

IFMR Finance Foundation  
Audited Financial Statements  
for the Year ended  
March 31, 2016

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF IFMR FINANCE FOUNDATION

### Report on the Financial Statements

We have audited the accompanying financial statements of **IFMR FINANCE FOUNDATION** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act, as applicable.

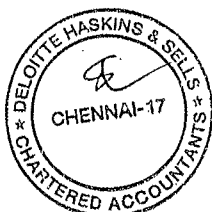
This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments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

### Auditor's Responsibility

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

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

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



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

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

### **Opinion**

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

### **Emphasis of Matters**

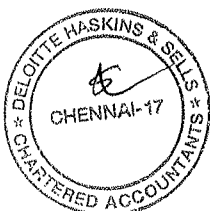
We draw attention to the following matters in the Notes to the financial statements:

1. Note No 5 regarding the utilisation of the corpus funds of Rs.100,000,000 towards disbursement of grants and other administration expenses, in accordance with the grant sanction letter of the donor.
2. Note No 17 regarding the preparation of the financial statements on a going concern basis despite the erosion of net worth of the Company, based on the commitment towards providing continued operational and financial support by the controlling entity, IFMR Trust and grants received for various projects, which are executed by the entity.

Our opinion is not qualified in respect of these matters.

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

1. As required by Section 143 (3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books



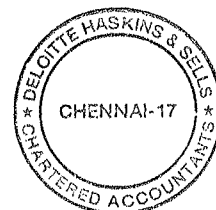
- c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account
  - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under section 133 of the Act, as applicable.
  - e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company does not have any pending litigations which would impact its financial position
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. The requirements of Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, are not applicable to the Company.

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

*Bhavani Balasubramanian*

**Bhavani Balasubramanian**  
Partner  
(Membership No.: 22156)

Chennai, June 29, 2016



**ANNEXURE “A” TO THE INDEPENDENT AUDITORS’ REPORT**

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

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

We have audited the internal financial controls over financial reporting of **IFMR FINANCE FOUNDATION** (“the Company”) as of 31<sup>st</sup> March 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

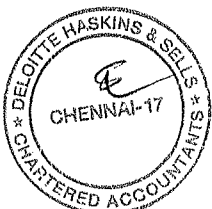
**Management’s Responsibility for Internal Financial Controls**

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

**Auditors’ Responsibility**

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based



on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

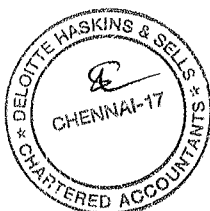
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls Over Financial Reporting**

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

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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



**Opinion**

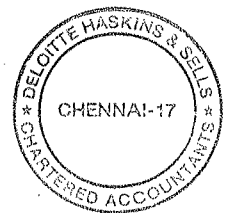
In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as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

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



**Bhavani Balasubramanian**  
Partner  
(Membership No.: 22156)

Chennai, June 29, 2016

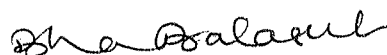


IFMR FINANCE FOUNDATION  
Balance Sheet as on 31st March, 2016

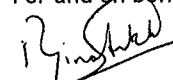
(Amount in INR)

