118,388	1,837,422,958	4,242,550,390	6,369,910,452	872,132,289	405,681,215	15,835,841,585
Investments	1,064,309,511	138,611,717	245,542,134	730,814,688	1,496,488,620	2,553,628,384	1,441,116,771	3,689,039,902	11,359,551,727

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, 2017.

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	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

41. Disclosure Pursuant to Reserve Bank of India Notification DNBS.193DG (VL) - 2007 dated 22 February 2007:As at 31 March 2017

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	5,500,000,000	-
	- Unsecured	2,552,500,000	-
	(Other than Falling within the meaning of public Deposits)		
(b)	Deferred Credits	-	-
(c)	Term Loans	9,420,094,281	-
(d)	Inter- Corporate Loans and Borrowings	-	-
(e)	Commercial Paper	3,350,000,000	-
(f)	Other Loans	2,567,333,612	-

S.No	Particulars	Amount Outstanding as on 31 March 2017 in INR.
(2)	Break up of Loans and Advances including Bills Receivables (Other than those included in (3) below):	
(a)	Secured	12,482,659,084
(b)	Unsecured	3,502,873,322

S.No	Particulars	Amount Outstanding as on 31 March 2017 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	428,000,000	5,044,000,000
(iii)	Government Securities		-
(iv)	Others (Alternative Investment Fund)		950,946,409
II	Unquoted:		
(i)	Shares :		-
	Equity		48,879,670
	Preference		79,800,000
(ii)	Debentures and Bonds	350,000,000	
(iii)	Government Securities		-
(iv)	Others (Investments in Pass Through Certificates and Other Rated Transactions)	2,897,766,667	1,560,158,981

Amount in INR

S.No	Category	As at 31 March 2017 (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	-	149,690,821	149,690,821
	(b) Companies in the same Group	152,313,260		152,313,260
	(c) Other Related Parties	28,349,718	116,929,131	145,278,849
2	Other than Related Parties	12,301,996,106	3,236,253,370	15,538,249,476

Note: The amount of Assets financed represents the net owned portfolio outstanding before adjusting the provisions amounting to INR 71,242,420/-

Amount in INR

(6)	Investor Group-Wise Classification of all Investments (Current and Long Term) in Shares and Securities (both Quoted and Unquoted)		
S.No	Category	Market Value/Break- up Value or Fair Value or Net Asset Value	Book Value (Net of Provisioning) (Refer Note below)
1	Related Parties		
	(a) Subsidiaries	-	128,679,670
	(b) Companies in the Same Group	-	
	(c) Other Related parties	-	81,000,000
2	Other than Related Parties	-	11,196,564,968
	Total	-	11,406,244,638

Note: The amount of Investments represents the investments made in securitisation and other rated transactions before adjusting the provisions amounting to INR 318,560,016 /-

(7)	Other Information	Related Parties	Other than Related Parties
(i)	Gross Non-Performing Assets	-	7,930,777
(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 2017

Previous Year — 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:		
	c) Financial Lease		
	d) Operating Lease		
(ii)	Stock on Hire including Hire Charges under Sundry Debtors:		
	c) Asset on Hire		
	d) Repossessed Assets		
(iii)	Other Loans counting towards AFC Activities		
	(c) Loans where Assets have been Repossessed		
	(d) Loans other than (a) above		

S.NO	Particulars	Current Investment	Long Term Investment
(4)	Break-up of Investments		
I	Quoted:		
(i)	Shares :		
	(c) Equity		
	(d) 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

(5)	Borrower Group-wise Classification of Assets Financed as in (2) and (3) above			
S.NO	Category	As at 31st March 2016 (Net of Provision) (Refer Note below)		
		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	11,844,877,913

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

Amount in INR

(6)	Investor Group-Wise Classification of all Investments (Current and Long Term) in Shares and Securities (both Quoted and Unquoted)		
S.NO	Category	Market Value/Break-up Value or Fair Value or Net Asset Value	Book Value (Net of Provisioning) (Refer Note below)
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 before 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

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

i. Investments

Amount in INR

Particulars	As at March 31, 2017	As at March 31, 2016
1 Value of Investments		
(i) Gross Value of Investments		
(a) In India	11,359,551,727	4,150,630,528
(b) Outside India,		-
(ii) Provisions for Depreciation		
(a) In India	-	-
(b) Outside India,	-	-
(iii) Net Value of Investments		
(a) In India	11,359,551,727	4,150,630,528
(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 March 31, 2017	As at March 31, 2016
(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 stockbrokers and guarantees issued on behalf of stockbrokers 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 equityof 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 March 31, 2017	As at March 31, 2016
Commercial paper & Non- convertible Debentures -	ICRA A1+ CARE A1+	ICRA A1+ CARE A1+
Short Term		
Working Capital Demand Loans	Nil	Nil
Cash Credit	Nil	Nil
Bank Term Loans	ICRA A+	ICRA A+
Non-Convertible Debentures - Long term	ICRA A+	ICRA A+
Subordinated Debt	ICRA A+	ICRA A+
Perpetual Debt	Nil	Nil

vi. Concentration of Advances

Amount in INR

	As at March 31, 2017	As at March 31, 2016
Total Advances to twenty largest borrowers	8,671,982,372	6,580,709,214
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	54.76%	53.13%

vii. Concentration of Exposures

Amount in INR

	As at March 31, 2017	As at March 31, 2016
Total Exposure to twenty largest borrowers/customers	11,745,863,950	7,198,564,871
Percentage of Exposures to twenty largest borrowers /Customers to Total Exposure of the NBFC on borrowers/customers.	43.28%	50.41%

viii. Concentration of NPAs

	As at March 31, 2017	As at March 31, 2016
Total Exposure to top four NPA accounts	-	-

ix. Sector-wise NPAs as on March 31, 2017

Sl.No	Sector	Percentage of NPAs to Total Advances in that sector as on March 31, 2017	Percentage of NPAs to Total Advances in that sector as on March 31, 2016
1.	Agriculture&alliedactivities	-	-
2.	MSME	-	-
3.	Corporateborrowers	7,930,777	-
4.	Services	-	-
5.	Unsecuredpersonal loans	-	-
6.	Autoloans (commercial vehicles)	-	-
7.	Other loans	-	-

x. Movement of NPAs

Particulars	As at March 31, 2017	As at March 31, 2016
(i) Net NPAs to Net Advances (%)	-	-
(ii) Movement of NPAs (Gross)		
(a) Opening balance	-	-
(b) Additions during the year	7,930,777	-
(c) Reductions during the year	-	-
(d) Closing balance	7,930,777	-
(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	7,930,777	-
(c) Write-off / write-back of excess provisions	-	-
(d) Closing balance	7,930,777	-

xi. Customer Complaints

(a)	No.ofcomplaintspendingas on April 01, 2016	-
(b)	No. ofcomplaints received during the year	-
(c)	No.ofcomplaintsredressedduringtheyear	-
(d)	No. of complaints pending as on March 31, 2017	-

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

43. 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 2017		For the Year Ended 31 March 2016	
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	141,000,000	141,000,000	40,000,000	40,000,000
IFMR Investment Manager Private Limited	Wholly owned Subsidiary	Loans and Advances	9,962,761	9,962,761	8,259,079	8,259,079
IFMR Investment Manager Private Limited	Wholly owned Subsidiary	Cash credit facility	8,690,821	8,690,821	-	
IFMR Investment Adviser Services Private Limited	Wholly owned Subsidiary	Loans and Advances	315,474	2,438,939	1,699,959	1,699,959
DishaMicrofin Private Limited	Company in which directors are interested	Term loan	116,929,131	290,604,861	215,969,494	290,000,000
DishaMicrofin Private Limited	Company in which directors are interested	Investment in NCD	81,000,000	100,000,000	-	-
Future Financial Services Limited	Company in which directors are interested	Term loan	28,349,723	151,935,265	151,935,265	280,000,000

44. 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:: 10 May, 2017 Chief Financial Officer Company Secretary

Consolidated Financials
2016-17

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, 2017, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as 'the Consolidated Financial Statements').

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of 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, 2017, 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, 2017 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, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting 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.

   iv. The Holding Company and its componenets did not have any holdings or dealings in specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November, 2016 to 30th December, 2016.

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

Bhavani Balasubramanian
Partner
(Membership No.: 22156)

Chennai, May11, 2017

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, 2017, 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 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 (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 is sufficient and appropriate to provide a basis for our audit opinion on the Holding 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 has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on 'the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India'.

