

8th
ANNUAL
REPORT
2014-2015



Asirvad Microfinance
Private Ltd.





Glittering Future of Golden Opportunities

We are proud to announce that this year Manappuram Finance Ltd., a leading non-banking financial company in India has acquired Asirvad Microfinance Pvt. Ltd.

With over 60 years of existence Manappuram brings to us a rich heritage of integrity and financial industry experience. We are looking at this year as a truly new beginning in a lasting relationship and a glittering future of golden opportunities.



Asirvad Stories

small loans big dreams

“True leaders understand that leadership is not about them but about those they serve. It is not about exalting themselves but about lifting others up”

- Sheri L. Dew





	March 08	March 09	March 10	March 11	March 12	March 13	March 14	March 15
OPERATIONAL METRICS								
No: Member enrolled	6,092	57,276	1,47,850	3,34,135	3,87,535	4,26,489	5,31,760	700,628
No: Active members	6,092	48,425	1,26,483	2,19,043	1,73,109	1,13,416	2,11,260	277,615
No: Centres	235	2,152	6,137	12,380	15,205	17,375	25,958	36,083
No: Branches	2	19	49	85	78	64	94	141
No: Districts covered	2	7	14	22	21	20	30	44
No: States covered	1	1	1	1	1	1	4	5
HEADCOUNT METRICS								
Total staff	19	130	327	531	416	280	351	553
Cumulative LTD disbursal (₹ in Lakhs)	305	2,570	11,889	31,487	46,067	59,551	84,009	122,933
Portfolio Outstanding (Gross) (₹ in Lakhs)	286	1,509	6,243	10,101	7,937	10,246	18,882	32,200
DELINQUENCY METRICS (₹ LAKHS)								
PAR (₹ in Lakhs)	-	-	2	63	1	-	5	27

BOARD OF DIRECTORS

V P Nandakumar
B N Raveendra Babu
S V Raja Vaidyanathan
Kalpana Iyer
V R Rajiven
Gautam Saigal
A Ramanathan

AUDIT COMMITTEE

Gautam Saigal
V R Rajiven
Kalpana Iyer

BORROWING COMMITTEE

B N Raveendra Babu
S V Raja Vaidyanathan
A Ramanathan

MANAGEMENT COMMITTEE

S V Raja Vaidyanathan
R Raghavender Anand
G Srikanth

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

V P Nandakumar
V R Rajiven
S V Raja Vaidyanathan

COMPENSATION COMMITTEE

B N Raveendra Babu
A Ramanathan
V R Rajiven

ASSET LIABILITY COMMITTEE

S V Raja Vaidyanathan
R Raghavender Anand
G Srikanth
K.Nithya

RISK MANAGEMENT COMMITTEE

S V Raja Vaidyanathan
R Raghavender Anand
S Gopinath
G Srikanth
Tolerance Samuel
K Nithya

AUDITORS

M/s.Deloitte Haskins & Sells.,
Chartered Accountants,
ASV 'N' Ramana Tower,
52, Venkatnarayana Road,
T.Nagar, Chennai17.

CHIEF FINANCIAL OFFICER

G Srikanth

NATIONAL HEAD OPERATIONS

R Raghavender Anand

COMPANY SECRETARY

K.Nithya

LEGAL ADVISOR

M/s.Essess Associates
No.4, Trustpuram, 4th Cross Street,
Kodambakkam, Chennai 600 024.

BANKERS/FUNDERS

Andhra Bank
Axis Bank
Bank of Maharashtra
Caspian Impact Investments
Corporation Bank
DCB Bank
Dena Bank
HDFC Bank
ICICI Bank
IDBI Bank
IFMR Capital
Indusind Bank
Karnataka Bank
Karur Vysya Bank
Kotak Mahindra Bank (formerly ING Vysya)
Lakshmi Vilas Bank
MAS Financial Services
NABARD
NABKISAN
Pallavan Grama Bank
RBL Bank
Reliance Capital
South Indian Bank
State Bank of India
State Bank of Patiala
Vijaya Bank

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DIRECTORS AND THEIR PROFILE



V.P.Nandakumar

Post graduate in science with additional qualifications in banking and foreign trade. He is the Managing Director & CEO of Manappuram Finance Ltd.



B.N.Raveendrababu

Post Graduate in Commerce with additional qualification in Management Accounting from the U.K. He occupied senior positions in Finance and Accounts in various organizations in the Middle East.



S.V.Raja Vaidyanathan

B.Tech (IIT Madras), MBA (IIM Calcutta), AICWAI, ACS and has more than 33 years of experience in the field of financial services, infrastructure, media, telecom & Retail sectors in large private sector.



Kalpana Iyer

FCA and ex-business head of Citibank-Micro finance division. Presently a management consultant in Mumbai. She has more than 26 years of work experience.



V.R.Rajiven

He is an IPS officer, retired in 2010 as Director General of Police & Commandment General, Fire & Rescue Services, Kerala.



Gautam Saigal

He is a qualified Chartered Accountant. He has over 22 years of experience in financial services of which over 16 years has been in private equity investment. Gautam has been a member of the Board of Directors and Board Committees in several companies including in financial services, telecom, energy distribution, healthcare, IT services, consumer products, logistics, infrastructure etc.



A.Ramanathan

M.B.A. He retired as a Chief General Manager from NABARD in Micro Credit innovations Department. He is expert in Institutional Development, Organisational Development, Organisational Behaviour, Small Business Development, Training need assessment, Training techniques etc. He has more than 35 yrs of rich experience in the banking industry.

MESSAGE FROM THE MANAGING DIRECTOR



The AP crisis that threatened to almost bring an end to the Microfinance industry seems a long time ago. The regulatory overview provided by the Reserve Bank of India coupled with the resilience of the Microfinance Institutions (MFIs) have brought the industry not just back on track, but in a more robust and disciplined manner.

In fact, the financial year 2014-15 would go as one of the path breaking years in the annals of Microfinance history. The formation of MUDRA Bank (Micro Units Development and Refinance Agency Bank) stands a glowing testimony to the commitment of the Central Government towards the cause of financial inclusion; this was epitomized by the Finance Minister's statement that the Government is committed to 'funding the unfunded', which has always been the mantra of the Microfinance industry for the last so many years. Such an acknowledgement to the contribution of the MFIs towards the cause of financial inclusion from the Finance Minister would go a long way in boosting the credibility of the MFIs in the minds of all the stakeholders.

The other great news for the industry came from the Reserve Bank of India, who invited applicants for setting up of Small Finance Banks (SFBs). The qualification criteria laid down for the applicants clearly had a positive bias towards the MFIs and it won't be long before we see some of the MFIs being converted into Small Finance Banks, a clear indication of the Reserve Bank's trust and confidence in the ability of MFIs to run fundamentally stronger institutions and still contribute effectively to the cause of financial inclusion. This assumes greater significance having come on the heels of Bandhan, the largest MFI in the country, being accorded a provisional license to convert itself into a full-fledged bank over the next 18 months.

It would be an understatement to say that Asirvad also had perhaps its best year ever since the inception of the organization. Asirvad went through a difficult time during the first half of FY 2015 when the company faced a severe capital crunch having reached very close to the regulatory capital adequacy norm of 15%. This resulted in a stunted portfolio growth and the efforts to raise further capital yielded no fruit. The Company did raise preference capital of 5 Cr as a stop gap arrangement but there was no disputing the fact that this also proved to be inadequate to meet the ambitious plans of the Company. However the winds of change were about to blow as it was at this time that Manappuram Finance Limited was contemplating an entry into the business of Microfinance. Asirvad's need for capital gave them the opportunity to swiftly make their presence into the Microfinance business through a capital infusion into the Company. They picked up an 85% stake in Asirvad through a combination of secondary and primary investment and this also gave the much needed impetus to Asirvad in embarking upon the path of swift growth.

The investment by Manappuram into Asirvad was consummated in Feb 2015 and the wheels of growth was put in place immediately thereafter. During FY 2015, Asirvad had a portfolio growth of over 70% despite being capital constrained for a large part of the year. The Board and its Committees were reconstituted and the presence of Manappuram as the parent company gave a significant push to Asirvad in embarking upon a phase of steep growth. Asirvad's efficient operations and its significantly low operational expense ratio resulted in the profitability more than doubling in the current financial year. And I am very confident that we will be able to achieve all the milestones that we have set for ourselves in the forthcoming years and probably much more.

The investment by Manappuram also resulted in upgrade to our entity grading (M2 to M2+) and our bank loan rating to BBB (with positive outlook), which has also opened up a lot of funding opportunities. With the ability to leverage significantly, I feel that the banks and financial institutions would view Asirvad very positive from the standpoint of providing debt to the Company. With the liquidity available, I have no doubt in my mind that we will be able to build a sizeable portfolio of robust quality across multiple states, which will help mitigate concentration risk.

During FY 2015, Asirvad also started operations in the state of Karnataka and in the Union territory of Puducherry thereby deepening our presence. The branch network grew by 50% during the current year, which will serve as a springboard for our growth in the forthcoming years. The portfolio grew without any undue spurt in delinquencies, which shows the process efficiency and strict compliance of the organization to the regulations laid down by the Central Bank.

Despite our capital constraints, the lenders reposed their faith in us and continued to support us by making liquidity available. Without their support, the Company could not have grown to current levels. Asirvad managed to raise over Rs.320 Cr of funds during the current year which is about 35% higher than the quantum of raised during FY 2014. Diversification of funding streams was also achieved with multiple issuances of Non-Convertible debentures done during the financial year. We also managed to get a refinance facility from NABARD, which augurs well for the Company. I sincerely thank each one of the lenders for their support and pray for their continued co-operation.

With the availability of liquidity, the Company managed to disburse about Rs. 400 Cr of loans to borrowers, which is over 60% higher than previous year's disbursals. The efforts of every single staff of the organization, spanning across different verticals, contributed to this achievement. Our staffs continue to be the pillars of strength for Asirvad and no amount of words would be adequate to thank them for their phenomenal efforts and I am sure Asirvad will be able to scale new highs with their enthusiasm and commitment.

With the infusion of capital by Manappuram, the Board was reconstituted and I would be failing in my duty if I don't express my sincere gratitude to the outgoing Board members, without whose support and strategic inputs, we would not reached our current position. As the original promoters, I would also like to take this opportunity to welcome the new Board members along with the new Chairman of the Company, who have long years of rich experience in the field of financial services and I am sure that the Company would be able to achieve manifold milestones in the days and years to come.

Asirvad Development Foundation has continued its good work in providing education and medical assistance to the needy. During the year, we provided education scholarships to deserving students. On the medical front, the foundation supported a child who was suffering from Arthrogryposis Multiplex

Cogenita to undergo surgery, and I am happy to state that the child is now healthy and doing well. Such instances bring about a sense of satisfaction and happiness and I hope that we get further opportunities to be of service to the society.

We are at an exciting phase in the growth journey of Asirvad; tough challenges await us as we embark on our expansion to central and North States but I am more than confident that we will be able to overcome all of them and march forward in this glorious journey. Every year ever since we began this journey has been satisfying; however, we have many more promises to keep and miles to go before we sleep. I sincerely look forward to the support and encouragement of all the stakeholders in making a difference in the lives of the underserved, ensure we manage to fund the unfunded, and contribute our bit in fulfilling the country's objective of financial inclusion.

*Sd/-
S.V. Raja Vaidyanathan
Managing Director*

DIRECTORS' REPORT

The Directors have pleasure in presenting before you the Annual Report of the Company together with the Audited Statement of Accounts for the year ended 31st March, 2015.

FINANCIAL RESULTS

S.No.	Particulars	Year ended 31st March 2015 (₹ in crores)	Year ended 31st March 2014 (₹ in crores)
1	Gross Income	67.33	37.30
2	Less : Total Expenditure	51.71	30.20
3	Profit Before Tax	15.61	7.10
4	Profit After Tax	10.40	4.70

RESERVES & DIVIDEND

During the year under review, Preference Share dividend was paid at the rate of 12%.

INVESTMENT BY MANAPPURAM FINANCE LIMITED

During the financial year 2014-15, Asirvad attracted capital investment by Manappuram Finance Limited. Manappuram wanted to take a controlling stake in the Company and after discussions, it was agreed that Manappuram would take a 85% through a combination of secondary (buying out the stake from existing shareholders) and primary (issue of fresh shares) investment. There was an intensive due diligence process covering legal, financial and business aspects of Asirvad. Both Asirvad and Manappuram sent requests for approval from Reserve Bank to consummate this transaction. Reserve Bank of India gave approval for the acquisition of majority equity shares of M/s Asirvad Microfinance Private Ltd by M/s.Manappuram Finance Ltd vide letter no: DNBS (Che) No./1814/13.27.056/2014-15 dated 3rd February 2015. Finally, on the 12th of Feb 2015, Manappuram took a controlling stake of 71.1% by buying out 58.37 lakh shares (face value of Rs.10 per share) from existing shareholders (with the exception of the primary promoter Mr.S.V.Raja Vaidyanathan and few other employees) at a per share price of Rs.83.32. A rights issue was also done on the 19th Feb 2015 at the same price as the secondary purchase wherein Manappuram subscribed to the entire rights issue of 75.61 lakh shares thereby increasing their stake to 85%.

As at Mar 2015, Manappuram holds 84.98% stake in the Company with the balance being held by Mr.S.V.Raja Vaidyanathan (14.77%) and few other employees (0.25%).

OPERATIONS AND BUSINESS PERFORMANCE

During the Year, your Company expanded its operations to the state of Karnataka with 18 Branches as part of diversifying into other areas. The operational highlights of your Company are:

- Client base has increased to 2.78 lakhs across 130 branches in 3 states (from 2.11 lakh across 84 branches in 2 states).

- Gross Loan Portfolio at Rs. 340 Cr (Rs.195 Cr as at Mar 2014) growth in portfolio by 74%.
- Total disbursement during the year was at Rs.411 Cr for FY 2015 (Rs.251 Cr for FY 2014).
- Your Company has ensured compliance to all guidelines stipulated by Reserve Bank of India for the Microfinance Industry.
- Head count of 553 employees (as against 351 for FY 2014).

CREDIT RATING

ICRA, India's leading Ratings, Research, Risk and Policy Advisory Company had upgraded the grading of Your Company to M2+ and the bank loan rating to BBB (positive outlook) in Feb 2015. The rating was given after taking into account the experienced management team, good corporate governance, strong loan monitoring and collection mechanisms and also the investment into Your Company by Manappuram Finance Limited.

RBI GUIDELINES

Your company is registered with RBI as a Non-Deposit Non Banking Company by their original letter in December 2007. RBI's approval was regularized vide their letter DNBS (Che)/CMD/3843/13-27.056/9-16 dated 19th April 2010. RBI had also issued the certificate of registration as NBFC – MFI to Your Company on the 4th of Oct 2013. Your Company has also complied with all applicable regulations of Reserve Bank of India. As per Non-Banking Finance Companies RBI Directions, 1998, the Directors hereby report that your Company did not accept any public deposits during the financial year under review. Your Company continues to comply with all the guidelines prescribed for a systemically important NBFC.