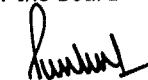
	Particulars	Note No.	As on 31st March 2016	As on 31st March 2015
I	<b>EQUITY AND LIABILITIES</b>			
	Shareholders' funds			
	Share Capital	3	100,000	100,000
	Reserves & Surplus	4	(35,792,718)	(35,165,432)
			<b>(35,692,718)</b>	<b>(35,065,432)</b>
	Corpus Funds	5	21,678,822	21,678,822
	Non current Liabilities			
	Long-term Provision	6a	964,981	1,187,678
			<b>964,981</b>	<b>1,187,678</b>
	Current Liabilities			
	(a) Trade Payable			
	(i) Dues to Micro & Small enterprises	7b	-	-
	(i) Other Trade Payables	7a	18,734,561	17,181,524
	Other Current liabilities	8	1,757,763	253,380
	Short -term Provisions	6b	24,744	96,052
			<b>20,517,068</b>	<b>17,530,956</b>
	<b>TOTAL</b>		<b>7,468,153</b>	<b>5,332,024</b>
II.	<b>ASSETS</b>			
	Non-current assets			
	Fixed assets			
	Tangible assets	9	150,111	180,668
	Intangible assets	9	3,595	16,230
	Long-term loans and Advances	10	3,515,430	3,291,530
			<b>3,669,136</b>	<b>3,488,428</b>
	Current assets			
	Trade receivables	11	450,000	100,000
	Cash and cash equivalents	12	1,234,336	1,003,422
	Short-term loans and advances	13	2,114,681	740,174
			<b>3,799,017</b>	<b>1,843,596</b>
	<b>TOTAL</b>		<b>7,468,153</b>	<b>5,332,024</b>

See accompanying notes forming part of the financial statements  
In terms of our report attached  
For Deloitte Haskins & Sells  
Chartered Accountants

  
Bhavani Balasubramanian  
Partner

For and on behalf of the Board

  
Bindu Ananth  
Director

  
Puneet Gupta  
Director

Place: Chennai

Date: 29th June 2016





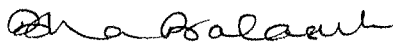
## Statement of Profit &amp; Loss for the Year ended 31st March 2016

(Amount in INR)

Particulars	Note No.	For the Year ended 31st March 2016	For the Year ended 31st March 2015
Grants	19	22,353,787	16,020,846
Other Income	14	1,789,725	1,437,190
<b>TOTAL REVENUE (I)</b>		<b>24,143,512</b>	<b>17,458,036</b>
<b>EXPENSES</b>			
Employee benefits expense	15	10,906,436	12,826,152
Depreciation	9	189,696	286,184
Administrative & Other expenses	16	13,674,666	11,743,858
<b>TOTAL EXPENSES (II)</b>		<b>24,770,798</b>	<b>24,856,194</b>
Loss for the year before tax (I) - (II)		(627,286)	(7,398,158)
<b>Tax Expenses</b>			
Current tax		-	-
Deferred Tax		-	-
		-	-
<b>Loss for the year</b>		<b>(627,286)</b>	<b>(7,398,158)</b>
Earnings per share (of Rs.10 each)	23		
(a) Basic		(62.73)	(739.82)
(b) Diluted		(62.73)	(739.82)

See accompanying notes forming part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells  
Chartered Accountants

Bhavani Balasubramanian  
Partner

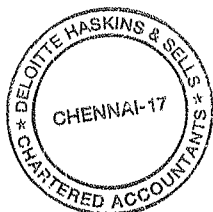
For and on behalf of the Board


Bindu Ananth  
Director

Puneet Gupta  
Director

Place: Chennai

Date: 29th June 2016



IFMR Finance Foundation  
Cash Flow Statement for the year ended 31st March, 2016

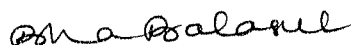
(Amount in INR)