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

Bhavani Balasubramanian
Partner
(Membership No.: 22156)

Chennai, May11, 2017

IFMR Capital Finance Private Limited
Consolidated Balance Sheet as at 31 March 2017

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	1,050,920,230	933,654,730
Reserves and Surplus	4	3,973,944,810	2,009,214,467
		5,024,865,040	2,942,869,197
Preference shares issued by subsidiary companies outside the group	3(I)	3,100,000	8,500,000
Non Current Liabilities			
Long Term Borrowings	5	10,944,671,768	7,363,829,353
Other Long Term Liabilities	6	44,050,608	108,447,465
Long Term Provisions	7	78,778,692	39,768,849
		11,067,501,068	7,512,045,667
Current Liabilities			
Short Term Borrowings	8	5,823,105,559	3,251,025,738
Trade Payables	9		
(i) Total outstanding dues to Micro and Small enterprises		-	-
(ii) Total outstanding dues to other than Micro and Small enterprises		176,811,176	83,450,192
Other Current Liabilities	10	7,018,166,059	4,107,671,274
Short Term Provisions	11	335,190,651	31,326,245
		13,353,273,445	7,473,473,449
TOTAL		29,448,739,553	17,936,888,313
II ASSETS			
Non Current Assets			
Fixed Assets			
Tangible Assets	12	3,160,489	2,067,772
Intangible Assets	12	33,785,726	22,669,158
Intangible Assets under development		1,769,264	8,061,371
		38,715,479	32,798,301
Goodwill on consolidation		17,463,289	17,463,289
Non Current Investments	13	7,824,855,390	3,384,936,881
Deferred Tax Assets (Net)	35	122,180,097	23,257,416
Receivables under Financing Activity	17	7,647,856,528	5,427,561,869
Long-term loans and advances	14	30,523,983	511,689
Other Non Current Assets	15	113,382,193	160,036,413
		15,794,976,959	9,046,565,858
Current Assets			
Current Investments	16	3,675,766,667	781,763,977
Receivables under Financing Activity	17	8,187,985,057	6,958,128,736
Cash and Cash equivalents	18	1,262,686,471	808,175,016
Short - Term Loans and Advances	19	170,024,576	179,281,239
Other Current Assets	20	357,299,823	162,973,487
		13,653,762,594	8,890,322,455
TOTAL		29,448,739,553	17,936,888,313

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 : 10 May 2017

Chief Financial Officer

Company Secretary

IFMR Capital Finance Private Limited
Consolidated Statement of Profit and Loss for the Year Ended 31 March 2017

Amount in INR

Particulars	Note Reference	For the Year ended 31 March 2017	For the Year ended 31 March 2016
INCOME			
Revenue from Operations	21	3,670,148,760	2,449,194,594
Other Income	22	31,324,055	15,089,578
TOTAL REVENUE (I)		3,701,472,815	2,464,284,172
EXPENDITURE			
Finance costs	23	1,763,195,283	1,176,944,874
Employee Benefits Expense	24	345,761,613	243,124,465
Standard and loss asset provision	25	337,436,709	25,119,508
Depreciation/ Amortisation Expense	12	12,107,777	6,087,478
Other Expenses	26	274,915,540	187,964,866
TOTAL EXPENSES (II)		2,733,416,922	1,639,241,191
Profit before Tax (I - II)		968,055,893	825,042,981
Tax Expenses/ (Benefit)			
- Current tax expense		429,282,151	228,949,838
- Deferred Tax	35	(98,922,683)	(4,290,543)
Total Tax Expenses		330,359,468	224,659,295
Profit for the Year		637,696,425	600,383,686
Earnings Per Share (of INR 10/- each)	34		
a) Basic		7.81	7.55
b) Diluted		7.36	7.55
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 : 10 May 2017

Chief Financial Officer

Company Secretary

IFMR Capital Finance Private Limited
Consolidated Cash Flow Statement for the Year ended 31 March 2017

Amount in INR

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
A. Cash flow from operating activities		
Net Profit before tax	968,055,893	825,042,981
Adjustments for:		
Depreciation/ Amortisation Expenses	12,107,777	6,087,477
Amortisation of Processing Fees	38,022,922	23,696,716
Finance costs	1,723,699,721	1,150,746,005
Interest income from Bank on Deposits	(19,229,161)	(36,200,291)
Interest on income Tax refund		(28,972)
Provision for Standard Assets	337,436,709	25,119,508
Provision for preference dividend	(3,805,069)	-
Provision for Gratuity	4,904,830	2,091,405
Provision for Compensated Absences	4,337,779	882,717
Profit on sale of investment	(424,545)	-
income from aspire NCD	(577,356)	-
Provision for CSR	(3,116,821)	-
Provision for Long term incentive and ESOP	(24,128,855)	12,501,815
	2,069,227,931	1,184,896,380
Operating profit before working capital changes	3,037,283,825	2,009,939,361
Changes in working capital and Others:		
Adjustments for (increase) / decrease in operating assets:		
Receivable under financing activity (Current)	(1,221,165,501)	(1,646,792,826)
Receivable under financing activity (Non Current)	(2,119,294,659)	(3,077,963,287)
Short Term Loans & Advances	(1,512,295)	(220,712,405)
Loans and advances	(522,320,667)	466,392,598
Trade Receivables	(15,461,103)	-
Investments (Current)	(2,894,002,690)	(2,091,076,823)
Investments (Non Current)	(4,439,918,509)	(279,585,349)
Other Non current assets	5,032,930	(116,105,877)
Other current assets	(194,273,328)	(11,102,134)
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	90,031,595	40,961,652
Short term Borrowings	-	
Collateral deposits from customers	(201,648,114)	395,107,566
Other current liabilities	26,090,670	(126,797,615)
Other non current liabilities	-	-
	(11,488,441,671)	(6,667,674,500)
Cash flow from extraordinary items		
Cash used in operations	(8,451,157,847)	(4,657,735,139)

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

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Net income tax paid	(21,039,509)	(1,624,366)
Interest received on collateral deposit	27,558,725	28,832,494
Interest paid on borrowings	(1,444,352,568)	(1,158,574,120)
Interest paid on security deposits	(26,463,971)	(7,839,303)
Net cash used in operating activities (A)	(9,915,455,170)	(5,796,940,434)
B. Cash flow from investing activities		
Capital expenditure on fixed assets, including capital advances	(18,263,736)	(18,273,412)
Proceeds from sale of fixed assets	238,778	147,845
Collateral deposits - placed (net)	196,281,964	146,345,173
Own deposits - (placed) / matured (net)	-	209,132,317
Interest Income received from Banks	(8,329,564)	7,367,797
Investment in shares of subsidiaries	-	(231,600,000)
Sale proceeds of Mutual Funds	9,029,195	-
Investment in Mutual Funds	(8,900,000)	-
Investment in Debentures	(10,000,000)	-
Sale Proceeds from investments	10,872,706	-
Investment in Fimpact Fund	-	-
Dividend received		
- Others	-	-
Net cash generated from / (used in) investing activities (B)	170,929,343	113,119,720
C. Cash flow from financing activities		
Proceeds from long-term borrowings	11,897,893,015	8,681,216,420
Repayment of long term borrowings	(5,529,606,244)	(3,974,144,462)
Proceeds from Short-term borrowings	2,675,761,215	68,129,249,044
Repayment of short term borrowings	(103,681,394)	(67,193,822,244)
Inflow from Share Capital	1,620,041,950	381,600,000
Redemption of preference share capital	(155,400,000)	(36,000,000)
Processing fees paid	(34,617,194)	(31,734,177)
Dividend paid on preference share	(15,340,109)	(4,565,882)
Net cash flow used in financing activities (C)	10,355,051,239	5,951,798,698
Net (decrease)/increase in Cash and cash equivalents (A+B+C)	610,525,418	267,977,984
Cash and cash equivalents at the beginning of the year	584,429,990	316,452,005
Cash and cash equivalents at the end of the year	1,194,955,407	584,429,989
Reconciliation of Cash and cash equivalents with the Balance Sheet:		
Cash and cash equivalents as per Balance Sheet (Refer Note 18)	1,262,686,471	808,175,016
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements *(Refer note below)*	3,242,082	1,506,483
Restricted balances placed in deposits account (Refer note below)	64,488,982	222,238,543
Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements)	1,194,955,407	584,429,990
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 *	1,194,955,407	584,429,990
* Comprises of:		
Balances with banks in current accounts	1,194,955,407	584,429,990
	1,194,955,407	584,429,990

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 : 10 May 2017	Chief Financial Officer	Company Secretary

1. CORPORATE INFORMATION

IFMR 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 balance sheet date, as elucidated below:-

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.

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

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 up to the same reporting date as that of the Company i.e., 31 March, 2017.

(b) The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together the book values 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 2017
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 2017 in INR	Goodwill on consolidation as at 31 March 2016 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 financial statements in conformity with the generally accepted accounting principles in India requires estimates and assumptions to be made by the management that affect the reported amount of assets and liabilities including contingent 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 prospectively in the period in which the results are known/materialise.

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 stated 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.

2.7 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 exceed 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.

2.8 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.Cost of investments include acquisition charges such as brokerage, fees and duties, as applicable.

2.9 Receivables under Financing Activity, Provisioning and De-recognition:-

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

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".

Provision for Standard Assets is made as per internal estimates, based on past experience, realisation of security, and other relevant factors, on the outstanding amount of Standard Assets for all types of lending subject to the minimum provisioning requirements specified by the RBI. Provision for Non-Performing Assets is made as per the provisioning norms approved by the Board for each type of lending activity subject to the minimum provisioning requirements specified by the RBI.