The Board of Directors and its various Sub-Committees have met from time to time and ensured adherence to the guidelines issued by RBI. Liquidity Risk Management, Interest Rate Risk, Funding and Capital Planning, Profit Planning and Growth Projections, Pricing, Credit Risk, Portfolio Risk Management, Operational and Process Risk Management have also been reviewed from time to time and the Sub-Committees have also been making necessary changes to KYC and other disclosure norms based on the policies being issued by the Central bank at periodic intervals.

CAPITAL ADEQACY

The Capital Adequacy Ratio was 34.77% as on 31st March 2015. The Net Owned Funds (NOF) as on that date was Rs. 110.28 Crores. The minimum capital adequacy requirement stipulated for Your Company by Reserve Bank of India is 15%.

ISSUE OF CAPITAL

The authorized share capital of the company is Rs.30 Crores represented by Rs20 Crores of Equity and Rs.10 Crores of Preference Share Capital. The paid-up capital of your Company as on reporting date was Rs.20.75 Crores(15.75 Crores Equity Shares & 5 Crores Preference Shares).

EMPLOYEES STOCK OPTION PLAN

ESOP and the right to subscribe to future shares

During 2011-12, the Company had put together an Employees Stock Option plan as a retention tool for the employees. A total of 2,04,500 options were granted at Rs.11.17 per option (at a discount of 50% to market value). After adjusting for employees who ceased to be employees of the company during the year, the outstanding options as at Mar '15 stood at 10,000.

CREDIT BUREAU SUBSCRIPTION

Your company continues to submit monthly data to Highmark and Equifax Credit bureaus on a weekly basis and also use their credit reports for every single loan that is sanctioned. This, coupled with the efficient processes, has resulted in a strong portfolio quality with very minimal delinquencies.

FAIR PRACTICES CODE

RBI had been issuing revised Fair Practices code guidelines from time to time and Your Company has adhered to all of them without any compromise. The new Fair Practices Code, Code of Conduct, Code of Ethics and Grievance Redressal Mechanism have been approved by the Board and displayed prominently in all the branches of Your Company.

ASIRVAD DEVELOPMENT FOUNDATION

Asirvad Development Foundation (ADF), the Corporate Social Responsibility wing of Your Company had been providing financial assistance to underprivileged deserving students for Education, meeting emergency care requirements of the needy.

BOARD MEETINGS

The Board of Directors met 10 times during the year i.e., on 6th June 2014, 25th July, 2014, 12th September 2014, 24th September 2014, 6th November 2014, 19th January 2015, 12th February 2015 (2 times), 19th February 2015 and 18th March 2015.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year your company has been acquired by M/s.Manappuram Finance Limited. Due to this change the following directors resigned from the Board viz, Mr.S.V.Krishnamurthy, Mr. Rajiven Krishnaswamy, Mr.S.Rathinasabapathy and Mr.Venkatesh Natarajan. The following directors joined the Board post-acquisition viz., Mr.V.P.Nandakumar, Mr.B.N.Raveendrababu, Mr.Gautam Saigal, Mr.V.R.Rajiven and Mr.A.Ramanathan.

The retiring directors were on Board for more than 5 years and The company placed its sincere appreciation for the valuable guidance and support given by them.

COMPOSITION OF AUDIT COMMITTEE

Audit Committee is comprised of 3 member team containing 2 independent directors and 1 non-independent director.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Companies Act, the Directors confirm that

- a). In the preparation of the Annual Accounts, all 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 judgements 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, in the case of a listed company, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.

Explanation - For the purposes of this clause, the term "internal financial controls" means the policies and procedures adopted by the company 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.

- 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.

EXTRACT OF ANNUAL RETURN

As required pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in MGT-9 as a part of this Annual Report as per ANNEXURE-1.

AUDITORS

M/s. Deloitte Haskins and Sells, Chartered Accountants, re-appointed as the Auditors of Your Company at the AGM held on 12th September 2014, retire at the ensuing Annual General Meeting and have offered themselves for re-appointment.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management's Discussion and Analysis Report for the year under review is presented in a separate section forming part of the Annual Report.

CORPORATE GOVERNANCE REPORT

The Directors have adhered to the Corporate Governance requirements and have implemented the best corporate governance practices. A report on Corporate Governance of your Company is attached and forms part of the Directors' Report.

PARTICULARS OF EMPLOYEES REMUNERATION

In terms of the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 as amended from time to time. Mr.S.V.Raja Vaidyanathan, Managing Director has drawn Rs 86 lakhs/- per year as his remuneration which falls under the ceiling.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to energy conservation, technology absorption, foreign exchange earnings and outgo as required to be disclosed under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of Companies (accounts) Rules, 2014, your company had not engaged in any activity relating to consumption of energy or technology absorption. Your Company had not spent an any foreign currency expenditure and Your Company has no foreign currency earnings.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The Company have duly complied with the provision of Section 186 of the Companies Act, 2013 and it has taken.

Secured Loans: Rs. 2,40,17,13,637

Unsecured Loans: NA

Current/Non-Current Investments: NA

Guarantees: NA

Securities Extended: NA

ACKNOWLEDGEMENT

Your directors express their appreciation for the assistance and co-operation received from Banks, Financial institutions, Government Authorities, Customers, Vendors and other members during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the sincere and committed services by the executives, staff and other employees of Your Company.

For and on behalf of the Board of Directors

Sd/-

(V.P.Nandakumar)

Chairman & Director

Sd/-

(S.V. Raja Vaidyanathan)

Managing Director

ANNUAL RETURN EXTRACTS IN MGT-9 ANNEXURE – I

Form No.MGT – 9

Extract of Annual Return

as on the financial year ended on 31st March 2015

[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:

- 1) CIN: U65923TN2007PTC064550
- 2) Registration Date: 29.08.2007
- 3) Name of the Company: ASIRVAD MICRO FINANCE PRIVATE LIMITED
- 4) Category/Sub-Category of the Company: COMPANY LIMITED BY SHARES/ INDIAN NON-GOVERNMENT COMPANY
- 5) Address of the Registered Office and contact details: DESHBANDHU PLAZA, 1st Floor, 47 Whites Road, Chennai – 600 014
- 6) Whether listed company No
- 7) Name, Address and Contact details of Registrar and Transfer Agent, if any

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:-

<i>S. No.</i>	<i>Name and Description of main products / services</i>	<i>NIC Code of the Product/ service</i>	<i>% to total turnover of the company</i>
1	Microfinance - Lending to microfinance borrowers through Joint liability group	MFI	86.52

III). PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

<i>S. No.</i>	<i>Name & Address of the Company</i>	<i>CIN / GLN</i>	<i>Holding / Subsidiary / Associate</i>	<i>% of shares held</i>	<i>Application Section</i>
1	Manappuram Finance Limited	L65910KL-1992PLC006623	Holding	85%	Section 2 (46)

IV). SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category – Wise Shareholding

Category of Share holders	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 Individual/ HUF Central Govt State Govt(s) BodiesCorp. Banks / FI		5,429,800	5,429,800	67.3	2,317,966		2,317,966	14.7	
Any Other Sub-total (A) (1) (2) Foreign a) NRIs - Individuals b) Other - Individuals c) Bodies Corp. d) Banks / FI e) Any Other. Sub-total					13,398,013		13,398,013	85	

Category of Share holders	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% Change during the year
(A) (2):- Total share-holding of Promoter (A) = (A)(1)+(A)(2) B. Public Share holding 1. Institutions a) Mutual Funds b) Banks / FI c) Central Govt d) State Govt e) Venture Capital Funds f) Insurance Companies g) FIIs h) Foreign Venture Capital Funds i) Others (specify) Sub-total (B) (1):-	5,429,800	5,429,800	67.3	15,715,979	15,715,979	99.7	

Category of Share holders	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year				% Change during the year
B. Public Share holding								
1.								
Institutions								
a) Mutual Funds								
b) Banks / FI								
c) Central Govt								
d) State Govt								
e) Venture Capital Funds								
f)								
Insurance Companies								
g) FIIs								
h) Foreign Venture Capital Funds								
i) Others (specify)								
Sub-total								
(B)								
(1):-								
2. Non-Institutions								
a) Bodies Corp.								
i) Indian								
ii) Overseas	2,605,855	2,605,855	32.3					
b)								
Individuals								

i) Individual shareholders holding nominal share capital upto Rs.1 lakh	35,200	35,200	0.43	40,002		40,002	0.29	
ii) Individual share holders holding nominal share capital in excess of Rs.1 lakhs								
c) Others (specify)								
Sub-total (B)(2):-	2,641,055	2,641,055	32.72	40,002		40,002	0.29	
Total Public Share holding (B)=(B)(1)+(B)(2)	2,641,055	2,641,055	32.72	40,002		40,002	0.29	
C. Shares held by Custodian for GDRs & ADRs								
Grand Total (A+B+C)	8,070,855	8,070,855	100	15,755,981		15,755,981	100	

ii) Shareholding of Promoters

S.No	Shareholder's Name	Shareholding at the beginning of the year			Share holding 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 Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Mr.S.V.Raja Vaidyanathan	3,229,800	40.02		2,217,966	14.08		25.94
2	Ms. Anjana Vaidyanathan	200,000	2.48		100,000	0.63		1.85
3	Mr.S.V.Krishnamurthy	400,000	4.96		-	-		-
4	Mrs.Hemalatha Murthy	400,000	4.96		-	-		-
5	Mr.Sharadh Krishnamurthy	100,000	1.24		-	-		-
6	Ms.Janani Krishnamurthy	100,000	1.24		-	-		-
7	Mr.K.Sethuraman & Mrs.Sushila Sethuraman	1,000,000	12.39		-	-		-
	Total	5,429,800	67.28		2,317,966	14.71		52.57

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

S.No		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
	At the beginning of the year	5,429,800	67.28	5,429,800	67.28
	Date wise Increase / Decrease in Promoters	20,000 (Allotment)		5,449,800	66.50
	Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc);	15,715,979 (Increase in due to Manappuram's acquisition of shares)	99	15,715,979	99
		Manappuram acquired the majority of the shares.			

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

S.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
	At the beginning of the year	2,641,055	32.71	2,641,055	32.71
	Date wise Increase / Decrease in Promoters				
	Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	40,002 (decreased on 12th Feb 2015)	0.25	40,002	0.25
	At the End of the year (or on the date of separation, if separated during the year)	Manappuram acquired the majority of the shares.			

(iv) Shareholding of Directors and Key Managerial Personnel:

S.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
	At the beginning of the year	4,429,800	54.89	4,429,800	54.89
	Date wise Increase / Decrease in Promoters				
	Shareholding during the year specifying the reasons for increase / decrease (e.g. Managing Director & Mr.G.Srikanth, CFO)	40,000(ESOP Allotment for S.V.Raja Vaidyanathan, Managing Director & Mr.G.Srikanth, CFO)	0.48	3,269,800	42.50
	allotment / transfer / bonus/ sweat equity etc):	Manappuram acquired the majority of the shares.			
	At the End of the year (or on the date of separation, if separated during the year)	2,231,300	14.16	2,231,300	14.16

V. INDEBTEDNESS

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

	<i>Secured Loans excluding deposits</i>	<i>Unsecured Loans</i>	<i>Deposits</i>	<i>Total Indebtedness</i>
Indebtedness at the beginning of the financial year				
i) Principal Amount	1,652,892,895	-	-	1,652,892,895
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	4,448,877	-	-	4,448,877
Total (i+ii+iii)	1,657,341,772	-	-	1,657,341,772
Change in Indebtedness during the financial year				
• Addition	2,438,188,741		-	2,438,188,741
• Reduction	1,686,237,147		-	1,686,237,147
Net Change	751,951,594		-	751,951,594
Indebtedness at the end of the financial year				
i) Principal Amount	2,401,713,637		-	2,401,713,637
ii) Interest due but not paid	3,188,741		-	3,188,741
iii) Interest accrued but not due	4,390,988		-	4,390,988
Total (i+ii+iii)	2,409,293,366		-	2,409,293,366

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

S.No	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
		MD	
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	8,600,000	8,600,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-
2	Stock Option	223,400	223,400
3	Sweat Equity		
4	Commission - as % of profit		-
5	Others, please specify(Retainer Bonus)	8,000,000	8,000,000
	Total (A)	16,823,400	16,823,400

B. Remuneration to other directors:

S.No	Particulars of Remuneration	Name of Directors						Total Amount
		Kalpana Iyer	Rathinasabapathy	Krishnaswamy Rajivan	S.V.Krishnamurthy	A.Ramanathan	V.R.Rajiven	
	3. Independent Directors	43,000	125,000	10,000		2,000	10,000	190,000
	• Fee for attending board committee meetings							
	• Commission							
	• Others, please specify							
	Total (1)	43,000	125,000	10,000		2,000	10,000	190,000
	4. Other Non-Executive Directors						73,000	
	• Fee for attending board committee meetings							
	• Commission							
	• Others, please specify							
	Total (2)						73,000	73,000
	Total (B)=(1+2)	43,000	125,000	10,000		2,000	10,000	2,63,000
	Total Managerial Remuneration	43,000	125,000	10,000		2,000	10,000	2,63,000

A. Remuneration to key Managerial Personnel other than MD/Manager/WTD

S.No	Particulars of Remuneration			
		Company Secretary	CFO	Total
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	566,246	3,927,497	4,493,743
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	
2	Stock Option		223,400	
3	Sweat Equity			
4	Commission - as % of profit		-	
5	Others, please specify(Retainer Bonus)			
	Total (A)	566,246	4,150,897	47,17,143

PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NOT APPLICABLE

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	NA	NA	NA	NA	NA
Punishment	NA	NA	NA	NA	NA
Compounding	NA	NA	NA	NA	NA
B. DIRECTORS					
Penalty	NA	NA	NA	NA	NA
Punishment	NA	NA	NA	NA	NA
Compounding	NA	NA	NA	NA	NA
C. OTHER OFFICERS IN DEFAULT					
Penalty	NA	NA	NA	NA	NA
Punishment	NA	NA	NA	NA	NA
Compounding	NA	NA	NA	NA	NA



***MANAGEMENT
DISCUSSION
ANALYSIS***



MANAGEMENT DISCUSSION ANALYSIS

INTRODUCTION

Every industry goes through its crests and troughs. The strength of an industry lies in how quickly it is able to bounce back from the troughs and gets back onto the path of growth. Not just getting back, but getting back in a more robust manner so that the same issues don't get to haunt the industry again. This behaviour of learning from the failures and using them as stepping stones to further success differentiates a fundamentally strong and resilient industry from the others.

The Microfinance industry is probably one of the very few sectors to have enjoyed really high crests and have been tormented by significantly low troughs. While some of the reasons for such behaviour could be attributed to the strengths and weakness of the players who make up the Microfinance sector, a large part of it has been on account of factors that lie beyond the control of the Microfinance Institutions (MFIs). The magnitude of the Krishna crisis of 2005-06 and the Andhra Pradesh crisis of 2010 was so severe that they could have permanently crippled many of the sectors however, the Microfinance industry showed so great a resilience to come out these crises without much of a damage.