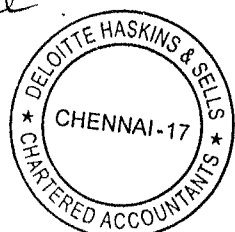
	Particulars	For the Year ended 31st March 2016	For the year ended 31st March 2015
<b>A.</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>		
	Loss for the year before Tax	(627,286)	(7,398,158)
	<u>Adjustments for:</u>		
	Depreciation	189,696	286,184
	Interest received	(89,594)	(34,881)
	Provision for Gratuity	(294,005)	766,030
	<b>Operating Loss before working capital changes</b>	<b>(821,189)</b>	<b>(6,380,825)</b>
	<u>Changes in working capital:</u>		
	<u>Adjustments for (increase)/decrease in operating assets</u>		
	Trade Receivables	(350,000)	(100,000)
	Long Term Loans and Advances	(90,000)	-
	Short term Loans & Advances	(1,374,507)	(1,010,507)
	<u>Adjustments for increase/(decrease) in operating Liabilities</u>		
	Trade Payables	1,553,037	7,290,975
	Other Current Liabilities	1,504,383	(51,005)
	<b>Cash generated from / (used in) operations</b>	<b>421,724</b>	<b>(251,362)</b>
	<b>Net income tax paid</b>	<b>(133,900)</b>	<b>(124,999)</b>
	<b>Net Cash generated from / (used in) operations (A)</b>	<b>287,824</b>	<b>(376,361)</b>
<b>B</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>		
	Capital expenditure on fixed assets, including capital advances	(146,504)	(240,892)
	Interest Received	89,594	34,881
	<b>Net cash used in Investing activities (B)</b>	<b>(56,910)</b>	<b>(206,011)</b>
<b>C</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>		
	Net cash generated from financing activities	-	-
	<b>Net Increase / (Decrease) in cash and cash equivalents (A+B+C)</b>	<b>230,914</b>	<b>(582,372)</b>
	<b>Cash &amp; Cash Equivalents at the beginning of the year</b>	<b>1,003,422</b>	<b>1,585,794</b>
	<b>Cash &amp; Cash Equivalents at the end of the year</b>	<b>1,234,336</b>	<b>1,003,422</b>
	<b>Reconciliation of cash and cash equivalents:</b>		
	Cash and Cash Equivalents as per Balance sheet (Refer Note 12)	1,234,336	1,003,422
	<b>Cash and cash equivalents at the end of the year</b>		
	<b>Comprises:</b>		
	Balances with banks		
	- in Current account	1,230,713	1,001,155
	- in Cash	3,623	2,267

See accompanying notes forming part of the financial statements

In terms of our report attached

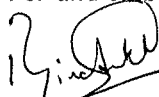
For Deloitte Haskins & Sells  
Chartered Accountants


  
Bhavani Balasubramanian  
Partner



Place: Chennai  
Date: 29th June 2016

For and on behalf of the Board

  
Bindu Ananth  
Director

  
Puneet Gupta  
Director

# IFMR FINANCE FOUNDATION

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## Notes forming part of Financial Statements:

### 1. Corporate Information

IFMR Finance Foundation (IFF) is a Section 25 company incorporated on 4<sup>th</sup> August 2008 under the Companies Act 1956, as a wholly owned subsidiary of IFMR Trust and is also registered under Section 12AA of the Income Tax Act, 1961. During the financial year 2013-14, the company was registered under the Foreign Contribution Regulation Act, 2010.

### 2. Significant accounting policies

#### 2.1 Basis of 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 specified under Section 133 of the Companies Act, 2013 and the relevant provisions of the Companies Act, 2013, as applicable. The Financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

#### 2.2 Use of estimates

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

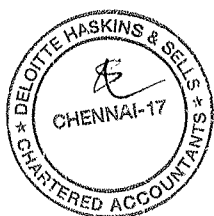
#### 2.3 Grants:

- (i) Grants received towards corpus are treated as capital receipts and taken to corpus fund.
- (ii) Other grants received are being treated as revenue receipts.
- (iii) Grants received towards specific research projects are treated as revenue grants in accordance with the terms of the agreement with the grantors.
- (iv) Grants disbursed during the year to various grantees are accounted on cash basis.

#### 2.4 Depreciation and Amortization:

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on tangible fixed assets has been provided on the written down value method as per the useful life prescribed in Schedule II to the Companies Act, 2013.



# IFMR FINANCE FOUNDATION

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

## 2.5 Impairment of assets:

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

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

If the carrying amount of the assets exceeds the estimated recoverable amount, an impairment is recognized for such excess amount. The impairment loss is recognized 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 recognized in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognised.