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 company and the revenue can be reliably measured as under:

I. Interest income from financing activity including 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 is recognized based on coupon rate and Investment in Commercial Paper is recognized on straight line basis, 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.

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.

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.

Other-short term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service. The cost of short-term compensated absences is accounted as under:

a. in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

b. in case of non-accumulating compensated absences, when the absences occur.

2.13 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.

2.14 Employee share based payments

In respect of stock options granted pursuant to the Company's Employee Stock Option Schemes, the Company determines the compensated cost based on the intrinsic value method and the compensation cost is amortised on a straight line basis over the vesting period.

2.15 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.

The group enters into forward exchange contracts and other instruments that are in substance a forward exchange contract to hedge its risks associated with foreign currency fluctuations. The premium or discount arising at the inception of a forward exchange contract or similar instrument is amortised as expense or income over the life of the contract. Exchange differences on such contract are recognised in the Statement of Profit and Loss in the period in which the exchange rates change. Any profit or loss arising on cancellation of a forward exchange contract or similar instrument is recognised as income or expense for the period.

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

2.16 Derivative Accounting

The Group enters into derivative contracts in the nature of foreign currency swaps with an intention to hedge its existing assets and liabilities in foreign currency. Derivative contracts which are closely linked to the existing assets and liabilities are accounted as per the policy stated for foreign currency transactions and translations.

All other derivative contracts are marked-to-market and losses are recognised in the Statement of Profit and Loss. Gains arising on the same are not recognised, until realised, on grounds of prudence.

2.17 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.

2.18 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.

2.19 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.

2.20 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.

2.21 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.

2.22 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.

2.23 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 for possible obligations which will be confirmed only by future events not wholly within the control of the company or present obligations rising form past events whose probable outflow required to settle the obligation is not known. Contingent assets are neither recognised nor disclosed in the financial statements.

Provision for Standard Assets is made as per internal estimates, based on past experience, realisation of security, and other relevant factors, on the outstanding amount of Standard Assets for all types of lending subject to the minimum provisioning requirements specified by the RBI. Provision for Non-Performing Assets is made as per the provisioning norms approved by the Board for each type of lending activity subject to the minimum provisioning requirements specified by the RBI.

Early adoption of Provision for Non-performing assets and Standard assets

The Reserve bank of India has prescribed the revised asset classification norms and provisioning norms which are required to be adopted in a phased manner over a period of three years commencing from the financial year ended March 31, 2016.

In the current year the Group has early adopted the provisioning for standard assets to the extent they are required to be complied by March 31, 2018 and the revised asset classification norms to the extent they are required to be complied by March 31, 2018.

Amount in INR

Particulars	As at 31 March 2017	As at 31 March 2016
Note 3		
Share Capital		
Authorised		
165,000,000 (Previous year - 100,000,000 shares) Equity Shares of INR 10/- each, with voting rights. Refer Note (a)	1,650,000,000	1,000,000,000
17,500,000 (Previous year - NIL) Compulsorily convertible preference shares of INR 20/- each, with voting rights. Refer Note (a)	350,000,000	-
20,000,000 (Previous year - 20,000,000 shares) Redeemable Preference Shares of INR 10/- each. Refer Note (a)	200,000,000	200,000,000
Total	2,200,000,000	1,200,000,000
Issued, Subscribed and Fully Paid-up		
78,365,673 (Previous year - 78,365,473 shares) Equity Shares of INR 10/- each with voting rights	783,656,730	783,654,730
13,363,175 (Previous year - NIL) Compulsorily convertible preference shares of INR 20/- each, with voting rights	267,263,500	-
NIL (Previous year - 15,000,000 shares) 9.85% cumulative non convertible compulsorily Redeemable Preference Shares of INR 10/- each	-	150,000,000
Total	1,050,920,230	933,654,730

(a) The Board of Directors in their meeting held on 27th July, 2016, approved the increase in the authorised share capital from INR 1,200,000,000 to INR 2,200,000,000 (comprising of 200,000,000 equity shares of INR 10 each and 20,000,000 Redeemable Preference Shares of INR 10 each) reclassified 165,000,000 equity shares of INR 10 each, 17,500,000 compulsorily convertible preference shares of INR 20 each and 20,000,000 redeemable preference shares of INR 10 each in their meeting held on 7th October, 2016.

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 2017		As at 31 March 2016	
	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	78,365,473	783,654,730
Add: Shares issued during the year (Refer note f)	200	2,000	-	-
Balance as at the end of the year	78,365,673	783,656,730	78,365,473	783,654,730

Redeemable Preference shares

Particulars	As at 31 March 2017		As at 31 March 2016	
	No. of Shares	Amount in INR	No. of Shares	Amount in INR
Balance as at the beginning of the year	15,000,000	150,000,000	-	-
Add: Shares issued during the year (Refer Note e)	-	-	15,000,000	150,000,000
Less : shares redeemed during the year(Refer Note g)	(15,000,000)	(150,000,000)	-	-
Balance as at the end of the year	-	-	15,000,000	150,000,000

Compulsorily Convertible Preference shares

Particulars	As at 31 March 2017		As at 31 March 2016	
	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 f)	13,363,175	267,263,500	-	-
Balance as at the end of the year	13,363,175	267,263,500	-	-

(c) Details of Shares held by each shareholder holding more than 5% shares on a fully diluted basis

Name of the shareholder	As at 31 March 2017		As at 31 March 2016	
	No. of Shares held	% of Shares	No. of Shares held	% of Shares
IFMR Holding Private Limited (Holding Company) - Equity Shares	45,887,686	50%	46,225,895	59%
Leapfrog Financial Inclusion India Holdings Limited - Equity shares	26,860,220	29%	32,139,578	41%
FIL Capital Investments (Mauritius)(II) Limited - Equity shares	9,898,796	11%	-	-
Standard Chartered Bank (Singapore Branch) - Equity shares	9,082,146	10%	-	-

Name of the shareholder	As at 31 March 2017		As at 31 March 2016	
	No. of Shares held	% of Shares	No. of Shares held	% of Shares
Unifi AIF - Preference shares	-	-	10,200,000	68%
Unifi Capital - Preference shares	-	-	4,800,000	32%

(d) Shares reserved for issue under options:

Refer Note 29(b) for details of shares reserved for issue under options."

(e) During the previous year 2015-16, 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.

(f) During the year the Company vide resolution dated 14th October, 2016 and 15th December, 2016 issued and allotted 7,918,937 compulsorily convertible preference shares of INR 20 each and 100 equity shares of INR 10 each and 5,444,238 compulsorily convertible preference shares of INR 20 each and 100 equity shares of INR 10 each respectively

(g) During the year, the Company vide resolution dated 15th December, 2016 provided for an early redemption of 15,000,000 preference shares of INR 10 each aggregating to INR 150,000,000 and the shares were fully redeemed on 26th December, 2016 along with applicable dividend. Refer Note 4

(h) Disclosure of Rights

(i) 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.

Amount in INR

(ii) Terms / rights attached to Compulsorily Convertible Preference Shares:

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 if declared, shall be carried forward to the subsequent financial years.

Amount in INR

(I) Preference shares issued by subsidiary companies outside the group		
IFMR Investment Adviser Services Private Limited		
31,000 8 % Redeemable Preference Shares of INR 100 each (Refer Note below)	3,100,000	8,500,000
Total	3,100,000	8,500,000

Terms / rights attached to Preference Shares:

Note 1:
Preference shares of IA issued to 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.

Particulars	As at 31 March 2017	As at 31 March2016
Note 4		
Reserves and Surplus		
Statutory Reserve *		
Opening Balance	245,259,161	124,976,499
Add : Transfer from surplus in Statement of Profit and Loss	118,936,819	120,282,662
Closing Balance	364,195,980	245,259,161
* 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	794,510,194
Add : Premium on shares issued during the year	1,352,776,450	-
Closing balance	2,147,286,644	794,510,194
Surplus in Statement of Profit and Loss		
Opening Balance	969,445,112	497,715,036
Add: Profit for the year	637,696,422	600,383,689
	1,607,141,534	1,098,098,725
Less:Transferred to Statutory Reserve	(118,936,819)	(120,282,662)
Less : preference dividend	(12,763,300)	(7,598,604)
Less : tax on preference dividend	(3,238,594)	(772,347)
Less: Premium on preference shares	(9,740,635)	-
Closing Balance	1,462,462,186	969,445,112
Total	3,973,944,810	2,009,214,467