As we speak, we are back to days of strength and the Microfinance Industry has been well acknowledged to be a worthwhile carrier to facilitate and foster the financial inclusion agenda of the Central Government and the Reserve Bank of India. The granting of a banking license to Bandhan Financial Services, the invitation for Small Finance Bank licenses by the RBI (where the MFIs seem to have an edge over the others) are all pointers to the trust and confidence that the Central Government and RBI have in the MFIs. All these developments augur well for the stable growth of the MFIs in the days to come.

Asirvad is an institution that prides itself upon its compliance to regulations, not only in letter but in spirit as well. Asirvad was one of the earliest to obtain the NBFC - MFI license from the Reserve bank, which stands an evidence to its strict conformance to all the guidelines laid down by the Central bank. The financial year 2014-15 will certainly go down as one of the landmark years in the history of Asirvad due to the excellent financial and operational performance of the company. Despite the increase in business volumes during the year, Asirvad has strictly adhered to all the covenants laid out by the Reserve Bank in its circular. Every loan application is screened through the Credit Bureau and all the loans provided conform to the stipulations of the Central bank. Such compliance coupled with the strict member selection norms have ensured that the portfolio remains of excellent quality and delinquencies remain sub 5 bps.

FINANCIAL YEAR 2014 - 15

As already stated, FY 2014-15 has been a landmark year for Asirvad to say the least. The Company managed a significant growth of its portfolio without any compromise on the process efficiencies or quality of the portfolio and managed to remain attractive from the perspective of profitability. Asirvad also made its entry into the state of Karnataka thereby mitigating concentration risk further. The Company expects to foray into a number of states in the forthcoming year in order to further geographical diversification of its portfolio.

The first half of FY 2014-15 saw Asirvad in a capital crunch leading to a truncated growth of its portfolio. The Company embarked on a capital raise program targeting private equity players, developmental

financial institutions, etc which however did not yield much fruit. Ultimately the Company managed to attract the attention of Manappuram Finance Limited, one of the leading NBFCs in the country, to invest into the company by way of both secondary purchase of existing shares along with primary investment through issue of fresh shares. This has boosted the capital adequacy of the Company significantly; further Asirvad would also be able to leverage the experience and expertise of Manappuram in the financial services sector to its immense benefit.

The investment by Manappuram has also resulted in an upgrade of the Company's entity grading (from M2 to M2+) and bank loan rating (from BBB- to BBB with positive watch), which will help the company tap more banks and financial institutions for its funding needs in addition to reducing the cost of funds. The investment during the last quarter also helped the company achieve an attractive portfolio growth.

During the year, Asirvad also developed funding relationships for the first time with Karnataka bank, State Bank of Patiala, Caspian Impact Investments and with the presence of Manappuram, the Company should be able to tap into many more banks and also diversify its funding sources in the years to come. The Company also obtained refinance facility from NABARD at a very low cost which in turn should help reduce its lending rates in the foreseeable future.

OPERATIONAL HIGHLIGHTS

The Company made its entry into the state of Karnataka and the union territory of Puducherry during the current financial year. As already stated, there was a significant growth in the portfolio aided by a good growth in the membership. With the availability of capital, Asirvad ramped up its branches both in the existing and the newer geographies. This should give us sizeable membership in the forthcoming financial year.

The Following are some of the operational highlights:

<i>Particulars</i>	<i>March 2015</i>	<i>March 2014</i>	<i>March 2013</i>	<i>March 2012</i>	<i>March 2011</i>
No. of states	6	4	1	1	1
No. of branches	141	94	64	78	85
No. of districts	44	30	20	21	22
No. of employees	553	351	280	412	531
No of active members	2,77,615	2,11,260	1,13,512	1,73,109	2,19,043
Disbursements (In ₹ Crores)	411	245	129	151	196

As can be seen from the table above, the Company showed commendable improvement on every single operational parameter and looks well poised for another year of significant growth.

FINANCIAL HIGHLIGHTS

The financial year 2014-15 showed marked improvement on the financial parameters as well and some of the key financial metrics are given below:

<i>Particulars</i> (₹ in Crores)	<i>March</i> 2015	<i>March</i> 2014	<i>March</i> 2013	<i>March</i> 2012	<i>March</i> 2011
Paid-up capital	20.76	8.07	8.04	8.04	8.04
Microfinance portfolio under management	322.00	188.80	102.46	79.37	101.09
Borrowings (₹ in Crores)	240.17	165.29	98.98	50.40	73.65
Total Revenue (₹ in Crores)	67.33	37.30	20.40	24.28	29.31
Profit after tax (₹ in Crores)	10.40	4.70	2.13	1.29	3.59
Total Assets (₹ in Crores)	368.81	215.44	131.96	78.74	97.89

CUSTOMER ENGAGEMENT INITIATIVES

It is often said that "Customer satisfaction is worthless. Customer loyalty is priceless". The very basic expectation of every customer is that he / she should be satisfied, so there is nothing to feel exhilarating about satisfying a customer. To be satisfied is the basic right of every customer and this is precisely the reason for the existence of organizations. However what is more important is that the company should conduct its business in such a manner to earn the loyalty of the customer forever. A loyal customer is the true asset of every business. Once a customer becomes loyal to an organization, it would be well nigh impossible to shift his loyalty.

At Asirvad, we have seen this customer behaviour day in and day out. When we were going through the turbulent times in the aftermath of the AP crisis, our liquidity conditions did not permit us to lend big ticket loans even to our longstanding customers as we wanted to cater to a larger base with smaller ticket loans. Despite this, our borrowers stuck with us. Even today, Asirvad does not offer very high ticket loans to our borrowers. Though there are institutions which offer much larger loans, our borrowers have continued to remain with us on account of the sheer service excellence that we offer them.

Transparency in customer dealings, providing value added products and services to our customers, uncompromising process efficiencies have resulted in our borrowers continuing to avail loans from Asirvad. In fact, as at March 31st, 2015, about 46% of the portfolio is from repeat customers, which shows the stickiness of the customers with the organization.

HUMAN RESOURCES

No doubt customers are important, however customers alone cannot make a business. In order to serve the customers and earn their loyalty, every Company needs competent, capable and trustworthy staff who can help translate the Company's mission into reality. The staff need to be trained, motivated, rotated between functions so that they are able to enhance their skills and also contribute effectively to the cause of the organization.

As at the end of March 31, 2015, the number of employees in our Company stood at 553 across the 5 states and 1 union territory that we have operations in. This is an increase of about 58% over the staff strength as at Mar '14. Commencement of operations in newer geographies has resulted in the increase in staff strength.

Historically, Microfinance industry has seen very high attrition numbers. However, with the industry becoming more regulated resulting in moderated growth numbers, there has been a reduction in attrition. Asirvad has always had committed, high vintage staff due to employee friendly work conditions, comparable monetary compensation and also the work challenges which have served as great motivators. Performance appraisal is conducted on a periodic basis and the high performers are well rewarded through salary increments and also promotions to higher designations. Our field staff are also rotated between Operations and Audit functions thus giving them a periodic job change which helps maintain their morale. We also provide necessary training to our staff which enables them to hone their skills leading to their personal as well as organizational benefit.

TRAINING

Training to staff is an essential prerequisite for the success of any organization. The field staffs in a Microfinance Institution, who are the face of the organization to the customers, will have to be trained adequately so that they are able to understand the financial requirements of the customers and take necessary steps to satisfy such needs. In addition to this, the staff should also be made to understand the policies and processes of the organization so that they are able to discharge their duties without compromising any of the controls laid down by the organization.

Our company imparts induction and also continuous training to our staff so that they have a clear understanding of the processes followed and are able to discharge their duties effectively and efficiently. The Company also equips them with necessary skills so that they stay prepared to shoulder additional responsibilities which will help in their career progression. We have also prepared a DVD (in vernacular language) containing the operational process in detail which is used to impart induction training to the staff. Also the incumbent field staff is placed under senior field staff and he / she accompanies the senior staff during field visits which will enable him/her to understand the process on the field under an able guidance.

INFORMATION TECHNOLOGY

Leveraging the benefits of technology remains a very important means of achieving cost reduction for any organization. Further the use of technology is also critical to ensure availability of right information with the Management for taking operational and strategic decisions.

Asirvad has had a good Management Information System ever since the inception of the organization. Further the software is also reviewed periodically to identify opportunities for any improvements which can facilitate better decision-making. Periodic review of the system is done by the Management team and annual review of the adequacy of system controls is also done by our statutory auditors. This ensures that any changes required are made to the system without any delays and the system has adequate controls to prevent any errors of omission or commission.

Given the humungous volume of data entered into the system, we have segregated our transactional and reporting data engines to ensure that there are no delays either on the transactional or MIS fronts. We have also hired dedicated server space in an external server for data storage in addition to a server hosted at Chennai, which acts as the backup. This ensures close to zero outage time and demonstrates our preparedness to meet any eventualities.

TREASURY

Adequate and timely availability of liquidity is the very breath of a financial institution. As NBFCs, we are depending on banks and developmental financial institutions for our funding needs. It is essential to constantly liaise with the banks and financial institutions to ensure that we have an unhampered flow of liquidity which can help grow the lending business. Lending business is like holding a tiger by its tail; it is very difficult to exit the lending business even if one wants to. Collections could become a problem if further funds are not lent. So it is very important the lending business is managed in the right earnest and flow of liquidity assumes paramount importance for this purpose.

During the financial year 2014-15, Asirvad managed to mop up liquidity in the form of term loans from banks and financial institutions, issue of non-convertible debentures and through market transactions like Securitization. Refinance from NABARD was also availed during this year. The Company managed to garner Rs. 345 Cr as against Rs. 256 Cr for 2013-14 resulting in a increase of about 35%.

The activity of fund raising became easier with the infusion of capital by Manappuram Finance Limited, which significantly boosted our net worth and capital adequacy. In fact during Feb 2015, our grading was upgraded to M2+ and our bank loan rating upgraded to BBB (with positive outlook) by ICRA, which should give us access to easier and cheaper sources of funding. We are confident that we will be able to much higher quantum of funds at significantly lower cost in the forthcoming years.

INTERNAL AUDIT

As important as it is to set up efficient processes, adherence to them is also of equal importance, if not more. In this regard, Audit function assumes a great responsibility in ensuring that the processes are adhered to without any deviations. The Audit managers act as the whistle blowers in bringing issues to the notice of the senior management at the earliest possible notice.

Asirvad moved to an in-house audit team couple of years back primarily to ensure that the Audit managers are able to work without any sort of assistance from the Operations team. This ensures independence and an element of surprise is also introduced through this. We have also seen that the Audit managers, with their previous experience in the Operations functions, are able to identify issues, correct them wherever possible or flag them off to the senior management / audit committee at the earliest possible instance. Having operational experience, they are able to understand the issues better and are able to provide constructive suggestions for the resolution of issues and also to make the process more robust so that such issues don't recur.

RISK MANAGEMENT

Every organization especially those involved in the business of lending are subject to multiple risks. Credit risk arising out of delinquencies on account of non-performing portfolio, Operational risk cropping up from inadequate processes or failure to adhere to predefined processes, Liquidity risk impacting the flow of funds to the organization and Sector risk arising out of political considerations are some of the major risks faced by every organization. The Risk Management framework of an organization serves to minimize the impact in the event of any risks threatening to compromise the organizational strength.

Asirvad had put in adequate checks and balances in each of our functional activities to minimize these risk incidents and also to counter-act as and when these risks occur. Adherence to regulations without any compromise, following the processes in an immaculate manner, independent audit function reporting to the Managing Director and to the Audit Committee are some of the means by which we ensure close to NIL occurrence of risks. While these help weed away untoward incidents and manage credit and operational risks, the stringent borrower selection process ensures minimal credit risk and employee training coupled with a robust audit mechanism helps manage operational risk. Deduplication against Credit bureau and being one of the 2 lenders to a borrower helps prevent over leveraging and multiple indebtedness.

We also have an ALCO (Asset-Liability Committee) consisting of senior management staff who meet at periodic intervals to discuss the liquidity as well as the ALM position of the organization. The maturity pattern of the assets and liabilities are evaluated and we ensure that the ALM gaps in the various time buckets conform to the ALM (Asset Liability Management) policy laid down and approved by the Board. The short and long term cashflow position of the organization is also discussed to ensure that the Company does not face any liquidity risk.

Our company mandates strict adherence to regulatory guidelines comprising of KYC requirements, transparency, usage of credit bureau, etc, and thereby expended all efforts to ensure orderly functioning, which in a matured scenario, would be sufficient to address the sector risk. We also had an inspection by the Reserve Bank of India during 2014-15 wherein no major issues were identified and which stand a testimony to our regulatory compliance. Compliance to the regulations puts us on a stronger foot as and when any sectoral concerns crop up resulting in our ability to address those issues with minimal impact.

The actions of the regulator in the recent past, adherence to self-regulations, regulatory blessings in the form of normal and small finance banking licenses priority sector classification available to the banks for the loans lent to MFIs should all help the industry to move to a stage of maturity. We are

confident that the industry should be able to meet the commercial as well as the social aims which have been reasons for its emergence.

As for Asirvad, the acquisition of majority stakes by Manappuram Finance Limited which will give us access to their long experience augurs very well for the future. With the comfort of a much larger balance sheet, we are confident that the banks will be willing to lend to us much bigger quantum at lower cost of funds. This will ensure that the Asirvad remains profitable and is able to translate some of these benefits to the ultimate borrowers in the form of reduced interest rates. Exciting times beckon us.

Sd/-

V. P. Nandakumar

Chairman & Director

Sd/-

S.V.Raja Vaidyanathan

Managing Director



CORPORATE GOVERNANCE



REPORT ON CORPORATE GOVERNANCE

Asirvad believes that Governance is a continuous process and an integral part of any company's growth strategy and hence it is imperative to adopt the "best practices" that are followed in the area of Corporate Governance across different industries and various geographies. The Company emphasizes the need for full transparency and accountability in all transactions, in order to protect the interests of its stakeholders.

Asirvad's Board of Directors represent the shareholder's interest in perpetuating a successful business and optimizing long term financial returns in a manner consistent with applicable regulatory and legal requirements and ethical considerations.

Asirvad is headed by an effective Board that exercises leadership, integrity and judicious judgment in directing so as to achieve optimal returns for all the stakeholders keeping in mind the best interests of the Company. The Board plays a critical role in overseeing how the management serves the short and long term interests of shareholders and other stakeholders. This is reflected in the governance practices, under which the company strives to maintain an active, informed and independent Board. They ensure that the Company complies with all relevant laws, regulations, governance practices, accounting and auditing standards. They identify key risk areas and key performance indicators of the Company's business and constantly monitor these factors.

Creating value that is not only profitable to the business but sustainable in the long run, which is in the interests of all the stakeholders, obtained in an ethical manner is one of the cornerstones of the Corporate governance at Asirvad. Asirvad encourages compliance to rules and regulations not only in letter but also in spirit. The success of an organization is a reflection of the professionalism, conduct and ethical values of its management and employees.

In terms of corporate governance philosophy, all statutory and significant material information is placed before the Directors to enable them to effectively supervise the Company.

Asirvad's Corporate Governance philosophy is based on the following principles:

- Compliance to laws in both letter and spirit
- Utmost transparency in dealings with all the stakeholders.
- Clear communication of relevant information and high degree of disclosure levels.
- Make a clear distinction between personal conveniences and corporate resources.
- Communicate externally, in a truthful manner, about how the Company is running internally.
- Have a simple, transparent and efficient corporate structure driven solely by business needs.
- Create value for all stakeholders without compromising on ethical principles.