## 2.6 Employee benefits:

### Defined contribution plan:

#### Provident Fund

The Company's contribution to provident fund is included in compensation and paid to the employees together with the compensation.

### 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 and is provided for. The company's gratuity plan is non-funded.

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

Employees are not provided with the benefits for compensated absences.



# IFMR FINANCE FOUNDATION

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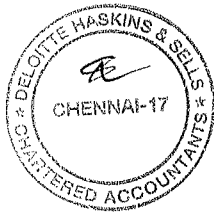
## 2.7 Taxes on income:

The company is registered under Section 12AA of the Income Tax Act. Accordingly grants received and other income of the company is fully exempt from tax under Section 12AA of the said Act subject to the conditions specified in the said provisions. Therefore, provision for current tax is not required to be made as at the balance sheet date.

As the income is exempt from tax, deferred tax will not apply to this company.

## 2.8 Provisions, contingent liabilities and contingent assets:

A provision is recognised when the Company has a present legal or constructive obligation as a result of past events for which it is probable that an outflow of economic benefit will be required to settle the transaction and a reliable estimate can be made for the amount of the obligation. Contingent liability is disclosed for (i) Possible obligation which will be confirmed only by future events not wholly within the control of the company or (ii) Present obligation arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent assets are not recognised in the financial statements.



IFMR FINANCE FOUNDATION

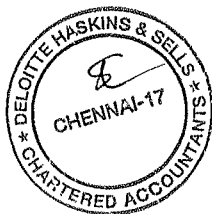
Notes forming part of Financial Statements as at 31st March, 2016

(Amount in INR)

Particulars	As on 31st March 2016		As at 31st March 2015	
	Note 3 - Share Capital			
Authorised				
20,000 (Previous Year - 20,000 Shares) Equity Shares of INR 10 each with voting rights.		200,000		200,000
Total		200,000		200,000
Issued, Subscribed and Fully Paid up				
10,000 (Previous Year-10,000 shares) Equity Shares of INR 10 each with voting rights		100,000		100,000
Total		100,000		100,000
Details of shares held by each shareholder more than 5% shares				
Name of the Shareholder	As on 31st March 2016		As at 31st March 2015	
	No. of shares held	% of shareholding	No. of shares held	% of shareholding
IFMR Trust (Controlling Entity) and its nominee	10,000	100	10,000	100
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.				
Movement in Equity shares				
Particulars	As on 31st March 2016		As at 31st March 2015	
	No. of shares	Amount In (INR)	No. of shares	Amount In (INR)
Opening Balance	10,000	100,000	10,000	100,000
Shares issued during the year	-	-	-	-
Closing Balance	10,000	100,000	10,000	100,000