Note 5		
Long Term Borrowings		
Debentures		
Secured - Redeemable Non Convertible Debentures (Refer Note 5((i) to (vi)))	2,750,000,000	2,845,000,000
Unsecured - Redeemable Non Convertible Debentures (Refer Note 5 (vii) to (viii))	2,530,000,000	52,500,000
Term Loan & Other Facility from Banks - Secured - (Refer Note 5 (ix) to (xlvi))	5,223,762,679	3,965,281,339
Term Loan from Others - Secured - (Refer Note 5(xlvii) to (liv))	440,909,089	501,048,014
Total	10,944,671,768	7,363,829,353
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 2017		As at 31 March 2016	
						Non current	Current	Non current	Current
Debentures - Secured									
i	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
ii	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 with a security cover of 1.10 times.	-	1,500,000,000	1,500,000,000	
iii	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 April 2017. Secured by way of First ranking and continuing charge over books debts and investments with a security cover of 1.10 times	-	1,250,000,000	1,250,000,000	-
iv	Debentures	10.90%	24-Jun-16	24-Jun-19	The Company has issued 750, 10.90% Non Convertible Debentures (Listed) of INR 1,000,000 each redeemable at par in June 2019. Secured by way of First ranking and continuing charge over books debts and investments with a security cover of 1.20 times	750,000,000	-		-
v	Debentures	9.60%	29-Dec-16	27-Dec-19	The Company has issued 1000, 9.60% Non Convertible Debentures (Listed) of INR 1,000,000 each redeemable at par in December 2019. Secured by way of First ranking and continuing charge over books debts and investments with a security cover of 1.05 times	1,000,000,000	-		-
vi	Debentures	10.10%	24-Oct-16	20-Apr-20	The Company has issued 1000, 10.10% Non Convertible Debentures (Listed) of INR 1,000,000 each redeemable at par in April 2020. Secured by way of First ranking and continuing charge over books debts and investments with a security cover of 1.10 times	1,000,000,000	-		-
Total						2,750,000,000	2,750,000,000	2,845,000,000	189,999,810

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 2017		As at 31 March 2016	
						Non current	Current	Non current	Current
Debentures - Unsecured									
vii	Debentures	14.50%	18-Sep-13	18-Dec-18	The Company has issued 1500, 14.5% Non Convertible Debentures (subordinated, listed) of INR 50,000 each redeemable at par in 8 half yearly installments commencing from Sep 2015 and ending December 2018. The debenture issued is unsecured	30,000,000	22,500,000	52,500,000	15,000,000
viii	Debentures	10.44%	2-Aug-16	2-Aug-19	The Company has issued 2500, 10.44% Non Convertible Debentures (listed) of INR 100,000 each redeemable at par in August, 2019 . The debenture issued is unsecured	2,500,000,000			
Total						2,530,000,000	22,500,000	52,500,000	15,000,000
Term Loans from Banks - Secured									
ix	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	-	18,153,402	19,038,858	80,000,000
x	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
xi	IDBI Bank	10.75%	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	251,600,000	151,800,000	417,200,000	82,800,000
xii	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
xiii	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
xiv	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
xv	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
xvi	HDFC Bank	10.70%	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	80,000,000	160,000,000

S. No	Particulars	Rate of interest	Date of loan taken	Date of maturity	Security/ Repayment details	As at 31 March 2017		As at 31 March 2016	
						Non current	Current	Non current	Current
xvii	HDFC Bank	10.50%	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	62,500,000	83,333,333	145,833,333	83,333,333
xviii	HDFC Bank	10.30%	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	83,333,333	83,333,334	166,666,667	83,333,333
xix	Bank of Baroda	10.25%	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	100,000,000
xx	Bank of Baroda	10.25%	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	100,000,000	100,000,000	200,000,000	50,000,000
xxi	Bank of Baroda	13.00%	27-Dec-13	30-Sep-16	Repayable in 11 equated quarterly installments commencing from March 2014 ending September 2016. Floating and exclusive charge over book debts and investments	-	-	-	27,272,724
xxii	Ratnakar Bank Limited	12.90%	30-Jun-14	30-Jun-17	Repayable in 11 equated quarterly installments commencing from December 2014 ending June 2017. Floating and exclusive charge over book debts and investments	-	-	22,727,280	90,909,088
xxiii	Ratnakar Bank Limited	12.50%	18-Dec-14	18-Dec-17	Repayable in 10 equated quarterly installments commencing from September 2015 ending December 2017. Floating and exclusive charge over book debts and investments	-	-	75,000,000	100,000,000
xxiv	Ratnakar Bank Limited	10.50%	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	50,000,000	100,000,000	150,000,000	100,000,000
xxv	Ratnakar Bank Limited	10.50%	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	142,857,143	71,428,572	214,285,714	35,714,286
xxvi	South Indian Bank Limited	10.75%	29-Sep-14	29-Jun-18	Repayable in 14 equated quarterly installments commencing from March 2015 ending September 2018. Floating and exclusive charge over book debts and investments	14,285,705	57,142,860	71,428,565	57,142,860
xxvii	Axis Bank Limited	10.50%	25-Feb-16	25-Nov-18	Repayable in 8 equated quarterly installments commencing from May 2017 ending November 2018. Floating and exclusive charge over book debts and investments	125,000,000	125,000,000	218,749,999	31,250,000
xxviii	Axis Bank Limited	10.95%	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	200,000,000
xxix	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	20,833,333	25,000,000

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 2017		As at 31 March 2016	
						Non current	Current	Non current	Current
xxx	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	33,333,333	50,000,000
xxxi	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	-	33,333,334	33,333,334	50,000,000
xxxii	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
xxxiii	Kotak Mahindra Bank	12.20%	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
xxxiv	State Bank of India	10.65%	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	560,000,000	560,000,000	1,120,000,000	280,000,000
xxxv	State Bank of India	10.75%	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	136,350,000	181,800,000
xxxvi	State Bank of Patiala	9.65%	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	109,109,091	109,090,909	218,181,819	81,818,182
xxxvii	Tamilnadu Mercantile Bank	10.75%	30-Jun-15	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	24,303,586	100,000,000	124,975,917	100,000,000
xxxviii	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
xxxix	Abu Dhabi Commercial Bank	10.15%	30-Jul-16	29-Jul-18	Repayable in 6 equated quarterly installments commencing from April 2017 ending July 2018. Floating and exclusive charge over book debts and investments	50,000,000	100,000,000	-	-
xl	Axis Bank Limited	9.00%	30-Mar-17	30-Mar-19	Fully hedged Foreign Currency term loan repayable in 5 installments commencing from March 2018 ending March 2019. Floating and exclusive charge over book debts and investments	656,250,000	91,643,015	-	-
xli	Federal Bank Limited	10.00%	30-Nov-16	30-Nov-19	Repayable in 6 equated half yearly installments commencing from May 2017 ending Nov 2019. Floating and exclusive charge over book debts and investments	333,333,334	166,666,666	-	-
xlii	HDFC Bank	9.15%	24-Mar-17	24-Mar-20	Repayable in 12 equated quarterly installments commencing from June 2017 ending March 2020. Floating and exclusive charge over book debts and investments	333,333,332	166,666,668	-	-

S. No	Particulars	Rate of interest	Date of loan taken	Date of maturity	Security/ Repayment details	As at 31 March 2017		As at 31 March2016	
						Non current	Current	Non current	Current
xiii	IDBI Bank	10.25%	29-Dec-16	29-May-20	Repayable in 36 equated monthly installments commencing from July 2017 ending May 2020. Floating and exclusive charge over book debts and investments	375,000,008	124,999,992	-	-
xiv	Ratnakar Bank Limited	9.85%	30-Dec-16	30-Dec-20	Repayable in 14 equated quarterly installments commencing from Sep 2017 ending December 2020. Floating and exclusive charge over book debts and investments	392,857,147	107,142,857	-	-
xlv	State Bank of India	9.65%	23-Feb-17	29-Feb-20	Repayable in 11 equated quarterly installments commencing from Aug 2017 ending February 2020. Floating and exclusive charge over book debts and investments	1,480,000,000	520,000,000	-	-
xlvi	South Indian Bank Limited	9.40%	31-Mar-17	31-Mar-20	Repayable in 10 equated quarterly installments commencing from Dec 2017 ending March 2020. Floating and exclusive charge over book debts and investments	80,000,000	20,000,000	-	-
Total						5,223,762,679	3,460,251,608	3,965,281,339	2,682,099,643
Term Loans from Others - Secured									
xlvii	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	-	-	-	13,641,735
xlviii	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
xlix	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
l	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
li	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	49,999,997	50,000,001	116,666,665	50,000,001
lii	Aditya Birla	11.20%	28-Dec-15	1-Jan-19	Repayable in 12 equated quarterly installments commencing from April 2016 ending October 2018. Floating and exclusive charge over book debts and investments	100,000,000	75,000,000	200,000,000	75,000,000
liii	Bajaj Finance Limited	9.70%	7-Feb-17	7-Feb-20	Repayable in 11 equated quarterly installments commencing from July 2017 ending Feb 2020. Floating and exclusive charge over book debts and investments	290,909,092	109,090,908	-	-
liv	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	61,080,000	81,440,000
Total						440,909,089	295,170,909	501,048,014	853,378,705
Grand Total						10,944,671,764	6,527,922,517	7,395,079,354	3,709,228,158

Amount in INR

Particulars	As at 31 March 2017	As at 31 March 2016
Note 6		
Other Long Term Liabilities		
Collateral Deposits from Customers - (Refer Note below)		
- From Related Parties (Refer Note No.33)	-	-
- Others	31,715,420	71,983,421
Trade Payables (Refer Note 29)	12,335,188	36,464,044
Total	44,050,608	108,447,465
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		

Particulars	As at 31 March 2017	As at 31 March 2016
Note 7		
Long Term Provisions		
Provision for Employee benefits		
For Compensated Absences	7,217,746	3,446,293
For Gratuity (Refer Note No. 31 b)	14,552,884	10,319,309
Provision for Standard Asset (Refer Note No.36)		
On Receivable under Financing Activity	30,591,426	16,282,686
On Investments & Others	26,416,636	9,720,561
Total	78,778,692	39,768,849

Particulars	As at 31 March 2017	As at 31 March 2016
Note 8		
Short Term Borrowings		
Secured		
(i) Working Capital Term Loan from Bank (Secured) (Refer (a) below)	920,900,000	500,000,000
(ii) Loans repayable on demand		
Cash Credit and Bank overdraft (Refer (b) below)	1,646,433,612	1,091,572,397
(iii) Commercial Paper (Unsecured) (Refer (c) below) (net of unexpired discount charges INR 94,228,053 (previous year INR 90,546,659))	3,255,771,947	1,659,453,341
Total	5,823,105,559	3,251,025,738

(a) Working Capital Demand Loan

(i) from HDFC bank of INR 60.00 Crores is secured by way hypothecation of book debts. It carries an interest of 9.6% and is repayable in one instalment in June 2017.