BOARD OF DIRECTORS AND COMPOSITION OF THE BOARD

The principal role of the board of directors – as representatives of the shareholders, is to oversee the function of the organization and ensure that it continues to operate in the best interests of all stakeholders. The Board of Directors are also responsible for defining the company's purpose, strategizing and drawing up plans to achieve that purpose, appointing the chief executive, monitoring and assessing the performance of the executive team and also to assess and be accountable for their own performance.

The following are the responsibilities of the Board of Directors:

- Keep the organization's mission, values, and vision at the forefront of all business decisions.
- Measure the performance of the institution under key areas of capital adequacy, asset quality, profitability, liquidity management, and financial audit, which provides the board with the capacity to adequately assess the strength of the institution's internal controls.
- Strategic planning for the organization which involves drawing up long term goals and identifying short term milestones in order to maintain effective tracking of the achievement of such long term goals.
- Monitor fiscal management and maintain accountability to funders and donors.
- Review and approve the annual budget, major program plans, and organizational policies.
- Ensure that adequate resources are available to the organization to fulfill the goals.
- Determine and Monitor the Organization's Products, Services and Programs.
- Define clear risk management and internal control policies and procedures.

Asirvad believes that an active, well-informed and independent Board is necessary to ensure highest standards of corporate governance. The Board of Directors currently consists of 7 members, 3 Independent Directors, 1 Promoter, 2 Directors from the Holding Company M/s. Manappuram Finance Ltd.

During the year ended 31st March 2015, 10 Board Meetings were held on the following dates – 6th June 2014, 25th July 2014, 12th September 2014, 24th September 2014, 6th November 2014, 19th January 2015, 12th February 2015(2 times - Acquisition), 19th February 2015 and 18th March 2015.

Particulars of the Attendance at the Board Meetings are given below:

S.No	Name of the Director	Category	Attendance
1	Mr. V.P.Nandakumar*	Chairman and Director	2/3
2	Mr. S.V. Raja Vaidyanathan	Managing Director	10/10
3	Mr. S.V. Krishnamurthy*	Promoter Director and Non-executive Director	4/8
4	Mrs. Kalpana Iyer	Independent and Non Executive Director	4/10
5	Mr. Rathina Sabapathi*	Independent and Non Executive Director	8/8
6	Mr. Rajivan Krishnaswamy*	Independent and Non Executive Director	1/8
7	Mr. Venkatesh Natarajan*	Independent and Non Executive Director	6/8
8	Mr.B.N.Raveendra Babu*	Independent and Non Executive Director	3/3
9	Mr.V.R.Rajiven*	Independent and Non Executive Director	1/2

*During the year consequent upon the acquisition of the Company by Manappuram Finance Ltd, Mr.S.V.Krishnamurthy, Mr.S.Rathinasabapathi, Mr.Rajivan Krishnaswamy, Mr.Venkatesh Natarajan resigned from the Board on 12th February, 2015. Mr.V.P.Nandakumar, Mr.B.N.Raveendra Babu joined the Board on 12th February. Mr.V.R.Rajiven joined the Board on 19th February 2015 and Mr.Gautam Saigal & Mr.A.Ramanathan joined the Board on 18th March 2015.

COMMITTEES OF THE BOARD

Board committees are formed to help the Board of Directors conduct its business more efficiently. Committees offer individuals an opportunity to contribute their specific talents and expertise for the overall betterment of the organization. Committees also serve as training grounds for board members to take on positions of increasing responsibility. Board committees improve the quality and efficiency of the Board by defining ways to address and resolve issues. The Committees also help focus on specific aspects which may miss the attention of the Board given the paucity of time and also on account of the multifarious issues that may be placed in front of the Board. Asirvad's Board has assigned considerable responsibilities to committees to work effectively. The Board is assisted by Committees which oversee the various aspects relating to Operations, Borrowing Strategy, Finance & Accounts, Compensation, etc. The Committees of the Board of Directors of the Company are as under:

MANAGEMENT COMMITTEE

Management Committee establishes the fundamental values, the ethical principles and strategic direction in which the organisation operates and ensures that everything the organization does supports its vision, mission, purpose and aims. It is responsible for translating into action, the policies and strategies of the Board and implementing the directives framed by the Board to achieve corporate objectives of the company, and assisting the board in its decision making process with respect to the company's strategy, policies, code of conduct and performance targets, by providing necessary inputs. The following are the objectives of the Management Committee

- Implementing the policies and code of conduct instituted by the Board.
- Managing the day to day affairs of the company in an efficient manner to achieve the targets and goals set by the board, resulting in enhanced stakeholder value.
- Providing timely, accurate, substantive and material information, including financial matters and exceptions, to the Board, Board-Committees and the Shareholders.
- Ensuring compliance of all regulations and laws and ensuring efficient service to the shareholders and to protect shareholder's rights and interests.
- Monitoring and evaluation all areas of the Organisation's performance.
- Ensures that all monies and resources are properly used, managed and accounted for.

The Management Committee met 2 times on the following dates: 17th April 2014 and 31st July 2014. The details of the composition, number of meetings held and attendance thereat during the year are as under:

S.No.	Name of the Director	Category	Attendance
1.	Mr. S. V. Raja Vaidyanathan	Managing Director	2/2
2.	Mr. S. V. Krishnamurthy*	Promoter Director	1/2
3.	Mr. Venkatesh Natarajan*	Independent Director	2/2
4.	Mr. G. Srikanth	Chief Financial Officer	2/2

*During the year Mr.S.V.Krishnamurthy, Mr.Venkatesh Natarajan resigned from the Board on 12th February, 2015; Mr.R.Ragavender Anand became a member on 19th February 2015.

AUDIT COMMITTEE

The Audit Committee, being the sub-group of the full board, has an important role to play in the process of financial monitoring and reporting. The audit committee is established with the aim of enhancing confidence in the integrity of an organization's processes and procedures relating to internal controls and corporate reporting including financial reporting. Audit Committee provides an 'independent' reassurance to the board through its oversight and monitoring role, ensuring transparency and accuracy of financial reporting and disclosures, effectiveness of external and internal audit functions, robustness of the systems of internal audit and internal controls, effectiveness of anti-fraud, ethics and compliance systems, and review of the functioning of the whistleblower mechanism. Audit Committee may also play a significant role in the oversight of the company's risk management policies and programs. Both internal and external auditors report directly to the audit committee.

The functions of the audit committee include:

- Monitor and review the Company's financial statements and internal controls.
- Supervise financial reporting process.
- Review financial results before placing them to the Board along with related disclosures and filing requirements.
- Review adequacy of internal controls and performance of internal audit function.
- Discuss with management, the Company's major policies with respect to risk assessment and risk management.
- Ensure compliance with accounting standards with respect to financial statements.

Each Member of the Committee has relevant experience in the field of finance, banking and accounting with a majority of the Members being professionals with long years of corporate work experience. The Audit Committee consists of members who are not involved in the day to day functioning of the organization in any executive capacity which lends an air of independence to its functioning. Such independence helps the Committee members in impartially evaluating the financial aspects of the company and taking necessary corrective action.

During the year under review, the audit committee met 3 times on the following dates – 6th June 2014, 6th November 2014, and 12th February 2015. The details of the composition, number of meetings held and attendance thereat during the year are as under:

S.No.	Name of the Director	Category	Attendance
1	Mr. S. V. Krishnamurthy*	Promoter Director	2/3
2	Mr. Venkatesh Natarajan*	Independent Director	3/3
3	Ms. Kalpana Iyer	Independent Director	3/3

*During the year Mr.S.V.Krishnamurthy and Venkatesh Natarajan resigned from the Board on 12th February, 2015. Mr.V.R.Rajiven joined the Board on 19th February 2015 and Mr.Gautam Saigal on 18th March 2015.

BORROWING COMMITTEE

The Borrowing Committee is in place to approve fresh borrowings from banks and financial institutions and also to empower designated individuals in the senior management to finalize the terms and conditions relating to the proposal under consideration. The Borrowing Committee met 31 times during the year on the following dates -30th April 2014, 27th May 2014, 4th June 2014, 20th June 2014, 26th June 2014, 27th June 2014, 17th July 2014, 27th July 2014, 28th July 2014, 31st July 2014, 27th August 2014, 28th August 2014, 30th August 2014, 1st September 2014, 24th September 2014, 26th September 2014, 5th October 2014, 27th October 2014, 6th November 2014, 14th November 2014, 5th December 2014, 22nd December 2014, 29th December 2014, 7th January 2015, 20th January 2015, 29th January 2015, 2nd February 2015, 9th February 2015, 26th February 2015, 13th March 2015 and 26th March 2015. The details of the composition, number of meetings held and attendance thereat during the year are as under:

S.No.	Name of the Director	Category	Attendance
1.	Mr. S. V. Raja Vaidyanathan	Managing Director	31/31
2	Mr. S. V. Krishnamurthy	Promoter Director	11/28
3	Mr. S. Rathina Sabapathi	Independent Director	28/28

* During the year Mr. S.V. Krishnamurthy and Mr. S. Rathina Sabapathi resigned from the board on 12th February 2015. Mr. B.N. Raveendra Babu joined the board on 12th February 2015 and A. Ramanathan on 18th March 2015.

COMPENSATION COMMITTEE

Asirvad has a credible and transparent policy in determining and accounting for the remuneration of the directors. The objective was to determine the correct remuneration package while striking a balance between the interests of the company and the shareholders. The Committee consisted of three members namely Mr. Krishnaswamy Rajivan, Mr. Venkatesh Natarajan and Mr. S. Rathinasabapathi and reconstituted to Mr.B.N.Raveendra Babu, Mr.V.R.Rajiven and Mr.A.Ramanathan.

ASSET - LIABILITY COMMITTEE

The risk management framework is perhaps one of the most important parameters that define the success of a financial services organization. A risk management programme establishes a process of identifying and assessing the major risks covering all areas of the institution's activities. This includes all activities geared toward meeting its strategic, operational, reporting, and compliance objectives. Management then develops ways to manage and mitigate these risks by implementing a very strong system of internal controls. Management is accountable to the board of directors for the state of the institution's risk management and is responsible for reporting to the board of directors its assessment of the institution's risk and its efforts to manage and reduce this risk. The board of directors is responsible to ensure that management has implemented a risk management programme, that resources are allocated for risk management and internal controls, and that there is adequate oversight of the audit function as one of the board of director's responsibilities.

Asset Liability Committee is constituted to monitor the asset liability gap, strategize action to mitigate the risk associated, ensuring adherence to the limits set by the Board as well as for deciding the business strategy of the company (on the assets and liabilities sides) in line with the company's budget and decided risk management objectives.

During the year under review, ALCO met 12 times on 11th April 2014, 12th May 2014, 12th June 2014, 14th July 2014, 11th August 2014, 20th September 2014, 15th October 2014, 19th November 2014, 16th December 2014, 13th January 2015, 18th February 2015 and 13th March 2015. The details of the composition, number of meetings held and attendance thereat during the year are as under:

S.No.	Name of the Director	Category	Attendance
1.	Mr. S. V. Raja Vaidyanathan	Managing Director	12/12
2.	Mr. G. Srikanth	Chief Financial Officer	12/12
3.	Ms. K Nithya	Company Secretary	11/12

REMUNERATION TO DIRECTORS

No remuneration was paid to any Non-Executive Director except as Sitting Fees for attending the Board Meeting.

GENERAL BODY MEETING

During the year ended 31st March 2014, one Annual General Meeting was held and the details are given below:

S.No.	Date	Time	Venue
1.	12 th September 2014	11.00.A.M.	Old No.2, New No.11, Habibullah Road, T.Nagar, Chennai 600 017.

All the proposed resolutions, including special resolutions were passed by the shareholders as set out in their respective notices.

GENERAL SHAREHOLDER INFORMATION AS ON 31ST MARCH 2015

<i>Category</i>	<i>No of shares</i>	<i>% of shareholding</i>
Promoter	2,317,966	14.7
Corporate Body	13,398,013	85.0
Employees	40,002	0.3
Total	15,755,981	100

For and on behalf of the Board of Directors

*Sd/-
(V.P.Nandakumar)
Chairman & Director*

*Sd/-
(S.V. Raja Vaidyanathan)
Managing Director*

*Date: 12/05/2015
Place: Valapad*



***CORPORATE
SOCIAL
RESPONSIBILITY***



CORPORATE SOCIAL RESPONSIBILITY

“
A good man is the friend of all living things, Where there is love
there is life.”

- Mahathma Gandhi

*The roots of all goodness lie in the soil of appreciation for goodness.
Change only takes place through action, not through meditation and
prayer alone.*

- The Dalai Lama

ADF is based on the philosophy of achieving sustainable economic development through philanthropy. The inequality prevalent in our society needs to be addressed if we are to achieve sustainable development. And practices like philanthropy, volunteerism and development of socially-oriented business products and services go a long way in facilitating this. We get a lot from the society and it is our responsibility to ensure that social inequalities are remedied to the best possible extent that lies within the realms of our capabilities. Through philanthropic contribution and support of employee volunteerism, Asirvad Development Foundation aims in advancing social change through educational, humanitarian and health-related initiatives.

Education is a tool to refine human mind and intellect. However it is very unfortunate that a lot of children are unable to afford education due to poverty. An educated child will turn out to be a worthy citizen of the country. One of the primary objectives of Asirvad Development Foundation is to foster the educational needs of the children who show a willing to study but are prevented from doing so due to lack of resources. One of the programs undertaken during this year was the financial support provided to the underprivileged students to pursue their education.

The Student Scholarship Scheme commenced in the year 2011-12 and continued this year as well. During 2014-15, ADF provided scholarships for deserved students amounting to Rs 9.69 lakhs. And it is very heartening to note that exemplary progress that these students had made and their keenness to pursue their education further with a view to becoming a responsible citizen of the country.

Improving health care access for those with limited incomes and resources is one of the fundamental objects of the trust. Our trust facilitates low-income, uninsured, and underserved to have access to good health care. This year, it was decided to provide assistance to needy individuals towards their surgery expenses so that they can get back their lost health. We are glad to inform that we have been able to fund a two year child to undergo surgery who was suffering from Arthrogrypsis Multiplex Cogenita and even gladder to inform that the child is doing well after the surgery. Such activities provide a sense of fulfillment to us and enthuse us to work with renewed vigour for the holistic benefit of the society.

In all these endeavours, we have received the generous and whole-hearted support and assistance from many individuals, institutions and organizations, both Government and Non-Government, and we would like to extend our heartfelt thanks to each and every one of them. Though our achievements may seem small when compared to the immensity and imminence of the tasks we have already committed

ourselves to and the tasks awaiting and clamouring for our attention, we believe in the philosophy of tiny drops making a mighty ocean.

I would also like to take this opportunity to extend my gratitude to the employees of Asirvad Microfinance Private Limited, who have been extending their support, financial and non-financial, in identifying the deserved people, seeking their concerns and updating the Management team and finally in ensuring that the benefits provided by the trust reach the beneficiaries in a timely manner.