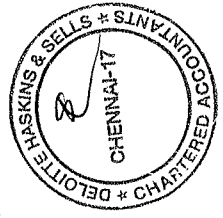
Particulars	As on 31st March 2016	As on 31st March 2015
<b>Note 4: Reserves &amp; Surplus</b>		
Deficit in Statement of Profit & loss		
Opening balance	(35,165,432)	(27,767,274)
Add: Loss for the year	(627,286)	(7,398,158)
Closing balance	<b>(35,792,718)</b>	<b>(35,165,432)</b>
<b>Note 5: Corpus Funds</b>		
Grants Received (Refer Note below)	100,000,000	100,000,000
Less: Grant Utilized	(78,321,178)	(78,321,178)
Balance Available for utilisation	<b>21,678,822</b>	<b>21,678,822</b>
<p>Note: An amount of INR 190 Million was received from ICICI Foundation for Inclusive Growth in 2008-09, out of which INR 100,000,000 was towards corpus and INR 90,000,000 towards non-specific revenue grants. The revenue grants received have been utilised in entirety within 31st March 2010. Therefore, the Company has, in accordance with the grant sanction letter of the Donor, utilised the unutilised amounts of the corpus of INR 100,000,000 towards disbursement of grants and to meet other administration expenses.</p>		
<b>Note 6a: Long-term Provision</b>		
Provision for Employee Benefits - Gratuity (Refer Note 20)	964,981	1,187,678
Total	<b>964,981</b>	<b>1,187,678</b>
<b>Note 6b: Short-term Provision</b>		
Provision for Employee Benefits - Gratuity (Refer Note 20)	24,744	96,052
Total	<b>24,744</b>	<b>96,052</b>
<b>Note 7a: Other Trade Payables</b>		
Sundry creditors	133,835	3,149,457
Advance from Related Parties (Refer Note 22)	18,600,726	14,032,067
Total	<b>18,734,561</b>	<b>17,181,524</b>
<b>Note 7b: Dues to Micro &amp; Small enterprises</b>		
<p>In accordance with the Notification No. GSR 719 (E) dated 16.11.2007 issued by the Ministry of Corporate affairs, certain 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. As represented by the management, there are no amounts payable / or claims from suppliers in accordance with the provisions of the Act, and therefore, no disclosures have been made in the financial statements.</p>		
<b>Note 8: Other current liabilities</b>		
Statutory remittances	120,320	216,543
Other Liabilities	1,637,443	36,837
Total	<b>1,757,763</b>	<b>253,380</b>



IFMR Finance Foundation  
Notes forming part of Financial statements as at 31st March, 2016

Note 9: Fixed Assets

Asset	Gross Block				Depreciation				Net Block	
	As on 1st April 2015	Additions	Deletions	As at 31st March 2016	As on 1st April 2015	For the year	On Deletions	As at 31st March 2016	As at 31st March 2016	As on 31st March 2015
<b>Tangible Assets</b>										
Computers (Previous Year)	787,070 (552,648)	146,504 (234,422)	- -	933,574 (787,070)	611,961 (383,041)	174,548 (228,920)	- -	786,509 (611,961)	147,065 (175,109)	175,109 (169,607)
Office Equipment (Previous Year)	6,470 -	- (6,470)	- -	6,470 (6,470)	911 -	2,513 (911)	- -	3,424 (911)	3,046 (5,559)	5,559 -
<b>Total</b> (Previous Year)	<b>793,540</b> <b>(552,648)</b>	<b>146,504</b> <b>(240,892)</b>	<b>-</b> <b>-</b>	<b>940,044</b> <b>(793,540)</b>	<b>612,872</b> <b>(383,041)</b>	<b>177,061</b> <b>(229,831)</b>	<b>-</b> <b>-</b>	<b>789,933</b> <b>(612,872)</b>	<b>150,111</b> <b>(180,668)</b>	<b>180,668</b> <b>(169,607)</b>
<b>Intangible Assets</b>										
Software (Previous Year)	126,397 (126,397)	-	-	126,397 (126,397)	110,167 (53,814)	12,635 (56,353)	-	122,802 (110,167)	3,595 (16,230)	16,230 (72,583)
<b>Total</b> (Previous Year)	<b>126,397</b> <b>(126,397)</b>	<b>-</b> <b>-</b>	<b>-</b> <b>-</b>	<b>126,397</b> <b>(126,397)</b>	<b>110,167</b> <b>(53,814)</b>	<b>12,635</b> <b>(56,353)</b>	<b>-</b> <b>-</b>	<b>122,802</b> <b>(110,167)</b>	<b>3,595</b> <b>(16,230)</b>	<b>16,230</b> <b>(72,583)</b>
<b>Grand Total</b> (Previous Year)	<b>919,937</b> <b>(679,045)</b>	<b>146,504</b> <b>(240,892)</b>	<b>-</b> <b>-</b>	<b>1,066,441</b> <b>(919,937)</b>	<b>723,039</b> <b>(436,855)</b>	<b>189,696</b> <b>(286,184)</b>	<b>-</b> <b>-</b>	<b>912,735</b> <b>(723,039)</b>	<b>153,706</b> <b>(196,898)</b>	<b>196,898</b> <b>(242,190)</b>