(ii) From SBM bank of INR 32.09 Crores is secured by way hypothecation of book debts. It carries an interest of 9.0% and is repayable in four equated quarterly instalments commencing from June 2017 ending March 2018.

(b) Represented by overdraft/ Cash credit 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	28-Jun-16	27-Jun-17	250,000,000	10.50%
700	18-Nov-16	17-Nov-17	350,000,000	7.35%
2,000	20-Jan-17	21-Apr-17	1,000,000,000	8.35%

2,000	7-Feb-17	9-May-17	1,000,000,000	8.00%
1,500	22-Mar-17	21-Mar-18	750,000,000	9.00%

Previous 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%

Particulars	As at 31 March 2017	As at 31 March 2016
Note 9		
Other Trade Payables		
(i) total outstanding dues of micro enterprises and small enterprises		
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		
- Sundry Creditors	176,279,578	80,509,718
- Payable to Related parties (Refer Note No.33)	531,598	2,940,474
Total	176,811,176	83,450,192

(i) In accordance with the Notification dated 4th September, 2015 issued by the Ministry of Corporate Affairs, following disclosures are required to be made relating to Micro, Small and Medium Enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006.

Particulars	As at 31 March 2017	As at 31 March 2016
(i) Principal amount and interest due thereon remaining unpaid to any supplier as at the end of the accounting year (ii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iii) The amount of interest due and payable for the period of delay in making the payment	-	-
(iv) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(v) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

In the view of the management, the amounts due to the suppliers are paid within the mutually agreed credit period and therefore, there will not be any interest that may be payable in accordance with the provisions of this Act.

Note 10		
Other Current Liabilities		
1. Current Maturities of Long Term Borrowings		
Debentures		
Secured - Non Convertible Debentures (Refer Note 5 (i) to 5 (vi))	2,750,000,000	189,999,810
Unsecured - Non Convertible Debentures (Refer Note 5 (vii and viii))	22,500,000	15,000,000
Term Loan and other facilities from Bank (Secured) (Refer Note 5 (ix) to 5 (xlvi))	3,460,251,608	2,682,099,643
Term Loan from Others (Secured) (Refer Note 5 (xlvii) to 5 (liv))	295,170,909	853,378,704
Collateral Deposits from Customers (Refer Note No.6)		
- From Related Parties (Refer Note 33)	-	7,711,351
- Others	61,246,900	213,020,710
2. Interest Accrued but Not Due on borrowings / other deposits	315,049,837	62,593,877
3. Other Payables		
(i) Statutory Liabilities	4,554,349	24,162,975
(iii) Other Liabilities	42,408,142	7,378,984
(iii) Remittances payable - Derecognised assets	63,867,493	52,325,220
4. Corporate Social Responsibility - Provision	3,116,821	-
Total	7,018,166,059	4,107,671,274

Note 11		
Short Term Provisions		
1. Provision for Employee benefits		
For Compensated Absences	1,099,976	533,650
For Gratuity (Refer Note No.31 b)	1,296,301	625,046
2. Provision for Standard Assets (Refer Note No. 36)		
On Receivable under Financing Activity	32,720,217	20,874,386
On Investments & Others	46,394,611	5,488,095
3. Provision for estimated losses on investments in securitisation and guarantee on credit enhancement	245,748,769	-
4. Provision for non performing assets	7,930,777	-
5. Dividend Payable on 9.85% non convertible redeemable preference shares	-	3,805,068
Total	335,190,651	31,326,245

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 2016	Additions (#)	Deletions	As at 31 March 2017	As at 1 April 2016	For the year	Deletions	As at 31 March 2017	As at 31 March 2015	As at 31 March 2015
Tangible Assets										
Plant and Machinery	290,437	-	-	290,437	227,025	34,437	-	261,462	28,975	63,412
Previous year	(290,437)	-	-	(290,437)	(151,480)	(75,545)	-	(227,025)	(63,412)	(138,957)
Computers	8,406,069	3,819,501	407,173	11,818,397	7,022,489	3,868,923	287,195	10,604,217	1,214,180	1,383,571
Previous year	(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)
Furniture and Fittings	193,148	388,969	-	582,117	142,168	267,119	-	409,287	172,830	50,980
Previous year	(90,684)	(102,464)	-	(193,148)	(84,491)	(57,677)	-	(142,168)	(50,980)	(6,193)
Leasehold improvements	1,676,066	618,987	-	2,295,053	1,676,066	146,959	-	1,823,025	472,028	-
Previous year	(1,676,066)	-	-	(1,676,066)	(459,196)	(1,216,870)	-	(1,676,066)	-	(1,216,870)
Office Equipment	938,094	2,661,293	-	3,599,387	416,556	1,929,659	-	2,346,216	1,253,171	521,546
Previous year	(84,001)	(854,093)	-	(938,094)	(54,287)	(362,261)	-	(416,548)	(521,546)	(29,714)
PMS Server	6,609,723	-	-	6,609,723	6,561,460	28,958	-	6,590,418	19,305	48,263
Previous year	(6,609,723)	-	-	(6,609,723)	(6,489,066)	(72,394)	-	(6,561,460)	(48,263)	(120,657)
Total	18,113,537	7,488,750	407,173	25,195,114	16,045,764	6,276,055	287,195	22,034,625	3,160,489	2,067,772
Previous year	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
Intangible Assets										
Website Development cost	789,834	-	-	789,834	789,834	-	-	789,834	-	-
Previous year	(789,834)	-		(789,834)	(776,661)	(13,173)	-	(789,834)	-	(13,173)
Developed Software *	23,862,271	16,948,290	-	40,810,561	1,193,113	5,831,722	-	7,024,835	33,785,726	22,669,158
Previous year		(23,862,271)	-	(23,862,271)		(1,193,113)		(1,193,113)	(22,669,158)	-
Total	24,652,105	16,948,290	-	41,600,395	1,982,947	5,831,722	-	7,814,669	33,785,726	22,669,158
Previous year	789,834	23,862,271	-	24,652,105	776,661	1,206,286	-	1,982,947	22,669,158	13,173
Grand Total	42,765,642	24,437,040	407,173	66,795,509	18,028,711	12,107,777	287,195	29,849,294	36,946,215	24,736,930
Previous year	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

* 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 2017	As at 31 March 2016
Note 13				
Non Current Investments - At Cost - Non Trade (Unquoted)				
Other Investments				
Investment in units of Securitisation			1,560,158,981	1,590,822,722
Investment in units of Alternative Investment Fund			1,220,696,409	724,114,159
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	289.53		
IFMR Fimpact Long Term Multi Asset Class Fund (Class A)	100,000	4,965.41		
IFMR Fimpact Long Term Multi Asset Class Fund (Class B)	100,000	428.72		
IFMR Fimpact Medium Term Microfinance Fund (Class A)	100,000	1,176.27		
IFMR Fimpact Medium Term Microfinance Fund (Class B)	100,000	737.76		
IFMR Fimpact Long Term Credit Fund (Class A)	100,000	2,498.24		
IFMR Fimpact Medium Term Opportunities Fund (Class A)	100,000	500.00		
Previous year				
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		
Investment in debentures -quoted (unless otherwise stated)			5,044,000,000	1,070,000,000
Current year				
Particulars	Face value per unit (INR)	No. of units		
9.20% Secured, unsubordinated, Non Convertible debentures	1,000,000	500		
11.35% Unsecured, unsubordinated, Non Convertible debentures	1,000,000	81		
13.50% Unsecured, subordinated, Non Convertible debentures	1,000,000	200		
11.50% Secured, unsubordinated, Non Convertible debentures	1,000,000	378		
11.25% Secured, unsubordinated, Non Convertible debentures	1,000,000	240		
10.15% Unsecured, unsubordinated, Non Convertible debentures	1,000,000	250		
10.45% Unsecured, subordinated, Non Convertible debentures	1,000,000	750		
10.80% Unsecured, unsubordinated, Non Convertible debentures	1,000,000	15		