Our trust looks forward to and is geared up for the immense work awaiting us in the field of social service that uplifts the economically weaker section, awakens the depressed, comforts the deprived and rehabilitates the displaced. Our trust would continue to work towards the upliftment of the economically weaker section and is confident of valuable contributions from all concerned in furthering its objectives of catering to the health, education, science, culture, art, peace, philosophy and friendship.

Sd/-

S.V. Raja Vaidyanathan

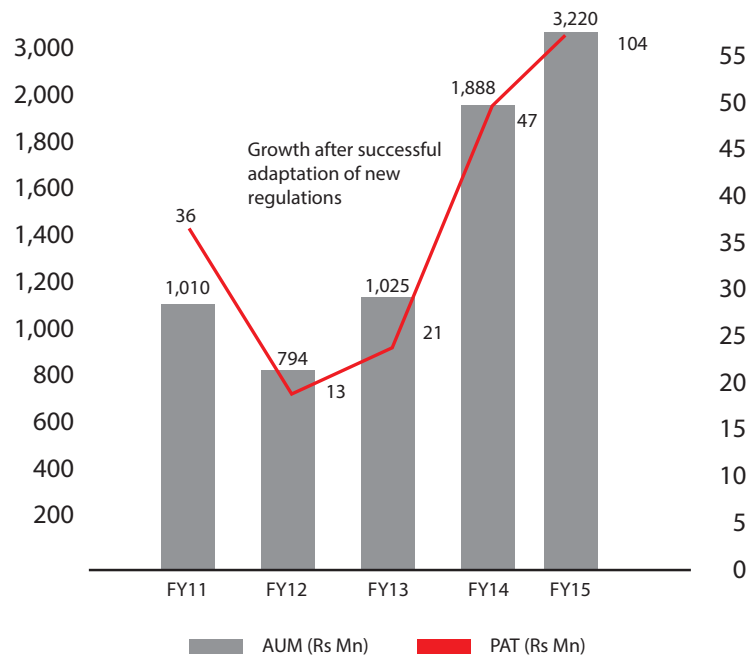
Managing Director



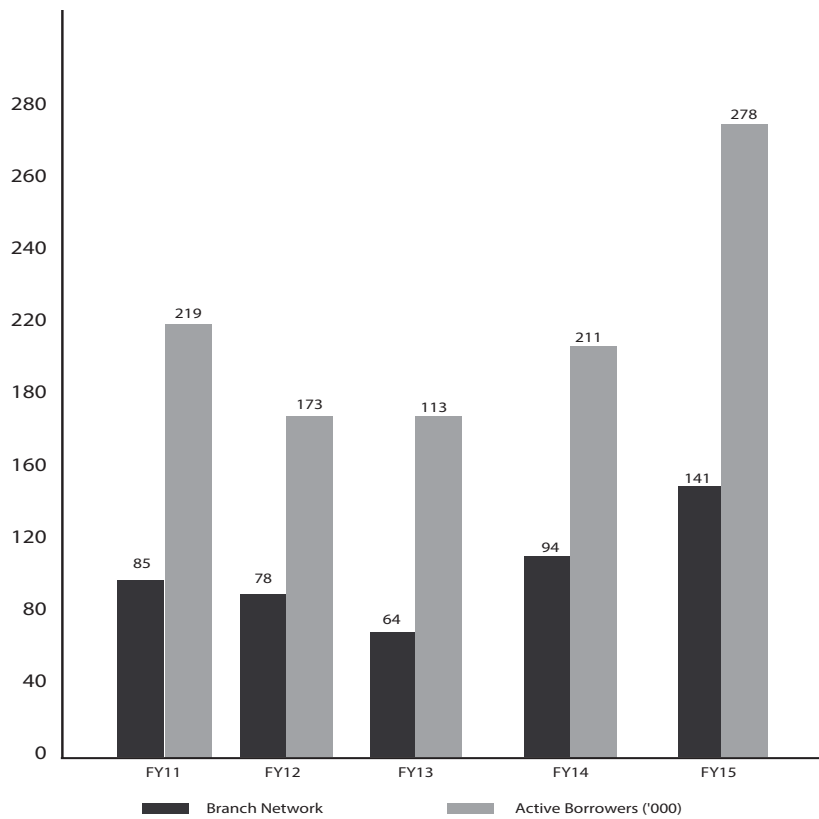
THE ASIRVAD JOURNEY



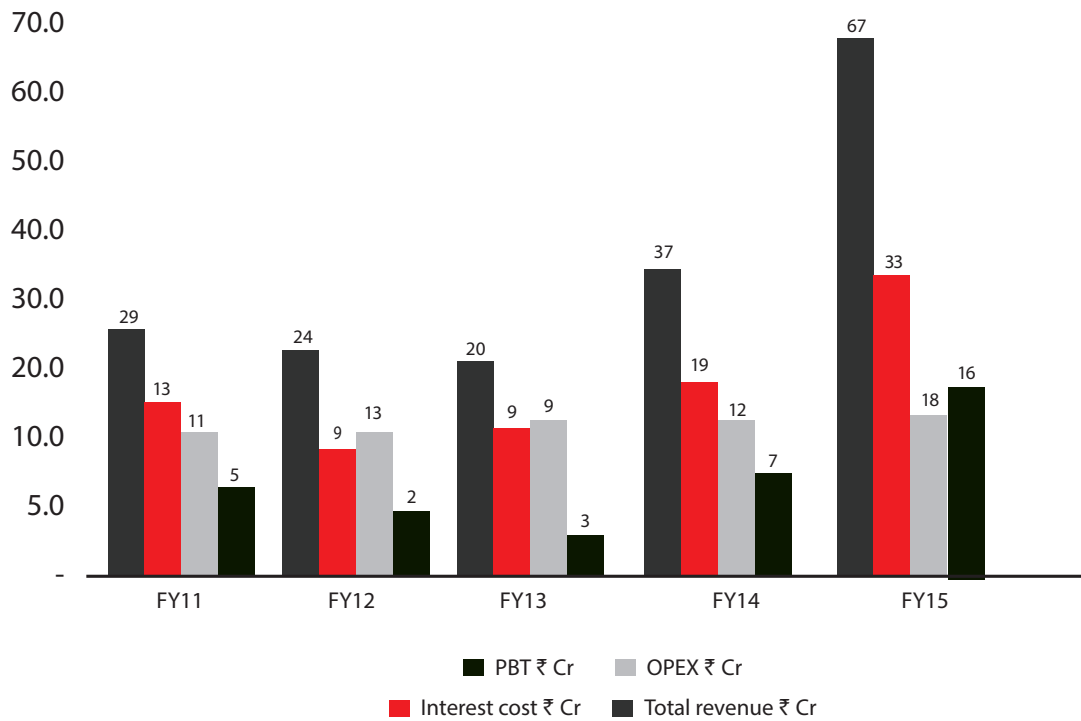
PORTFOLIO & PROFITABILITY GROWTH



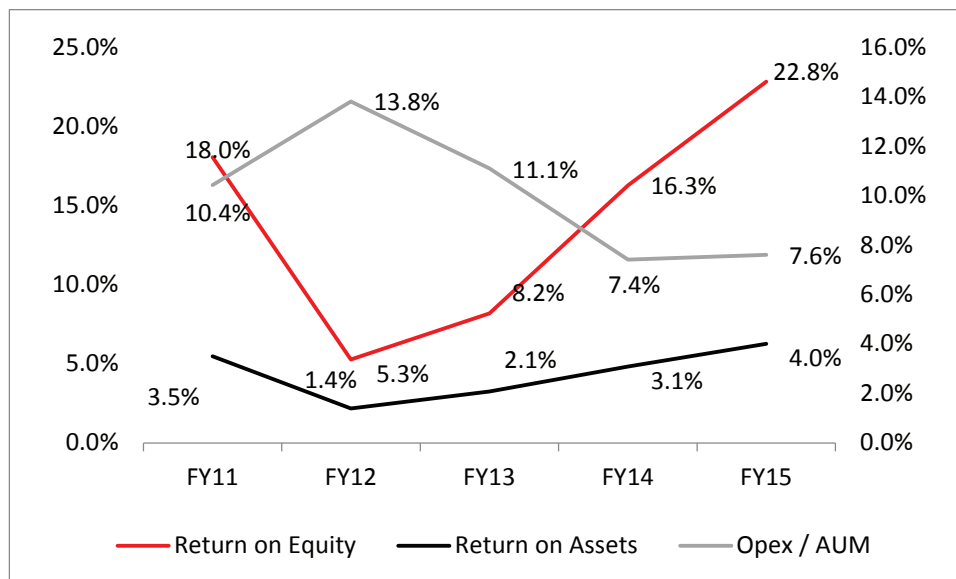
OPERATIONAL METRICS



FINANCIAL SNAPSHOTS

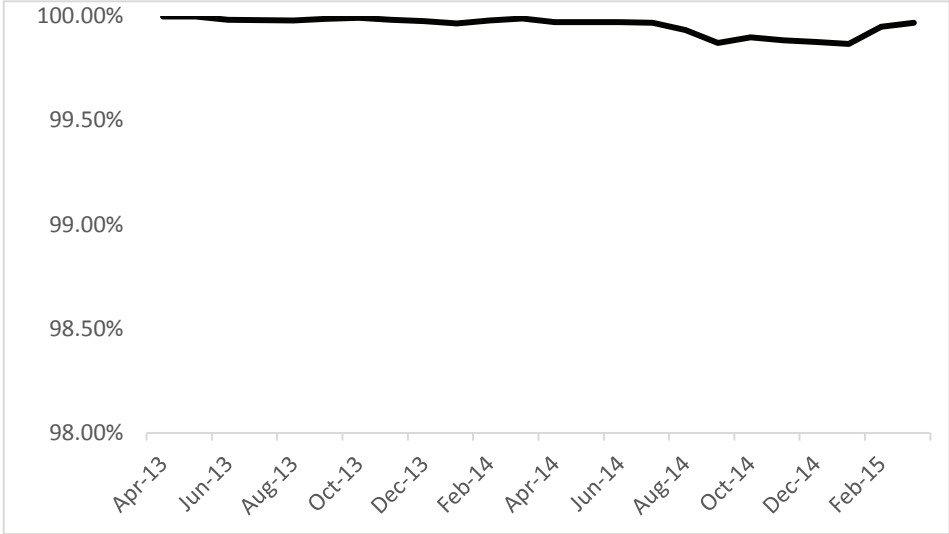


FINANCIAL RATIOS

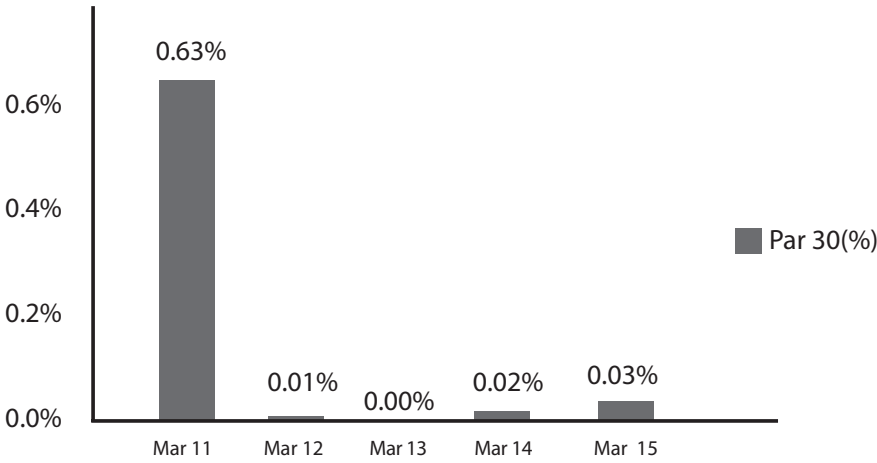


ROBUST NATURE OF ASIRVAD PORTFOLIO

COLLECTION EFFICIENCIES



Par 30(%)





AUDITORS' REPORT



INDEPENDENT AUDITORS' REPORT

To the Members of Asirvad Microfinance Private Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **ASIRVAD MICROFINANCE PRIVATE LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the 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 specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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 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 risks assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates

made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the 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 31st March, 2015, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the order") issued by the Central Government in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As 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 if were necessary for the purpose of our audit.
 - (b). In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c). The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - (d). In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with the Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e). On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164(2) of the Act.
 - (f). With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position;
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts - Refer Note 9 to the Financial Statements;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm Registration No. 008072S)
Sd/-
Bhavani Balasubramanian
Partner
(Membership No. 22156)

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

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

- (i) Having regard to the nature of the Company's business / activities / results during the year, clauses (ii), and (vi), of paragraph 3 of the Order are not applicable to the Company.
- (ii) In respect of its fixed assets:
- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of fixed assets and the rendering of services. During the course of our audit, we have not observed any major weaknesses in such internal control system.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. In respect of unclaimed deposits, the Company has complied with the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act.
- (vi) According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Employees' State Insurance, Income-tax, Value Added Tax, Wealth Tax, Service Tax, and other material statutory dues applicable to it with the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Value Added Tax, Wealth Tax, Service Tax, and other material statutory dues in arrears as at 31st March, 2015 for a period of more than six months from the date they became payable.
 - (c) There are no dues of Income-tax, Value Added tax, Wealth Tax, Service Tax which have not been deposited as on March 31, 2015 on account of disputes.
 - (d) There are no amounts that are due to be transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder.
- (vii) The Company does not have accumulated losses at the end of the financial year and the Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks, financial institutions and debenture holders.

(ix) According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks and financial institutions.

(x) In our opinion and according to the information and explanations give to us, the term loans have been applied by the Company during the year for the purposes for which they were obtained, other than temporary deployment pending application.