# IFMR FINANCE FOUNDATION

## 17. Going Concern:

As at 31st March 2016, the entire net worth of the company has eroded due to the accumulated losses amounting to INR 35,792,718/- (Previous Year - INR 35,165,432). Despite the erosion of net worth, the financial statements have been prepared on a going concern basis, as the controlling entity, IFMR Trust has committed towards providing continued financial and operational support for the foreseeable future. Further, the Company has been registered under Foreign Contribution Regulation Act, 2010 which allows access to foreign grants for funding specified projects. The foreign grants received during the year along with details of the project for which the same have been received are detailed in Note No.19 below.

## 18. Contingent Liabilities and Commitments (to the extent not provided for)

Sl No.	Name of the Statute	Nature of Dues	Amount in INR	Period	Forum where dispute is pending
1	Income Tax Act, 1961	Disallowance of grants disbursed prior to incorporation and staff costs.	4,843,630 (PY -4,843,630)	AY 2009-10	The Income Tax Appellate Tribunal has referred the case back to CIT on grounds of "Principle of Natural Justice"
2	Income Tax Act, 1961	On appeal, disallowance of entire application of grants by CIT (A)	Demand to be quantified	AY 2009-10	The Income Tax Appellate Tribunal has referred the case back to CIT on grounds of "Principle of Natural Justice"

Out of the original demand of INR 4,843,630/-, an amount of INR 1,839,402/- has been deposited with the concerned authorities during 2011-12.

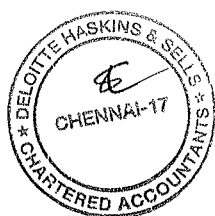


# IFMR FINANCE FOUNDATION

## 19. Grants:

Grants received during the year include:

S.No	Grantor	Amount (INR)	Purpose
1	IFMR Trust	6,000,000 (Previous Year - 11,000,000)	To Carry out normal operations of the entity
2	Nederlandse financierings - Maatschappij (FMO)	1,672,796 (Previous Year -1,807,995)	Amount received has been utilized for the purpose of designing and developing specific customer protection guidelines across rural and urban micro finance sector in accordance with the terms of agreement with FMO.
3	The World Bank	2,964,641 (Previous Year - 1,255,720)	Amount received for the purpose of publishing research findings of Infographic, presentation of research findings and policy implications at a national-level conference.
4	IFMR Capital Finance Private Limited	2,980,371 (Previous year - 1,957,130)	Amount received towards framing suitability guidelines for IFMR Capital and estimating credit demand/credit potential versus household indebtedness.
5	Omidyar Network Fund, INC.	8,086,341 (Previous Year - Nil)	Amount received for redesigning the priority sector and developing suitability guidelines.
6	ACCION Technical Advisors India	649,638 (Previous Year - Nil)	Amount received for framing of main opportunities and challenges around the promise of using alternative data and new analytics in India



# IFMR FINANCE FOUNDATION

## Accounting Standards Disclosure

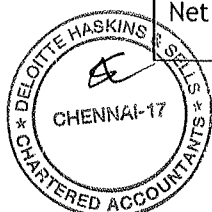
### 20. Employee benefits

The Company's obligation towards Gratuity is a Defined Benefit Plan and no fund is being maintained. The details of actuarial valuation have been given below:

Valuation as at 31<sup>st</sup> March 2016

Particulars	2015-16	2014-15
	Amount in INR	Amount in INR
<b>Movements in Accrued Liability</b>		
Accrued Liability as at beginning of the Year:	1,283,730	517,700
Interest Cost	100,131	46,593
Current Service Cost	221,333	135,995
Benefits Paid	Nil	Nil
Actuarial (gain) / loss	(615,469)	583,442
Accrued Liability as at the end of the year:	989,725	1,283,730
<b>Amounts to be recognized in the Balance Sheet</b>		
Present Value of obligations as on the accounting date:	989,725	1,283,730
Fair Value of the Plan Assets	Nil	Nil
Liability to be recognized in the Balance Sheet:	989,725	1,283,730
<b>Amounts to be Recognized in the Statement of Profit and Loss</b>		
Interest Cost	100,131	46,593
Current Service Cost	221,333	135,995
Net Actuarial (gain) / loss	(615,469)	583,442
Net Expenses to be recognized in Statement of Profit and Loss	(294,005)	766,030

Particulars	2015-16	2014-15
	Amount in INR	Amount in INR
<b>Reconciliation</b>		
Net Liability as at the beginning of the year	1,283,730	517,700
Net Expenses in Statement of Profit and Loss	(294,005)	766,030



# IFMR FINANCE FOUNDATION

Particulars	2015-16	2014-15
	Amount in INR	Amount in INR
Benefits Paid	Nil	Nil
Net Liability as at the end of the Year	989,725	1,283,730
<b>Principal Actuarial Assumptions</b>		
Interest Rate (Liabilities)	7.46%	7.80%
Return on Assets	N.A	N.A
Mortality Table	IALM (2006-08)Ult	LIC(96-98)
Resignation Rate per annum	3.00%	10.00%
Salary Escalation Rate	15.00%	15.00%

## Notes:

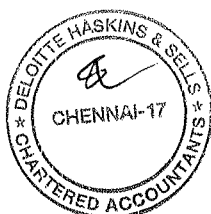
- i) The estimate of future salary increase takes in to account inflation, seniority, promotion and other relevant factors.
- ii) Discount rate is the prevailing market yields used by IALM (2006-08) Ult for similar computations.
- iii) Experience Adjustments:

Particulars	2015-16	2014-15	2013-14	2012-13	2011-12
On plan Liability (gain)/loss	(615,469)	583,442	120,025	30,859	(202,802)
On plan Assets (gain) / loss	Nil	Nil	Nil	Nil	Nil
Present Value of benefit obligations	989,725	1,283,730	517,700	255,090	106,793
Fair Value of Plan Assets	Nil	Nil	Nil	Nil	Nil
Excess of obligation over plan assets	989,725	1,283,730	517,700	255,090	106,793

Details relating to experience adjustments are provided to the extent available.

## 21. Segment Reporting:

The Company is primarily engaged in the business of providing access to financial services to the under-served population in the country. All activities of the Company revolve around the main business. Further, the Company does not have any separate geographic segments other than India. As such there are no separate reportable segments as per AS-17 "Segment Reporting".



# IFMR FINANCE FOUNDATION

## 22. Related party disclosures

Information relating to related party transactions for the year ended 31<sup>st</sup> March 2016 (as identified by management and relied upon by Auditors)

### a) Parties where control exists:

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

### b) Fellow Subsidiaries with whom the Company had transactions during the year:

IFMR Capital Finance Private Limited

### c) Key Management Personnel:

#### 1. Bindu Ananth - Director

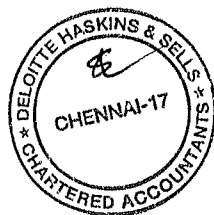
No remuneration is paid to the key management personnel by the company. Remuneration is paid by the Controlling Entity.

#### 2. Anand Sahasranamam - Director (till 31<sup>st</sup> July 2015)

### d) Transactions with related parties during the year:

(Amount in INR)

Related Party	Transaction	For the year ended 31st March 2016	For the year ended 31st March 2015
IFMR Trust	Grant Received	6,000,000	11,000,000
	Employee Sharing Cost	821,465	858,989
	Infrastructure Cost	1,600,002	1,980,511
	Reimbursement of Expenses	3,929,282	2,567,918
IFMR Capital Finance Private Limited	CSR contribution received	2,980,371	1,957,130
Anand Sahasranamam	Remuneration paid	1,452,726	3,005,640