Particulars			As at 31 March 2017	As at 31 March 2016
11.15% Unsecured, unsubordinated, Non Convertible debentures	1,000,000	600		
11.15% Unsecured, unsubordinated, Non Convertible debentures	1,000,000	100		
14.25% Unsecured, subordinated, Non Convertible debentures	1,000,000	50		
13.99% Unsecured, subordinated, Non Convertible debentures	1,000,000	340		
13.00% Unsecured, subordinated, Non Convertible debentures	1,000,000	500		
14.50% Unsecured, subordinated, Non Convertible debentures	1,000,000	210		
13.99% Unsecured, subordinated, Non Convertible debentures	1,000,000	300		
14.25% Unsecured, subordinated, Non Convertible debentures	1,000,000	500		
13.35% Unsecured, subordinated, Non Convertible debentures	1,000,000	242		
Previous year				
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			7,824,855,390	3,384,936,881
--Aggregate market value of investment in units of Alternative Investment Fund			1,279,912,055	752,344,557
- Aggregate value of quoted Investments			4,694,000,000	1,070,000,000
- Aggregate value of unquoted Investments			2,038,838,651	1,719,502,392

Amount in INR

Particulars	As at 31 March 2017	As at 31 March 2016
Note 14		
Long term Loans and Advances (Unsecured, considered good)		
Advance taxes and tax deducted at source (Net of provision for tax INR 870,036,901 (PY 437,401,427)	30,523,983	511,689
Total	30,523,983	511,689

Particulars	As at 31 March 2017	As at 31 March 2016
Note 15		
Other Non Current Assets (Unsecured, considered good)		
Non Current Bank Balances (Refer Note (i) below		
- Collateral Deposits (Refer Note (ii) below	31,715,420	71,983,422
Prepaid Finance Charges (Refer Note No.28)	16,615,425	17,968,713
Interest Accrued but Not Due		
On Collateral Deposits	1,416,615	3,750,646
On Investments	63,634,733	66,333,632
Total	113,382,193	160,036,413

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	Face value per unit (INR)	No. of units	As at 31 March 2017	As at 31 March 2016
Note 16				
Current Investments - At cost				
Investments in Securitisation			2,617,766,667	741,763,977
Investment in Commercial Paper			280,000,000	-
Investment in Debentures (Refer Note 13)- Quoted (Unless otherwise stated)			778,000,000	40,000,000
Particulars	Face value per unit (INR)	No. of units		
12.80% Unsecured, unsubordinated, Non Convertible debentures	1,000,000	33		
13.85% Unsecured, subordinated, Non Convertible debentures- Unquoted	1,000,000	350		
11.10% Unsecured, subordinated, Non Convertible debentures	1,000,000	150		
11.50% Secured, unsubordinated, Non Convertible debentures	1,000,000	378		
12.80% Unsecured, unsubordinated, Non Convertible debentures	1,000,000	33		
14.50% Unsecured, subordinated, Non Convertible debentures	1,000,000	210		
Total			3,675,766,667	781,763,977
- Aggregate value of unquoted Investments			3,247,766,667	741,763,977
- Aggregate value of quoted Investments			428,000,000	40,000,000

Amount in INR

Particulars	As at 31 March 2017	As at 31 March 2016
Note 17		
Receivables Under Financing Activity		
Secured and considered good *		
Non Current		
Loans to others	6,313,324,073	5,089,214,429
Loan to Related Party (Refer Note No.33)	66,130,476	43,460,673
	6,379,454,549	5,132,675,103
Current		
Term Loans and Working Capital Loans	5,980,741,260	6,233,490,261
Loan to Related Party (Refer Note No.33)	114,532,498	297,352,020
	6,095,273,758	6,530,842,281
Others -Non performing Assets (secured and current)	7,930,777	-
Unsecured and considered good		
Non Current		
Loans to others	1,224,765,617	193,068,587
Loan to Related Party (Refer Note No.33)	43,636,362	101,818,180
	1,268,401,979	294,886,767
Current		
Term Loans and Working Capital Loans	2,011,487,753	369,104,635
Loan to Related Party (Refer Note No.33)	73,292,769	58,181,820
	2,084,780,522	427,286,455
Total	15,835,841,585	12,385,690,606

* * 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 2017	As at 31 March 2016
Note 18		
Cash and cash equivalents		
Balance with Banks		
(i) In Current Account (Refer note (iii) below)	1,198,197,489	585,936,473
(ii) Deposit Accounts		
Collateral Deposits (Refer note (i) below)	64,488,982	222,238,543
Own Deposits (Refer note (ii) and (iii) below	-	
Total	1,262,686,471	808,175,016

Of the above the balances that meet the definition of cash and cash equivalents as per AS 3 cash flow statements is INR 1,194,955,407 (PY INR 584,429,990)

(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 3,242,082 (PY INR 1,506,483) matured as at Balance Sheet date, repaid subsequent to year end.

(iv) The Company and its subsidiaries did not have any holdings or dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Consequently the disclosure requirement as envisaged in Notification G.S.R 308(E) dated 30th March 2017 is not applicable to the Company.

Note 19		
Short Term Loans and Advances (Unsecured, considered good)		
Staff advances	986,364	736,007
Staff security deposit	5,759,000	5,063,563
Rental & Caution Deposit	12,670,297	4,338,330
Short term loans and advances	3,165,490	5,566,681
Creditors with debit balances	17,339,135	14,348,271
Prepaid expenses	3,236,272	1,011,814
Receivable from other financial services		
- Related Party	25,297,426	10,886,518
- Others	97,338,831	133,878,120
Balances with Government Authorities - Service Tax Credit receivable	4,231,761	3,451,935
Total	170,024,576	179,281,239

Note 20		
Other Current Assets		
Prepaid Finance Charges (Refer Note No.28)	21,316,387	21,699,058
Interest Accrued but Not Due	-	
On Receivable under Financing Activities	52,245,596	64,090,053
On Collateral Deposits	6,297,965	18,024,131
On Investments	218,233,211	30,929,843
On investment in Alternative Investment Fund	59,206,664	28,230,402
Total	357,299,823	162,973,487

Amount in INR

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Note 21		
Revenue from Operations		
Interest Income from financing activity	1,916,618,964	1,369,185,315
Income from Securitisation	476,166,880	286,305,528
Income from Guarantee Facility	38,257,915	29,349,456
Income from other Financial Services		
- Processing Fee	126,974,500	114,216,627
- Professional Fee	487,476,078	366,589,378
- Arranger fee for Guarantee facility	25,855,000	56,845,460
Income from Investment in Commercial Paper	6,852,840	2,634,231
Interest Income from banks on Collateral Deposits from Customers	13,498,528	32,167,587
Gain on Investment in Alternative Investment Fund	128,844,073	55,086,727
Profit on Sale of Investments	65,538,049	105,313,098
Interest Income from investment in Non Convertible Debenture	307,512,069	13,854,630
Upfront Setup fees (Refer Note 38)	5,431,341	5,802,251
Income from Advisory Fees	11,875,000	-
Investment Management Fees (Refer Note 38)	59,247,523	11,844,306
Total	3,670,148,760	2,449,194,594

Note 22		
Other Income		
Interest Income from banks on Deposits	5,730,633	4,032,704
Profit on sale of Mutual Fund Investments	25,566,949	9,959,272
Other Non Operating Income	26,473	1,097,602
Total	31,324,055	15,089,578

Note 23		
Finance Cost		
Interest Expenses on		
- Term Loan	782,881,401	638,356,760
- Debentures	638,217,957	282,888,838
- Cash Credits	64,719,586	35,001,023
- Overdraft Account	4,423,109	18,926,118
- On Collateral Deposits	13,498,528	32,167,587
- On Income Tax/ Service Tax	45,358	48,701
Discount on Commercial Paper	219,959,140	143,405,679
Amortisation of Processing Fees	38,022,922	23,696,716
Bank charges	1,427,282	2,453,452
Total	1,763,195,283	1,176,944,874

Amount in INR

Particulars	For the year ended 31 March, 2017	For the year ended 31 March 2016
Note 24		
Employee Benefits Expense		
Salaries and Wages	312,621,616	221,578,922
Contribution to Provident Fund (Refer Note 31(a))	12,103,511	8,587,769
Gratuity (Refer note 31(b))	6,311,836	3,594,158
Staff Welfare Expenses	14,724,650	9,363,616
Total	345,761,613	243,124,465

Note 25		
Provisions for Standard Assets (Refer Note 36)		
Provisions for Standard Assets:		
On Receivable under Financing Activities	26,199,404	17,988,139
On Investments and others	57,557,759	7,131,369
Provision for estimated losses on investment in securitisation and guarantee on credit enhancement	245,748,769	-
Provision for non performing assets	7,930,777	-
Total	337,436,709	25,119,508