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

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

Sd/-
Bhavani Balasubramanian
Partner
(Membership No. 22156)

Chennai | 12th May, 2015



FINANCIAL STATEMENTS



BALANCE SHEET AS AT 31ST MARCH 2015

Particulars	Note No.	As at 31 st March, 2015 ₹	As at 31 st March, 2014 ₹
A. EQUITY AND LIABILITIES			
1.Shareholders' funds			
(a). Share capital	3	207,559,810	80,708,550
(b). Reserves and surplus	4	895,219,832	240,429,554
		1,102,779,642	321,138,104
2.Non-current liabilities			
(a). Long-term borrowings	5	915,859,756	548,995,904
(b). Other long-term liabilities	6	36,783	60,079,592
(c). Long-term provisions	9	7,467,981	2,659,974
		923,364,520	611,735,470
3.Current liabilities			
(a). Trade Payables	7	16,587,047	14,683,413
(b). Other current liabilities	8	1,614,652,179	1,189,665,224
(c). Short-term provisions	9	30,699,575	17,201,724
		1,661,938,801	1,221,550,361
		3,688,082,963	2,154,423,935
B. ASSETS			
1.Non-current assets			
(a). Fixed assets	10		
(i). Tangible assets		9,578,673	4,746,750
(ii). Intangible assets		540	368,002
		9,579,213	5,114,752
(b). Non-current investments	11	500,000	500,000
(c). Deferred tax assets (net)	12	13,604,871	7,326,646
(d). Receivables under financing activity	15	696,838,185	174,196,348
(e). Long-term loans and advances	13	8,734,341	7,492,365
(f). Other Non-Current assets	14	153,340,174	189,157,603
		873,017,571	378,672,962
2.Current assets			
(a). Receivables under financing activity	15	1,945,940,927	1,062,040,706
(b). Cash and cash equivalents	16	682,508,980	626,305,912
(c). Short-term loans and advances	17	8,487,566	4,992,457
(d). Other current assets	18	168,548,706	77,297,146
		2,805,486,179	1,770,636,221
		3,688,082,963	2,154,423,935

See accompanying notes forming part of the financial statements

In terms of our report attached.
For Deloitte Haskins & Sells
Chartered Accountants
 (Registration No.008072S)
 Sd/-
Bhavani Balasubramanian
Partner
 (Membership No.22156)

For and on behalf of the
 Board of Directors
 Sd/-
V.P Nandakumar
Chairman
 Sd/-
B.N Raveendrababu
Director
 Sd/-
G.Srikanth
Chief Financial Officer

Sd/-
S.V. Raja Vaidyanathan
Managing Director
 Sd/-
A. Ramanathan
Director

Sd/-
Kalpana Iyer
Director
 Sd/-
K. Nithya
Company Secretary

Place : Valapad | Date : 12th May 2015

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2015

Particulars	Note No	For the year ended 31 st March, 2015 ₹	For the year ended 31 st March, 2014 ₹
INCOME			
Revenue from operations	19	582,515,525	343,081,804
Other income	20	90,747,352	29,960,487
		673,262,877	373,042,291
EXPENSES			
Finance costs	21	332,307,577	186,933,887
Employee benefit expense	22	113,959,304	71,335,100
Depreciation and amortisation expense	10	6,189,441	2,094,874
Provision and Other Losses	23	16,416,660	8,889,491
Other Expenses	24	48,264,312	32,749,439
		517,137,294	302,012,791
		156,125,583	71,029,500
PROFIT BEFORE TAX			
TAX EXPENSE:			
(a) Tax expense for current year		58,416,586	27,077,500
(b) Deferred tax		(6,278,225)	(3,094,644)
Net tax expense / (benefit)		52,138,361	23,982,856
		103,987,222	47,046,644
PROFIT FOR THE YEAR			
Earnings per share (of ₹10/- each)			
Basic		11.13	5.84
Diluted	32	11.08	5.81

See accompanying notes forming part of the financial statements

In terms of our report attached.
For Deloitte Haskins & Sells
Chartered Accountants
(Registration No.008072S)
Sd/-
Bhavani Balasubramanian
Partner
(Membership No.22156)

For and on behalf of the
Board of Directors
Sd/-
V.P Nandakumar
Chairman
Sd/-
B.N Raveendrababu
Director
Sd/-
G.Srikanth
Chief Financial Officer

Sd/-
S.V. Raja Vaidyanathan
Managing Director
Sd/-
A. Ramanathan
Director

Sd/-
Kalpana Iyer
Director
Sd/-
K. Nithya
Company Secretary

Place : Valapad | Date : 12th May 2015

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2015

Note 3 Share Capital

Particulars	As at 31 st March, 2015		As at 31 st March, 2014	
	Number of shares	Amount (₹)	Number of shares	Amount (₹)
(a) Authorised (Refer Note 26)				
Equity shares of ₹10/- each	2,000,000	200,000,000	15,000,000	150,000,000
Redeemable preference shares of ₹100/- each	1,000,000	100,000,000	500,000	50,000,000
(b) Issued , Subscribed and Fully Paid Up	3,000,000	300,000,000	15,500,000	200,000,000
Equity Shares of ₹10/- each	15,755,981	157,559,810	8,070,855	80,708,550
(c) Issued , Subscribed and Fully Paid Up	500,000	50,000,000		
Preference Shares of ₹100/- each				
	16,255,981	207,559,810	8,070,855	80,708,550

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

Particulars	As at 31 st March, 2015		As at 31 st March, 2014	
	No of Shares	Amount (₹)	No of Shares	Amount (₹)
Equity Shares				
At the beginning of the year	8,070,855	80,708,550	8,040,855	80,408,550
ESOP (Refer Note 3(iv))	124,000	1,240,000	30,000	300,000
Additions during the year	7,561,126	75,611,260	-	-
Outstanding at the End of the year	15,755,981	157,559,810	8,070,855	80,708,550
Preference Shares				
At the beginning of the year	-	-	-	-
Cumulative non-convertible redeemable Preference Shares	500,000	50,000,000	-	-
Outstanding at the End of the Year	500,000	50,000,000		

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

(contd.)

(ii) Details of Shares held by the company, the ultimate holding company, their subsidiaries and associates:

Class of Shares / Name of Shareholder	As at 31 st March, 2015		As at 31 st March, 2014	
	No of shares held	% holding in the class of shares	No of shares held	% holding in the class of shares
Equity / Manappuram Finance Limited (Refer Note 25)	13,398,013	85.03%	-	0%

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

Class of Shares / Name of Shareholder	As at 31 st March, 2015		As at 31 st March, 2014	
	No of shares held	% holding in the class of shares	No of shares held	% holding in the class of shares
Equity / S.V. Raja Vaidyanathan	2,217,966	14%	3,229,800	40.02%
Equity / K Sethuraman (jointly with Mrs. Susheela Sethuraman)	-	-	1,000,000	12.39%
Equity / M/s Lok Capital LLC	-	-	2,605,855	32.29%
Equity / M/s Manappuram Finance Limited (Refer Note 25)	13,398,013	85%	-	-
Total	15,615,979	99%	6,835,655	85%

Class of Shares / Name of Shareholder	As at 31 st March, 2015		As at 31 st March, 2014	
	No of shares held	% holding in the class of shares	No of shares held	% holding in the class of shares
Preference shares/ S.V. Raja Vaidyanathan	200,000	40%	-	0%
Preference shares/ V. Shankar	200,000	40%	-	0%
Preference shares/ Kalpana Iyer	50,000	10%	-	0%
Preference shares/ Shwetha Gandhi	25,000	5%	-	0%
Preference shares/ Mukesh Gandhi	25,000	5%	-	0%
Total	500,000	100%	-	0%

(iv) Terms / Rights attached to Equity Shares:

The Company has only one class of Equity shares having a par value of Rs.10 per share. All these shares have the same rights and preferences with respect to payment of dividend, repayment of capital and voting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity shares held by the shareholders

Dividend proposed by the Board of Directors, if any is subject to the approval of the shareholders at the Annual General Meeting, except in the case of interim dividend.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

(contd.)

(v) Terms / Rights attached to Preference Shares

The Company has issued 5,00,000 cumulative redeemable non-convertible Preference Shares at the face value of Rs. 100/- each amounting to Rs. 5 Crores. The Preference Shares are redeemable in and do not carry any voting or management rights. Cumulative dividend of 12% p.a. on the face value of the preference share is due and payable every half year.

(vi) Employees Stock Option Scheme (ESOP):

On 8 August, 2011, the company established an Employees stock option scheme. Under the scheme, the company is authorized to issue up to 2,04,500 equity shares of Rs. 10 each to eligible employees, Employees covered by the plan are granted an option to purchase shares of the company subject to the requirements of vesting.

Particulars	Grant	
	08-Aug-11	01-Nov-13
Date of grant	08-Aug-11	01-Nov-13
Exercise price per option (₹)	11.17	11.17
Total options granted and outstanding as at PY	114,000	20,000
Add: Options granted during the year	-	20,000
Less: Options forfeited / lapsed during the year	-	-
Options exercised as at CY	114,000	10,000
Options outstanding as at CY	-	10,000
- Vested	-	7,083
- Yet to vest	-	2,917

Vesting Period:

In the case of the options granted to the Managing Director, 50% of the options vest on completion of one year and the balance on completion of two years from the date of grant. In the case of other employees, the options vest in the following proportion over a three year period in such a manner that 16.67% vests on completion of one year from date of grant, 41.66% each over the completion of years two and three.

Exercise Period:

Within five years from the date of vesting.

Method of Settlement:

Equity settled. Cash settlement is at the option of the board.

The fair value of the share has been estimated on the date of the initial grant by an external firm of consultants based on the audited financial statements for the year ended 31 March 2011. The valuation was done based upon the weighted average of the per share value arrived at through the Net Asset Value (NAV) approach and Profit Earning Capacity Method (PECV). The exercise price was fixed at about a 50% discount to the fair value. The fair value of options, based on the valuation of the independent valuer as on the date of initial grant i.e. 8 August 2011 is Rs.22.34 per share.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

(contd.)

In accordance with the Guidance Note issued by the Institute of Chartered Accountants of India, the difference between the fair value of Rs.22.34 and the exercise price per share of Rs.11.17 on options granted will be charged to Profit and Loss account over the vesting period of the options as employee compensation cost and will be carried forward as Share options outstanding account and disclosed separately in the Balance Sheet. Accordingly an amount of Rs.435,963 (Previous Year: Rs. 1,363, 338) has been debited to employee compensation cost and credited to share option outstanding account. All the options granted and vested have been exercised during the year and the shares have been transferred to Manappuram Finance Limited as part of the Share Purchase Agreement (See Note 25). As and when the remaining options are exercised and the shares are transferred to the eligible employees by the Trust, the corresponding amount would be transferred from share options outstanding account to the General reserve.

Note 4 Reserves and surplus

<i>Particulars</i>	<i>As at 31st March, 2015 ₹</i>	<i>As at 31st March, 2014 ₹</i>
(a) Securities premium account (Refer Note 4(i))		
Opening balance	123,814,444	123,444,244
Add: Premium on shares issued (Refer Note 4(i))	555,918,938	370,200
Less: Utilised during the year	-	-
Closing Balance	679,733,382	123,814,444
(b) Statutory Reserve (Refer Note 4(ii))		
Opening balance	30,618,527	21,209,198
Add: Additions during the year	20,797,444	9,409,329
Closing balance	51,415,971	30,618,527
(c) Share options outstanding account		
Opening balance	1,028,238	-
Add: Amounts recorded on grants during the year (Refer 3(vi))	435,963	1,363,338
Transferred to Securities premium account on exercise of options	(1,385,080)	(335,100)
Closing balance	79,121	1,028,238
(d) General reserve		
Opening balance	3,592,758	3,592,758
Add: Transferred from surplus in Statement of Profit and Loss	-	-
Less: Utilised / transferred during the year	-	-
Closing balance	3,592,758	3,592,758
(e) Surplus in Statement of profit and loss		
Opening balance	81,375,587	43,738,272
Add: Profit for the year	103,987,222	47,046,644
Less: Transfer to Statutory Reserve (Refer 4(ii))	(20,797,444)	(9,409,329)
Less: Dividends proposed to be distributed to Preference Share Holders	(3,461,918)	-
Less: Tax on Dividend	(704,847)	-
Closing balance	160,398,600	81,375,587
	895,219,832	240,429,554

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015
(contd.)

(i) Securities premium on allotment of shares

Name of the Shareholder	No of Shares	Premium per share	As at 31 st March 2015 ₹	As at 31 st March 2014 ₹
M/s Lok Capital LLC	1,716,966	30.48	-	52,333,124
M/s Lok Capital LLC	888,889	80.00	-	71,111,120
S. V. Raja Vaidyanathan	10,000	12.34	-	123,400
S. V. Raja Vaidyanathan	20,000	12.34	-	246,800
S. V. Raja Vaidyanathan	20,000	12.34	246,800	-
ESOP - Staffs	104,000	12.34	1,283,360	-
Manappuram Finance Limited (Refer Note 25)	7,561,126	73.32	554,388,778	-
		Total	555,918,938	123,814,444

(ii) Represents the Reserve Fund created under Section 45-IC of the Reserve Bank of India Act, 1934.

Note 5 Borrowings - Secured

Particulars	As at 31 st March, 2015 ₹	As at 31 st March, 2014 ₹
Term Loans		
-From banks	1,221,730,843	1,200,534,549
-From others	718,056,404	452,358,346
Debentures (Refer Note Below)	459,583,445	-
Securitization Loans	577,196,816	652,105,962
	2,401,713,637	1,652,892,895

(i) Security on Term Loans

All loans are secured by hypothecation of the Book Debts receivable under Micro Finance Loans. Further, the Company has provided a specific lien on deposits with Banks (Refer (a) below) and also have deposits with Financial Institutions for Term Loans (Refer (b) below).

Particulars	As at 31 st March, 2015 ₹	As at 31 st March, 2014 ₹
a) Deposits with Banks towards lien	190,109,366	146,174,302
b) Deposits with Financial Institutions for Term Loans	-	-
c) Deposits with Other NBFC for Term Loans	78,831,884	

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015
 (contd.)

(ii) Details of Terms of Repayment- Secured Loans
(a) Current Year

Particulars	As at 31 st March, 2015	Number of Instalments	Maturity (₹)	
			< 1 Year	> 1 Year
Base Rate	22,126,492	36	9,048,378	13,078,114
Base Rate+Spread	1,059,408,716	1 to 36	657,209,633	402,199,083
Fixed	858,252,039	1 to 21	539,065,596	319,186,443
	1,939,787,247		1,205,323,607	734,463,640

b) Previous Year

Particulars	As at 31 st March, 2014	Number of Instalments	Maturity (₹)	
			< 1 Year	> 1 Year
Base Rate	15,057,534	36	4,224,201	10,833,333
Base Rate+Spread	1,097,935,354	1 to 36	670,191,730	427,743,624
Fixed	539,900,007	1 to 21	429,481,060	110,418,947
	1,652,892,895		1,103,896,991	548,995,904

(iii) Details of Terms of Repayment- Securitization Loans
a) Current Year

Particulars	As at 31 st March, 2015	Number of Instalments	Maturity (₹)	
			< 1 Year	1 - 2 Years
Fixed	577,196,816	1 to 21	40,674,573	536,522,243
	577,196,816		40,674,573	536,522,243

b) Previous Year

Particulars	As at 31 st March, 2014	Number of Instalments	Maturity (₹)	
			< 1 Year	1 - 2 Years
Fixed	652,105,962	1 to 21	612,334,898	39,771,064
	652,105,962		612,334,898	39,771,064

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

(contd.)

(iii) Details of Debentures - Secured, Redeemable Non - Convertible Debentures - Redeemable at par.

The Company had allotted 650 Redeemable Non - convertible Debentures (NCDs) during the year. The NCDs are secured by charge on specific loans and receivables of the company.

No. of Debentures	Face Value	Balance as at 31 st March, 2015 ₹	No. of Instalments	Int. Rate	Due date of Redemption
120	500,000	32,500,080	13	14.00%	April - 16
65	1,000,000	43,333,355	16	13.75%	July - 16
75	1,000,000	56,250,000	18	13.25%	September - 16
100	1,000,000	73,333,200	22	12.55%	January - 17
140	1,000,000	116,666,760	21	13.50%	December - 16
150	1,000,000	137,500,050	22	13.25%	January - 17

Maturity Profile:

Particulars	As at 31 st March, 2015 ₹
Amount repayable within 12 months	279,166,960
Amount repayable after 12 months	180,416,485

Others - From Banks - Fixed Interest	No. of Instalments	As at 31 st March, 2015 ₹	As at 31 st March, 2014 ₹
Current portion	24	1,363,314	-
Non-Current portion		979,631	-
Total		2,342,945	-

Note 6 Other Long-term Liabilities

Particulars	As at 31 st March, 2015 ₹	As at 31 st March, 2014 ₹
Grants (Refer Note 31)	36,783	79,592
Advance subscription money received towards allotment of 14% Secured, Redeemable, Non-convertible Debentures of face value of Rs.500,000 each	-	60,000,000
Total	36,783	60,079,592

Note 7 Trade Payables

Particulars	As at 31 st March, 2015 ₹	As at 31 st March, 2014 ₹
Other than Acceptances (Refer Note 35)	14,570,965	13,406,643
Bonus	2,016,082	1,276,770
Total	16,587,047	14,683,413

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015
 (contd.)