# IFMR FINANCE FOUNDATION

## e) Outstanding balances with related parties:

(Amount in INR)

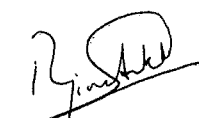
Related Party	Nature of Balance Outstanding at the year end	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
IFMR Trust	Amount Payable	18,600,725	14,032,067

## 23. Earnings per share - Basic and Diluted:

Description	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
	Amount in INR	Amount in INR
Loss for the year attributable to equity shareholders	(627,286)	(7,398,158)
Weighted average shares outstanding during the year (Basic)	10,000	10,000
Weighted average shares outstanding during the year (Diluted)	10,000	10,000
Basic earnings per share	(62.73)	(739.82)
Diluted earnings per share	(62.73)	(739.82)

24. 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



Bindu Ananth  
Director



Puneet Gupta  
Director

Place : Chennai  
Date : 29 June 2016



Amount in INR

Particulars	As on 31st March 2016	As on 31st March 2015
<b>Note 10: Long Term Loans and Advances</b>		
Advance Taxes and tax deducted at source (Net of provision for tax - NIL (PY INR NIL))	2,815,430	2,681,530
Security Deposits for Employees	700,000	610,000
<b>Total</b>	<b>3,515,430</b>	<b>3,291,530</b>
<b>Note 11: Trade receivables</b>		
Other Trade receivables		
Secured, considered good	450,000	100,000
<b>Total</b>	<b>450,000</b>	<b>100,000</b>
<b>Note 12: Cash and Cash Equivalents</b>		
Cash and cash equivalents as defined in AS-3		
Cash on hand	3,623	2,267
Balance in Current account	1,230,713	1,001,155
<b>Total</b>	<b>1,234,336</b>	<b>1,003,422</b>
<b>Note 13: Short-term loans and advances</b> (Unsecured, Considered good)		
Other Deposits	-	25,000
Prepaid Expenses	60,661	-
Balances with Government Authorities	1,987,747	639,889
Advances recoverable in cash or in kind or for value to be received	66,273	75,285
<b>Total</b>	<b>2,114,681</b>	<b>740,174</b>



IFMR Finance Foundation

Notes forming part of Financial statements as at 31st March, 2016

(Amount in INR)

Particulars	For the Year ended 31st March 2016		For the year ended 31st March 2015	
<b>Note 14: Other Income</b>				
Other Interest Income		89,594		34,881
Provision for gratuity no longer required written back		294,005		-
Professional Services		1,406,126		1,402,309
<b>Total</b>		<b>1,789,725</b>		<b>1,437,190</b>
<b>Note 15: Staff Costs</b>				
Salaries, Allowances and Bonus		10,681,852		11,847,725
Gratuity		-		766,030
Staff Welfare Expenses		224,584		212,397
<b>Total</b>		<b>10,906,436</b>		<b>12,826,152</b>
<b>Note 16: Administrative &amp; Other expenses-</b>				
Rent and Amenities		2,484,310		2,017,442
Sub Grant		940,625		465,625
Advertisement Charges		-		37,101
Repairs and Maintenance		5,083		14,534
Printing and Stationery		78,614		154,521
Telephone Expenses		211,233		234,157
Travelling and Conveyance		893,501		1,849,532
Consultancy Charges		77,132		579,181
Legal & Professional Charges		8,158,681		5,900,624
Seminar and Meeting Expenses		289,264		-
Website maintenance and internet expenses		42,647		22,788
Auditors' Remuneration				
For Statutory Audit	258,000		342,000	
For Tax Audit	43,000		57,000	
For Reimbursement of expenses	13,510	314,510	-	399,000
Rates and Taxes		16,456		57,192
Exchange Loss		-		2,535
Miscellaneous expenses		162,610		9,626
<b>Total</b>		<b>13,674,666</b>		<b>11,743,858</b>