Note 26		
Other expenses		
Rent	33,373,144	13,942,200
Rates and Taxes	7,943,392	73,815,002
Registration & Filing charges	5,572	2,261,763
Travelling and Conveyance	48,900,769	29,305,116
Legal and Professional Charges	123,560,788	41,609,518
Corporate Social Responsibility expenditure	9,733,642	4,967,285
Communication Expenses	5,093,884	2,282,079
Consultancy Charges	7,728,724	-
Upfront Setup fees	-	700,000
Director's Sitting fees	353,286	176,722
Setup Cost - Fund (Refer Note 38)	7,354,341	3,189,987
Insurance Premium	5,000	-
Publishing expenses	-	-
Repairs and Maintenance - Others	4,981,538	1,843,555
Printing and Stationery	942,257	698,953
Advertisement and Business Promotion	4,080,086	3,423,201
Auditors' remuneration:		
-Statutory & Other Audit	4,500,000	4,327,990
-Certification	100,000	100,000
-Tax audit	100,000	100,000
-Out of pocket expenses	96,330	40,280
Subscription	4,525,823	-
Miscellaneous Expenses	11,536,964	5,181,215
Total	274,915,540	187,964,866

Additional information to the Financial Statements:-

27.1 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 75,175,000 (Previous year - INR 226,365,000) 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 168,310,613 (Previous Year - INR 143,879,550) 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 328,262,133 (Previous Year - INR 582,829,330) 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 357,005,847 (Previous year - INR 94,527,005)

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
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	4,098,480
Income Tax Act	Disallowance under Sec 14 A read with rule 8 D, depreciation on leasehold improvements, and interest on TDS	Deputy Commissioner (Appeals)	AY 2014-15	50,722,952	-

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 2017	As at 31 March 2016
Capital Commitments	-	-
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advance)	1,184,624	6,847,547

27.2 Expenditure in Foreign Currency (on accrual basis)

Particulars	For the period ended 31 March 2017	For the period ended 31 March 2016
Travel	821,541	388,038
Director's sitting fees	93,286	96,722
Subscription	997,956	57,031
Consultancy Charges	7,076,638	-

Books and periodicals	-	523,054
Advertisement and publishing	2,581,230	-
Total	11,570,651	1,064,845

28. Prepaid Finance Charges

During the year the company borrowed INR 14,407,893,015Previous Year INR10,546,216,429) by way of Term Loan, Commercial Paper and Non-convertible debentures, towards which an amount of INR 24,684,864 (Previous Year INR 31,734,177) 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 37,931,812 (Previous year INR 39,667,771) 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 38,064,288 (Previous Year INR 35,215,272) during the current year. Out of the total provision made an amount of INR 8,335,188 (Previous Year INR 36,464,043) is included under Note 6 'Trade payables' and an amount of INR 59,652,280 (Previous Year 18,804,353) is included under Note 9 'Trade Payables', based on the compulsory vesting condition by the eligible employees. LTIP has been discontinued with effect from 1st April 2016, and Employee Stock option plan (ESOP) has been introduced.

(b) Employee stock option plan (ESOP):

IFMR Capital Employee Stock Option Plan 2016 - Employee Stock Option Scheme 2016 ('Scheme 1')

Employee Stock Option Plan 2016 (ESOP) has been approved by the Board at its meeting held on May 11, 2016 and by the members in the Extra Ordinary General Meeting held on October 7, 2016.

As per the approval, the Company can create, and grant from time to time, in one or more tranches, not exceeding 49,92,814 Employee Stock Options to the employees of the Company, exercisable into not more than 49,92,814 equity shares of face value of Rs.10/- each fully paid-up. Out of the total options, the company has granted 721,371 options and accepted by the eligible employees during the year ended March 31, 2017. Accordingly, provision for the above employee benefits amounting to INR 40,00,000 have been made in the books as at the balance sheet date.

Particulars		Date of Grant	Exercise Price (Rs)	Vesting Commences on	Options Granted	Options Exercised	Options Forfeited / Lapsed	Options Outstanding at the end of the year	
Grant No								Vested	Yet to vest
1	Original	01-03-2017	10	01-03-2017	721,371	-	-	-	721,371

Amount in INR

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. The distribution tax has since been withdrawn with effect from 1st June, 2016 and therefore, income from securitization for the months April and May 2016 haveonly been subject to distribution tax.

Accordingly, the income from investment in securitization for the year ended 31 March 2017 includes an amount of INR 51,601,950 (Previous Year INR 286,305,528) which has been subjected to a distribution tax of INR 13,562,468(Previous Year INR 73,637,782) of which INR Nil (Previous year INR Nil) has been accrued by the Company in respect of income to be collected in future periods. This distribution tax of INR 13,562,468 (Previous year INR 73,637,782) has been included under Rates and Taxes in Note 26.

31. Employee Benefits:

a. Defined Contribution Plan:
The Group makes Provident Fund Contribution which is a defined contribution plan for qualifying employees. Under the scheme, the company is required to contribute a specified percentage of the payroll costs to fund the benefits.
The Company recognizes INR 12,103,511 (Previous Year INR 8,587,769) 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:

Amount in INR

Change in benefit obligation	2016-17	2015-16
Accrued Liability as at beginning of the period:	10,944,355	8,852,950
Accrued liability of Subsidiary Company as at the date of acquisition		
Interest Cost	797,328	646,329
Current Service Cost	2,729,025	1,854,825
Benefits paid	(1,407,006)	(937,502)
Actuarial gain / loss	2,785,483	527,753
Accrued Liability as at the end of the period:	15,849,185	10,944,355
Amounts to be recognized in the Balance Sheet		
Present Value of obligations as on the accounting date:	15,849,185	10,944,355
Fair Value of the Plan Assets:	NIL	NIL
Liability to be recognized in the Balance Sheet:	(15,849,185)	(10,944,355)
Amount payable within next one year is included under Note 11 Short Term Provisions	1,296,301	625,046
Amount payable beyond a period of one year is included under Note 7 Long Term Provisions	14,552,884	10,319,309
Expenses to be recognized in the Statement of Profit and Loss		
Interest Cost	797,328	646,329
Current Service Cost	2,729,025	1,854,825
Net Actuarial (gain) / loss	2,785,483	527,753
Net Expenses to be recognized in Statement of Profit and Loss*	6,311,836	3,028,907

31(b) Employee Benefits:

Previous Year's

Gratuity expense of the holding company & one of the subsidiary	3,594,158
Gratuity reversal in the other subsidiary company	565,251
Net expenses to be recognised in statement of Profit and Loss	3,028,907

Accrued Gratuity Liability

2016-17

Name of the Company	IFMR Capital Finance Private Limited	IFMR Investment Adviser Services Private Limited	IFMR Investment Managers Private Limited
* Discount Rate:	7.10% per annum	6.60% per annum	6.70% 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:	12.50% 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

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	7.4% per annum
* Rate of Salary Escalation:	12.00% per annum	15.00% per annum	15% per annum
* Rate of exit due to reasons other than death or retirement:	11.50% per annum	30.00% per annum	30% per annum
* Rate of Return on Plan Assets:	Does not arise	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	2016-17	2015-16	2014-15
On plan Liability (gain)/loss	2,752,896	527,753	1,606,080
On plan Assets (gain) / loss	Nil	Nil	Nil
Present Value of benefit obligations	15,849,185	10,944,355	8,852,950
Fair Value of Plan Assets	Nil	Nil	Nil
Excess of obligation over plan assets	15,849,185	10,944,355	8,852,950

c. Compensated absences

2016-17

Name of the Company	IFMR Capital Finance Private Limited	IFMR Investment Adviser Services Private Limited	IFMR Investment Managers Private Limited
* Discount Rate:	7.10% per annum	6.60% per annum	6.70% 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:	12.50% 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

2015-16

Particulars	IFMR Capital Finance Private Limited	IFMR Investment Adviser Services Private Limited	IFMR Investment Managers Private Limited
Assumptions	7.80%	7.40%	7.40%
Discount Rate	12.00%	15.00%	15.00%
Future Salary Increase	Indian Assured Lives (2006 -08)	Indian Assured Lives (2006 -08)	Indian Assured Lives (2006 -08)
Mortality Rate	11.50%%	30.00%	30%
Attrition rate	Does not arise	Does not arise	Does not arise

32. Segment Reporting:

(i) Business segments

Particulars	For the year ended 31 March 2017 Amount in INR				
	Business segments				
	Financing activity	Advisory Services	Investment Management Services	Eliminations	Total
Revenue	3,578,638,096	12,894,760	92,084,038		3,683,616,895
Inter-segment revenue	(7,711,029)		-		(7,711,029)
Total	**3,570,927,067**	**12,894,760**	**92,084,038**	**-**	**3,675,905,866**
Segment result	880,340,584	10,652,410	51,495,950		942,488,944
Unallocable expenses (net)					-
Operating income					942,488,944
Other income (net)					25,566,949
Profit before taxes					968,055,893
Tax expense					**330,359,468**
Profit for the year					**637,696,425**