Note 8 Other Current Liabilities

<i>Particulars</i>	<i>As at 31st March, 2015 ₹</i>	<i>As at 31st March, 2014 ₹</i>
Current Maturities of Long term debt (Refer Note 5(i & ii))		
-From Banks	726,258,042	674,415,931
-From Others	479,065,565	429,481,060
-From Debentures	279,166,960	-
Current maturities of finance lease obligation (Refer Note 33)	1,363,314	-
Interest accrued but not due on borrowings	14,862,583	14,451,763
Interest accrued and due on borrowings	3,188,741	-
Income received in advance (Unearned revenue)	56,420,479	49,430,653
Other payables		
- Statutory remittances (Contributions to PF and ESIC and Withholding Taxes)	1,503,791	1,327,489
- Advances from customers	8,572	797,500
- Advance from MAS Financial Services Limited (Refer Note 37)	38,863,797	6,975,000
- Others	13,950,335	12,785,828
Total	1,614,652,179	1,189,665,224

Note 9 Provisions

<i>Particulars</i>	<i>As at 31st March, 2015 ₹</i>	<i>As at 31st March, 2014 ₹</i>
Provision for compensated absences	1,585,637	982,118
Provision for proposed Preference share dividend	3,461,918	-
Provision for Distribution tax on proposed Preference share dividend	704,847	-
Provision for Standard Assets	26,394,262	12,358,521
Provision for Sub - Standard Assets	248,924	-
Provision for Credit Enhancement	5,771,968	6,521,059
Total	38,167,556	19,861,698

(i) Short term provisions

<i>Particulars</i>	<i>As at 31st March, 2015 ₹</i>	<i>As at 31st March, 2014 ₹</i>
Provision for compensated absences	1,585,637	982,118
Provision for proposed Preference share dividend	3,461,918	-
Provision for Distribution tax on proposed Preference share dividend	704,847	-
Provision for Standard Assets	19,436,012	10,616,558
Provision for Credit Enhancement	5,511,161	5,603,048
Total	30,699,575	17,201,724

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015
(contd.)

(ii) Long term provisions

Particulars	As at 31 st March, 2015 ₹	As at 31 st March, 2014 ₹
Provision for Standard Assets	6,958,250	1,741,963
Provision for Sub-standard and doubtful assets	248,924	-
Provision for Credit Enhancement	260,807	918,011
	7,467,981	2,659,974
Total (i+ii)	38,167,556	19,861,698

(iii) Loan Portfolio and Provision for Standard and Non - performing assets.**a) Current Year**

Asset Classification	Loan Outstanding as at 31 st March, 2015 (Gross)	Provision for assets as at 31 st March, 2015 (Net)	Loan Outstanding as at 31 st March, 2015 (Net)
Standard assets	2,641,765,945	26,394,262	2,615,371,683
Sub - Standard assets	779,586	132,133	647,453
Doubtful assets	233,581	116,791	116,790
Loss assets	-	-	-
Total	2,642,779,112	26,643,186	2,616,135,926

b) Previous Year

Asset Classification	Loan Outstanding as at 31 st March, 2014 (Gross)	Provision for assets as at 31 st March, 2014 (Net)	Loan Outstanding as at 31 st March, 2014 (Net)
Standard assets	1,235,852,149	12,358,523	1,223,493,626
Sub - Standard assets	-	-	-
Doubtful assets	-	-	-
Loss assets	-	-	-
Total	1,235,852,149	12,358,523	1,223,493,626

(iv) Changes in Provisions:**a) Current Year**

Particulars	As at 1 st April, 2014	Additional Provision	Utilization / Reversal	As at 31 st March, 2015
Provision for standard assets under financing activity	12,358,523	14,035,739	-	26,394,262
Provision for sub - standard and doubtful assets under financing activity	-	248,924	-	248,924
Provision for Credit enhancements on assets de - recognized	6,521,059	-	(749,091)	5,771,968
Total	18,879,582	14,284,663	(749,091)	32,415,154

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015
 (contd.)

b) Previous Year

<i>Particulars</i>	<i>As at 1st April, 2013</i>	<i>Additional Provision</i>	<i>Utilization / Reversal</i>	<i>As at 31st March, 2014</i>
Provision for standard assets under financing activity	6,837,010	5,521,513	-	12,358,523
Provision for sub - standard and doubtful assets under financing activity	-	-	-	-
Provision for Credit enhancements on assets de - recognized	3,408,798	3,112,261	-	6,521,059
Total	10,245,808	8,633,774	-	18,879,582

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015
(contd.)

Note 10

Fixed Assets

Amount in ₹

S. No.	DESCRIPTION	GROSS BLOCK			DEPRECIATION BLOCK				NET BLOCK		
		As at 01.04.2014	Additions	Deletions	As at 31.03.2015	As at 01.04.2014	FOR THE YEAR (Refer Note 27)	DELETIONS / ADJUSTMENTS	UP TO 31.03.2015	AS AT 31.03.2015	AS AT 31.03.2014
	Intangible Assets										
1	Software	3,932,309	-	-	3,932,309	3,564,307	367,462	-	3,931,769	540	368,002
	Total (A)	3,932,309	-	-	3,932,309	3,564,307	367,462	-	3,931,769	540	368,002
	Tangible Assets										
1	Computers	3,922,679	694,723	-	4,617,402	3,391,591	704,072	-	4,095,663	521,739	531,088
2	Furnitures & Fixtures	3,642,163	1,267,932	-	4,910,095	2,792,463	847,025	-	3,639,488	1,270,607	849,700
3	Office Equipments	3,681,461	1,161,864	8,031	4,835,294	2,475,885	1,465,646	1,172	3,940,359	894,935	1,205,576
4	Air Conditioners	327,094	-	-	327,094	163,100	132,912	-	296,012	31,082	163,994
5	Vehicles Owned	3,980,877	3,700,139	2,363,956	5,317,060	2,316,339	1,270,877	1,951,523	1,635,693	3,681,367	1,664,538
	Vehicles Taken under finance lease		3,982,847		3,982,847		1,120,025		1,120,025	2,862,822	
6	Electrical Equipments	491,784	265,690	-	757,474	159,931	281,422	-	441,353	316,121	331,853
	Total (B)	16,046,058	11,073,195	2,371,987	24,747,266	11,299,309	5,821,979	1,952,695	15,168,593	9,578,673	4,746,749
	Total (A+B)	19,978,367	11,073,195	2,371,987	28,679,575	14,863,616	6,189,441	1,952,695	19,100,362	9,579,213	5,114,751

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015
(contd.)

Note 10

Fixed Assets - 2013 - 2014

Amount in ₹

S. No.	DESCRIPTION	GROSS BLOCK			ACCUMULATED DEPRECIATION / AMORTISATION			NET BLOCK		
		Balance as at 01.04.2013	Additions	Deletions	Balance as at 31.03.2014	Balance as at 01.04.2013	Depreciation/ Amortisation expense for the year	Elimination on disposal of assets	Balance as at 31.03.2014	Balance as at 31.03.2013
	Tangible Assets									
1	Computers	3,867,145	215,500	159,966	3,922,679	3,193,324	358,232	159,966	3,391,590	531,089
2	Furnitures & Fixtures	3,340,395	324,288	22,520	3,642,163	2,426,756	388,227	22,520	2,792,463	849,700
3	Office Equipments	3,159,810	585,901	64,250	3,681,461	2,073,504	466,631	64,250	2,475,885	1,205,576
4	Air Conditioners	294,894	32,200	-	327,094	136,847	26,253	-	163,100	163,994
5	Vehicles	3,232,732	748,145	-	3,980,877	1,821,482	494,857	-	2,316,339	1,664,538
6	Electrical Equipments	491,784	-	-	491,784	106,312	53,619	-	159,931	331,853
	Total (A)	14,386,760	1,906,034	246,736	16,046,058	9,758,225	1,787,819	246,736	11,299,308	4,746,750
	Intangible Assets									
1	Software	3,787,234	151,575	6,500	3,932,309	3,263,752	307,055	6,500	3,564,307	368,002
	Total (B)	3,787,234	151,575	6,500	3,932,309	3,263,752	307,055	6,500	3,564,307	368,002
	Total (A+B)	18,173,994	2,057,609	253,236	19,978,367	13,021,977	2,094,874	253,236	14,863,615	5,114,752
										5,152,017

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015
 (contd.)

Note 11 Non-Current Investments

<i>Particulars</i>	<i>As at 31st March, 2015 ₹</i>	<i>As at 31st March, 2014 ₹</i>
Non Trade Investments - Unquoted		
50,000 (P.Y - 50,000) Equity Shares of Alpha Micro Finance Consultants Private Limited of Rs.10/- each	500,000	500,000
	500,000	500,000
Aggregate amount of unquoted investments	500,000	500,000

Note 12 Deferred Tax Asset (Net)

<i>Particulars</i>	<i>As at 31st March, 2015 ₹</i>	<i>As at 31st March, 2014 ₹</i>
Deferred Tax Asset		
Tax effect of items constituting deferred tax assets:		
Provision for Standard Assets	8,971,410	4,009,722
Provision for Sub-Standard and Doubtful Assets	84,609	-
Provision for Credit Enhancements on Assets De-recognized	1,961,892	2,115,758
Provisions for Compensated absences, gratuity and other Employee Benefits	538,958	318,648
On difference between Book balance & Tax Balance of fixed assets	2,048,002	882,518
Net Deferred Tax Asset	13,604,871	7,326,646

Note 13 Long-term loans and advances

<i>Particulars</i>	<i>As at 31st March, 2015 ₹</i>	<i>As at 31st March, 2014 ₹</i>
Advance income tax (net of Provision for Tax ₹ 63,971,015) (P.Y. Net of Provision for Tax- ₹ 43,695,490) - Unsecured, considered good	8,734,341	7,492,365
Total	8,734,341	7,492,365

Note 14 Other Non-Current Assets

<i>Particulars</i>	<i>As at 31st March, 2015 ₹</i>	<i>As at 31st March, 2014 ₹</i>
Prepaid Finance Charges	3,995,267	4,945,553
Interest accrued on Deposits with Banks/ Others	1,063,271	5,787,998
Bank Deposits as collateral towards loans and assets derecognised (Refer Note 16)	99,470,386	178,424,052
Deposits with other NBFCs as collateral towards loans and assets derecognised	31,250,000	-
Deposits as collateral with business partner towards loans sourced on their behalf (Refer Note 37)	17,561,250	-
Total	153,340,174	189,157,603

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015
(contd.)

Note 15 Receivables under Financing Activity

<i>Particulars</i>	<i>As at 31st March, 2015 ₹</i>	<i>As at 31st March, 2014 ₹</i>
Unsecured		
Microfinance Loans	2,642,779,112	1,235,852,149
Business Loans	-	384,905
	2,642,779,112	1,236,237,054
Of the above		
- Considered Good	2,641,765,945	1,236,237,054
- Considered Sub-standard / doubtful	1,013,167	-

(i) Receivables under financing activity - current

<i>Particulars</i>	<i>As at 31st March, 2015 ₹</i>	<i>As at 31st March, 2014 ₹</i>
Microfinance Loans	1,945,940,927	1,061,655,801
Business Loans	-	384,905
	1,945,940,927	1,062,040,706

(ii) Receivables under financing activity - Non-current

<i>Particulars</i>	<i>As at 31st March, 2015 ₹</i>	<i>As at 31st March, 2014 ₹</i>
Microfinance Loans	696,838,185	174,196,348
Business Loans	-	-
	696,838,185	174,196,348

(iii) Managed Micro finance Loans (Refer Note 5 (iii) (a) & 5 (iii) (b)) **577,196,816** **652,105,962**

(iv) Securitization of Assets

<i>Particulars</i>	<i>For the Year ended 31st March 2015 ₹</i>	<i>For the Year ended 31st March 2014 ₹</i>
Total number of Loan Assets Securitized during the year	64,797	97,914
Book value of Loan Assets Securitized during the year	738,226,645	862,760,506
Sale Consideration received during the year	789,580,741	917,006,876
Gain / (Loss) on the Securitization transaction recognised on P&L	20,920,097	21,337,339
Gain / (Loss) on the Securitization transactions deferred	30,434,000	32,909,031
Quantum of Credit Enhancement provided on the transactions in the form of deposits	52,338,545	81,337,198
Quantum of Credit Enhancement as at year end	52,338,545	81,337,198
Interest spread Recognised in the Statement of Profit and Loss during the Year (including amortization of Unamortised Income)	53,437,241	41,733,857

All Securitizations are premium structure transactions. Hence there is no interest spread earned by the Company. The amount shown is the amortization of Unamortised income

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015
(contd.)

Disclosure to be made under Securitization guidelines issued by Reserve Bank of India vide policy no. DNBS. PD. No. 301/3.10.01/2012 - 13 dated August 21, 2012.

S.No	Particulars	No. / Amount in Rs Crore
1	No of SPVs sponsored by the NBFC for Securitization transactions	15
2	Total amount of securitized assets as per the books of the SPVs sponsored	577,196,816
3	Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet a) Off Balance Sheet exposures - First loss - Others b) On Balance Sheet exposures - First loss - Others	78,831,884
4	Amount of exposures to securitisation transactions other than MRR a) Off Balance Sheet exposures i. Exposure to own Securitizations - First loss - Others ii. Exposure to third party Securitizations - First loss - Others b) On Balance Sheet exposures i. Exposure to own Securitizations - First loss - Others ii. Exposure to third party Securitizations - First loss - Others	

Note 16 Cash and cash equivalents

Particulars	As at 31 st March, 2015 ₹	As at 31 st March, 2014 ₹
Cash on hand	223,448	2,988,046
Balances with banks		
- In current accounts	515,061,592	449,641,815
- In deposits accounts -Under Lien	266,694,326	352,100,103
Less: Amount disclosed under Other non-current assets (Refer Note 14)	(99,470,386)	(178,424,052)
	167,223,940	173,676,051
	682,508,980	626,305,912
Notes:		
Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements is	515,285,040	452,629,861

Note 17 Short - term loans and advances (Unsecured, considered good)

Particulars	As at 31 st March, 2015 ₹	As at 31 st March, 2014 ₹
Security deposits	6,770,000	4,222,500
Loans and advances to employees	1,717,566	769,957
	8,487,566	4,992,457

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015
 (contd.)