Particulars	For the year ended 31 March 2017 Amount in INR			
	Business segments			Total
	Financing activity	Advisory Services	Investment Management Services	
Segment assets	28,963,743,641	5,139,379	309,689,164	29,278,572,184
Unallocable assets				170,167,373
Total assets				29,448,739,557
Segment liabilities	24,404,761,061	2,820,724	13,192,728	24,420,774,513
Unallocable liabilities				3,100,000
Total liabilities				24,423,874,513
Other information				
Capital expenditure (allocable)	38,557,550	15,973	141,956	38,715,479
Depreciation and amortisation (allocable)				12,107,778

Particulars	For the year ended 31 March 2016 Amount in INR				
	Business segments			Eliminations	Total
	Financing activity	Advisory Services	Investment Management Services		
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 2015 Amount in INR			
	Business segments			Total
	Financing activity	Advisory Services	Investment Management Services	
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

33. **Related Party Disclosure** Amount in INR

Information relating to related party transactions for the year ended 31 March 2017 (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 Company 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

DishaMicrofin Private Limited

Manthan Software Services 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:

Related Party	Transactions	For the Year Ended 31 March 2017	For the Year Ended 31 March 2016
IFMR Trust	Reimbursement of Expenses	382,105	3,084,517
	Share of common expenses	16,320,738	12,067,890
	Reimbursement income	1,369,142	19,851
Pudhuaaru Financial Services Private Limited	Term Loans disbursed	177,500,000	200,000,000
	Interest on Term Loan	19,116,149	24,505,897
	Cash Collateral	-	10,000,000
	Interest on Cash Collateral	551,759	787,004
	Guarantee facility	28,551,196	100,000,000
	Fee income	2,330,485	8,421,596

Amount in INR

Related Party	Transactions	For the Year Ended 31 March 2017	For the Year Ended 31 March 2016
Future Financial Services Limited	Term Loans disbursed	-	280,000,000
	Interest on Term Loan	13,062,350	33,717,715
	Cash Collateral	-	5,000,000
	Interest on Cash Collateral	-	1,571,199
	Guarantee facility	12,958,504	550,000,000
	Fee income	2,640,017	21,743,144
Disha Microfin Private Limited	Term Loans disbursed	120,000,000	290,000,000
	Interest on Term Loan	29,132,477	18,141,571
	Cash Collateral	-	4,000,000
	Interest on Cash Collateral	-	468,561
	Guarantee facility	134,166,201	-
	Fee income	15,828,940	10,467,063
	Investment in NCD	100,000,000	-
IFMR Finance Foundation	Corporate Social Responsibility	6,616,821	2,980,371
IFMR Holdings Private Limited	Reimbursement of Expenses	2,674,151	-
	Assets Sold	-	16,314
	Preference Shares Redemption	1,000,000	-
	Dividend Preference shares	316,274	-
IFMR Holdings Private Limited	Preference Shares Redemption	4,400,000	-
	Dividend Preference shares	936,416	-
	Preference Shares Allotted/ (Redeemed)	-	(36,000,000)
	Dividend paid on preference shares	-	3,793,535
Kshama Fernandes	Remuneration	10,752,504	9,775,000
	Long Term incentive	9,510,840	9,693,270
	Employee Stock Option	17,341,500	-
Vineet Sukumar	Remuneration	9,487,500	8,625,000
	Long Term Incentive	7,798,160	7,874,286
	Employee Stock Option	14,417,000	-
Srividhya R	Remuneration	2,075,000	1,627,500

Outstanding Balances with Related Parties:

Related party	Nature of balances outstanding	As at 31 March 2017	As at 31 March 2016
IFMR Trust	Reimbursement of Expenses	531,568	505,677
	Share of common expenses	-	2,434,797

Pudhuaaru Financial Services Private Limited	Term Loan	152,313,260	132,907,934
	Cash Collateral	-	7,711,351
	Accrued Interest receivable on Term Loan	775,626	961,745
	Interest payable on Cash Collateral	32,796	354,258
	Guarantee Outstanding	34,801,196	12,726,270
	Fee income outstanding	8,092,132	77,923
Future Financial Services Limited	Term Loan	28,349,723	151,935,265
	Cash Collateral	-	-
	Accrued Interest receivable on Term Loan	85,920	665,314
	Interest payable on Cash Collateral	-	-
	Guarantee Outstanding	-	75,052,858
	Fee income outstanding	-	2,675,895
Disha Microfin Private Limited	Term Loan	116,929,131	215,969,494
	Investment in NCD	81,000,000	-
	Cash Collateral	-	
	Accrued Interest receivable on Term Loan	724,217	1,349,936
	Accrued Interest receivable on NCD	2,216,515	-
	Interest payable on Cash Collateral	-	-
	Guarantee Outstanding	198,830,827	26,369,030
	Fee income outstanding	440,669	2,981,481
IFMR Holdings Private Limited	Reimbursement of Expenses	543,896	-
IFMR Mezzanine Finance Private Limited	Preference Shares	3,100,000	7,500,000
Kshama Fernandes	Advances and Security Deposit	200,000	200,000
	Long Term Incentive*	24,341,920	-
	Employee Stock Option	17,341,500	15,963,350
Vineet Sukumar	Long Term Incentive*	19,859,800	-
	Employee Stock Option	14,417,000	12,914,590

* Represents an accumulated provision since 2010, Refer note 29

34. Earnings per share:

Amount in INR

Description	For the year ended 31 March 2017	For the year ended 31 March 2016
Profit after tax	637,696,425	600,383,686
Dividend payable to Preference shareholders	(16,001,894)	(9,050,950)
Premium on redemption of Preference shares	(9,740,635)	-
Profit after tax attributable to equity shareholders (Basic)	611,953,896	591,332,736
Add: ESOP Compensation expense included in net profit	4,000,000	-
Profit after tax attributable to equity shareholders (Diluted)	615,953,896	591,332,736

Amount in INR

Weighted average shares allotted and outstanding during the period	78,365,549	78,365,673
Earnings per share - Basic and diluted (face value of INR 10/-each)	7.81	7.55
Equity shares on a fully diluted basis (Weighted average)	83,683,855	78,365,673
Earnings per share - Fully diluted basis (face value of INR 10/-each)	7.36	7.55

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 2017	As at 31 March 2016
Deferred Tax Liability:		
Unamortized Processing Charges	11,884,268	13,062,922
Depreciation	5,742,896	1,508,704
Deferred Tax Asset:		
Gratuity	(5,479,445)	(3,721,161)
Provision for Standard Assets	(119,227,145)	(18,122,731)
Provision for compensated absences	(2,872,309)	(1,314,388)
Provision for Long term incentive	(12,228,362)	(14,670,762)
Net Deferred Tax Asset	(122,180,097)	(23,257,416)

36. Changes in Provisions

Amount in INR

Particulars	As at 31 March 2016	Additional provision	Utilization / Reversal	As at 31 March 2017
Provision for standard assets under financing activity (Refer Note below)	37,157,072 (19,168,933)	26,154,571 (17,988,139)	NIL (NIL)	63,311,643 (37,157,072)
Provision for standard assets under Investments and others (Refer Note below	15,208,656 (8,077,287)	57,602,591 (7,131,369)	NIL (NIL)	72,811,247 (15,208,656)
Provision for estimated losses on investments in securitisation and guarantee on credit enhancement	NIL (NIL)	245,748,769 (NIL)	NIL (NIL)	245,748,769 (NIL)
Provision for non-performing assets	NIL (NIL)	7,930,777 (NIL)	NIL (NIL)	7,930,777 NIL)

Note:

a. The Reserve Bank of India has prescribed the revised asset classification norms and provisioning norms which are required to be adopted in a phased manner over a period of three years commencing from the financial year ended March 31, 2016. In the current year (March 31, 2017), the Company had early adopted the provisioning for standard assets and the revised asset classification norms to the extent they are required to be complied by March 31, 2018.

b. The Management has made a provision at 0.40% on standard assets relating to investments and guarantee facilities as a matter of prudence.

c. Figures in brackets are for the previous year.

37. Details of Outstanding Derivatives

Particulars	As at 31 March 2017	As at 31 March 2016
(i) Outstanding Derivatives: (Notional principal amount) For hedging (Currency & Interest rate derivatives)	2,106,985	-
(ii) Marked to Market positions - Asset / (Liability)	1,070,900,000	-
(iii) Foreign currency exposure not hedged by derivative instrument or otherwise	-	-

38. IFMR Investment Managers Private Limited has been appointed as the investment manager by

A) The Trustee of IFMR Finance for Freedom Social Venture Fund (IFMR FImpact Investment fund) ("the Fund"), SBI CAP Trustee Company Limited, for which the Company receives 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 (IFMR FImpact Long Term Multi Asset Class Fund) ("the Fund"), Axis Trustee Services Limited,for which the Company receives 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.

C) The Trustee of IFMR Finance for Freedom Fund II (IFMR FImpact Medium Term Microfinance 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% 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.

D) The Trustee of IFMR Finance for Freedom Fund III (IFMR FImpact Long Term Credit 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.

E) The Trustee of IFMR Finance for Freedom Fund IV (IFMR FImpact Medium Term Opportunities Fund) ("the Fund"), Axis Trustee Services Limited,for which the Company receives 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.

39. 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:10 May, 2017