Note 18 Other current assets

<i>Particulars</i>	<i>As at 31st March, 2015 ₹</i>	<i>As at 31st March, 2014 ₹</i>
Interest Accrued on Deposits with Banks/ Others	24,271,333	10,959,229
Interest Accrued but not due on Receivables from Financing Activities	30,033,225	20,109,084
Deposits as collateral with business partner towards loans sourced on their behalf (Refer Note 37)	20,647,500	-
Deposits with other NBFCs as collateral towards loans and assets derecognised	47,581,884	
Commission receivable	11,496,070	7,054,313
Prepaid Finance Charges	29,042,133	25,153,635
Other Receivables	5,476,561	14,020,885
	168,548,706	77,297,146

Note 19 Revenue from operations

<i>Particulars</i>	<i>For the year ended 31st March, 2015 ₹</i>	<i>For the year ended 31st March, 2014 ₹</i>
Income from Financing Activities		
Interest on Loan		
Interest on Loan- Microfinance Loans*	467,092,754	259,433,369
Interest on Loan- Business Loans	14,912	721,046
	467,107,666	260,154,415
Other operating income		
Documentation Fees- Microfinance Loans	29,997,031	16,358,856
Interest Income - on Deposits with Banks and Financial Institutions	31,973,587	22,836,532
Profit on securitisation	53,437,241	41,733,857
Registration Fees	-	1,998,144
	115,407,859	82,927,389
	582,515,525	343,081,804

* Includes interest received on loans sourced by business partner Rs.12,847,529 (Previous year Rs.522,764) (Refer Note 38)

Note 20 Other income

<i>Particulars</i>	<i>For the year ended 31st March, 2015 ₹</i>	<i>For the year ended 31st March, 2014 ₹</i>
(a) (Loss)/ Income from mutual funds - dividend/ redemption	6,071,296	(966,921)
(b) Reversal of excess provision for Credit Enhancements on assets derecognised	749,091	-
(c) Other non-operating income		
- Profit on sale of fixed assets	599,740	
- Marketing commission (Refer Note 39)	37,615,510	10,566,038
- Other commission	30,704,237	20,110,072
- Grant (Refer Note 31)	42,809	26,368
- Commission (Refer note 37)	14,454,082	-
- Miscellaneous Income	510,587	224,930
	90,747,352	29,960,487

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015
 (contd.)

Note 21 Finance costs

<i>Particulars</i>	<i>For the year ended 31st March, 2015 ₹</i>	<i>For the year ended 31st March, 2014 ₹</i>
Interest expense on term loans		
- From Banks	134,528,753	87,960,562
- From Financial Institutions	-	373,768
- From Others	114,954,743	74,696,876
Interest expenses on finance lease	91,066	
Interest expense on Debentures	31,707,957	
- Interest on Share Application Money	307,398	
Other borrowing costs		
- Loan processing fee	48,018,176	23,124,964
- Bank Charges	1,513,388	777,717
Interest on Delayed Payment of Tax	1,186,096	
	332,307,577	186,933,887

Note 22 Employee Benefits Expenses

<i>Particulars</i>	<i>For the year ended 31st March, 2015 ₹</i>	<i>For the year ended 31st March, 2014 ₹</i>
Salaries and wages	103,483,475	63,963,168
Contributions to provident and other funds	6,184,514	3,760,293
Gratuity (Refer Note 29)	593,736	161,366
Expense on employee stock option (ESOP) scheme	435,963	1,363,338
Staff Welfare Expenses	3,261,616	2,086,935
Total	113,959,304	71,335,100

Note 23 Provisions and Other Losses

<i>Particulars</i>	<i>For the year ended 31st March, 2015 ₹</i>	<i>For the year ended 31st March, 2014 ₹</i>
Provision for Standard Assets	14,035,739	5,521,512
Provision for Sub Standard & Doubtful Assets	248,924	-
Provision for Credit Enhancements on Assets De-Recognised	-	3,112,261
Loss Assets Written off	2,131,997	265,718
	16,416,660	8,899,491

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015
 (contd.)

Note 24 Other Expenses

<i>Particulars</i>	<i>For the year ended 31st March, 2015 ₹</i>	<i>For the year ended 31st March, 2014 ₹</i>
Electricity Charges	762,549	695,030
Water	275,601	222,736
Rent including lease rentals (Refer Note 33)	8,722,915	6,681,255
Repairs and maintenance - Buildings	1,118,315	756,463
Repairs and maintenance - Machinery	164,538	139,639
Repairs and maintenance - Others	2,388,989	1,881,462
Insurance	1,906,462	1,103,439
Rates and taxes	906,930	82,550
Communication	1,524,509	1,223,542
Travelling and conveyance	12,412,390	7,486,420
Printing and stationery	5,235,086	4,128,341
Directors' Sitting Fees	267,766	80,000
Business promotion	1,733,989	860,443
Donations and contributions (Refer Note 36)	2,114,126	2,000,000
Commission (Refer Note No 38)	2,778,471	100,531
Legal and professional	3,452,722	3,488,401
Payments to auditors	-	-
- Statutory Audit	900,000	900,000
- Tax Audit	100,000	100,000
- Other services, including limited review and certificates	450,000	100,000
- Out of Pocket Expenses and statutory levies	192,572	209,600
Miscellaneous expenses	856,382	509,587
	48,264,312	32,749,439

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2015

	<i>For the year ended 31st March, 2015</i>	<i>For the year ended 31st March, 2014</i>
	₹	₹
A. Cash Flow from Operating Activities		
Profit Before Tax	156,125,583	71,029,499
Adjustments for:		
Depreciation/Amortisation	6,189,441	2,094,874
Expense on employee stock option scheme	435,963	1,363,338
Portion of capital grant taken to income based on depreciation of underlying asset	(42,809)	(26,368)
Provision for standard receivables under Financing Activity	14,035,739	5,521,513
Provision for Sub-standard/doutful receivables under Financing Activity	248,924	-
Provision for Credit enhancements on assets under Financing Activity	(749,091)	3,112,261
Provision for compensated absences	603,519	63,565
Loan Assets written off	2,131,997	265,718
Profit on sale of fixed assets	(599,740)	-
Interest on Term Loans	281,191,453	163,031,206
Dividend Income	(6,071,296)	-
Loss on Sale of investments	-	9,66,921
Interest on Deposits	(31,973,587)	(22,836,531)
Interest Income from borrowers	(467,107,666)	(260,154,415)
Income from processing and membership fees	(29,997,031)	(18,357,000)
Income from securitization of receivables	(53,437,241)	(41,733,857)
Operating Profit before Working Capital changes	(129,015,842)	(95,659,276)
Changes in Working Capital:		
Adjustments for (increase) / decrease in operating assets:		
Receivables under Financing Activity	(1,408,674,053)	(547,424,766)
Short-term loans and advances	(3,495,109)	(804,961)
Other current assets	(68,015,315)	(28,506,432)
Other non-current assets	31,092,702	(146,608,489)
Securitization of assets (net)	74,909,146	(311,226,170)
Adjustments for increase/(decrease) in operating liabilities:		
Increase in Trade Payables	1,903,634	6,777,644
Increase in other current liabilities	55,377,153	18,701,150
Cash Flow generated from/(Used in) Operations	(1,445,917,684)	(1,104,751,300)
Interest paid on Term Loans	(280,780,633)	(155,022,445)
Interest received from borrowers	457,183,525	253,005,699
Income from Processing and membership fees	39,049,214	26,604,456
Income from securitisation of receivables	51,374,884	54,246,370
Interest Income on Deposits	15,493,982	12,743,740
Net Income Tax Paid	(57,000,000)	(26,600,000)
Net Cash Flow generated Used in Operations (A)	(1,220,596,712)	(939,773,480)

	For the year ended 31 st March, 2015 ₹	For the year ended 31 st March, 2014 ₹
B. Cash Flow from Investing Activities		
Capital Expenditure		
Proceeds from Sale of Fixed Assets	1,019,001	-
Purchase of Fixed Assets	(11,073,195)	(2,057,609)
Purchase from current investments (Net)	(2,041,005,356)	-
Proceeds from Sale of Current Investments (net)	2,047,076,652	57,801,036
Dividend received	6,071,296	-
Net Cash Flow generated from Investing Activities (B)	2,088,398	55,743,427
C. Cash Flow from Financing Activities		
Proceeds from long-term borrowings-Term Loans	2,873,375,158	2,522,760,506
Debenture application money received	-	60,000,000
Proceeds from long-term borrowings-Debentures	530,000,000	-
Repayment of long-term borrowings	(2,675,523,173)	(1,548,396,097)
Repayment of debentures	(130,416,555)	-
Proceeds from finance lease	2,776,132	-
Repayment of finance lease	(433,187)	-
Proceeds from issue of equity shares	631,385,118	335,100
Proceeds from issue of Preference shares	50,000,000	-
Net Cash flow from Financing Activities (C)	1,281,163,493	1,034,699,509
Net increase in Cash and Cash Equivalents (A + B + C)	62,655,179	150,669,456
Cash and Cash Equivalents at the Beginning of the Year	452,629,861	301,960,405
Cash and Cash Equivalents at the End of the Year	515,285,040	452,629,861
Reconciliation of Cash and Cash equivalents with Balance Sheet:		
Cash and cash equivalents as per balance sheet (Refer note 16)	682,508,980	804,729,964
Less: Bank Balances not considered as cash and cash equivalents as defined in AS3 Cash flow statements		
- Balances held as margin money or security against borrowings, guarantees and other commitments	167,223,940	352,100,103
	515,285,040	452,629,861

In terms of our report attached.
For Deloitte Haskins & Sells
Chartered Accountants
 (Registration No.008072S)
 Sd/-
Bhavani Balasubramanian
 Partner
 (Membership No.22156)

For and on behalf of the
 Board of Directors
 Sd/-
V.P Nandakumar
 Chairman
 Sd/-
B.N Raveendrababu
 Director
 Sd/-
G.Srikanth
 Chief Financial Officer

Sd/-
S.V. Raja Vaidyanathan
 Managing Director
 Sd/-
A. Ramanathan
 Director

Sd/-
Kalpana Iyer
 Director
 Sd/-
K. Nithya
 Company Secretary



SIGNIFICANT ACCOUNTING POLICIES



NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015
(contd.)

NOTE 1 : Significant Accounting Policies

a. Nature of the Operations

Asirvad Micro Finance Private Limited ('the Company') was incorporated in August 2007. The Company is engaged in extending micro credit advances to women, who are otherwise unable to access finance from the main stream banking channels. The Company provides small value collateral free loans up to Rs. 25,000 for a tenor of 18 months/ 24 months with fortnightly/ monthly repayments. The Company follows the Grameen model with suitable adoptions using the joint liability framework, where each member of the group guarantees the loan repayment of the other members of the group.

The Company also uses its branch infrastructure to market products / services to the members of the self help groups on behalf of other agencies for an agreed fee/ commission.

Note 2 – 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 specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year except for change in the accounting policy for depreciation as described in Note 27.

The Company follows the prudential norms for income recognition, asset classification and provisioning as prescribed by the Reserve Bank of India for Systemically Important Non-deposit taking Non-Banking Finance Companies (NBFC-ND-SI) or more stringent norms as indicated in Note 2(n) below.

a. Use of Estimates

The preparation of the financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period such as provisioning for employee benefits, provisioning for receivables, provisioning for credit enhancement for assets de-recognized, useful lives of fixed assets, provisioning for taxation etc. Management believes that the estimates used in the 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.

b. Fixed Assets and Depreciation

Tangible assets:

Fixed assets are stated at cost less accumulated depreciation / amortization and impairment losses, where applicable. 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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

(contd.)

Depreciation on fixed assets is provided on the written down value method basis, pro-rata to the period of use of the assets based on the useful life of assets prescribed under Schedule II of the Companies Act, 2013.

Intangible assets:

Software is acquired primarily from third-party vendors and is in ready-to-use condition. Costs for acquiring such software are capitalized. The capitalized software is amortized based on the useful life prescribed under Schedule II of Companies Act, 2013.

c. Impairment

The carrying values of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and 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 recognized for an 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, except in case of revalued assets.

d. Investments

Investments which are long term in nature are stated at cost less provision where necessary for diminution, other than temporary, in the value of investments.

Current investments are carried individually, at the lower of cost and fair value.

e. Receivables under Financing Activity

All loan exposures to borrowers with installment structure are stated at the full agreement value after netting off

- i. Unearned income
- ii. Installments appropriated up to the year-end

f. Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

- i. Interest income on loans given (including loans sourced by business partners on behalf of the Company) is recognized under the internal rate of return method. Income on Non-performing Assets is recognized only when realized and any interest accrued on such assets is de-recognized by reversing the unrealized interest income already recognized.
- ii. Loan processing fee is recognized over the life of the loan on a straight line basis.
- iii. In respect of the receivables securitized / assigned, losses arising are recognized in the Statement of Profit and Loss immediately upon receipt of sale consideration. Gains arising from the transaction are amortized over the tenor of the transaction. Reversal of gains proportionate to the amount prepaid by the borrowers is also provided for during the year of prepayment.
- iv. Commission income on marketing of products is recognised accrual basis when the service is

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

(contd.)

rendered taking into account the number of units sold at the rates applicable according to the terms of the agreement.

- v. Commission income on the other services is recognised on accrual basis when the service is rendered at the rates applicable in accordance with the terms of the agreement.
- vi. Fee income on loans sourced on behalf of other business partners is recognized on accrual basis according to the terms of the agreement.
- vii. Interest income on deposits is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.
- viii. All other income is recognized on an accrual basis, when there is no uncertainty in the ultimate realization / collection.

g. Prepaid Finance Charges

Prepaid finance charges represents 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 underlying receivables built out of such borrowings. Unamortized borrowing costs remaining, if any, are fully expensed off as and when the related borrowing is prepaid / cancelled.

h. Employee Benefits:

Employee benefits include provident fund, employee state insurance scheme, gratuity fund and compensated absences

(i) Defined Contribution Plan

Provident Fund and Employees State Insurance: The Company's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

(ii) Defined Benefit Plan

Gratuity: For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. The liability for Gratuity is funded with the Life Insurance Corporation of India and the contribution thereof paid / payable is absorbed in the accounts.

(iii) 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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

(contd.)

(iv) Compensated absences

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date less the fair value of the plan assets out of which the obligations are expected to be settled.

i. Deferred Employee Stock Compensation Cost

Deferred employee stock compensation cost for stock options is recognized on the basis of generally accepted accounting principles and is measured as the difference between the estimated intrinsic value of the company's shares on the date of grant of the stock options and the exercise price to be paid by the option holders. The compensation expense, if any, is amortized uniformly over the vesting period of the options.

j. Service Tax Input Credit

Service tax input credit is accounted for in the books in the period when the underlying service received is accounted and when there is reasonable certainty in availing / utilizing the same.

The Finance Act, 2011 had brought in amendments to CENVAT Credit Rules, 2004, whereby only 50% of the CENVAT credit availed will be available for utilization towards payment of service tax under 'Banking and other financial services' by a banking company and financial institution.

k. Insurance Claims

Insurance claims are accrued for on the basis of claims admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

l. Taxes on Income

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

'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 of items other than unabsorbed depreciation and carry forward 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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

(contd.)

m. Provisions and Contingencies

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

n. Classification & Provisions of Loan Portfolio

Loans are classified and provided for as per the Company's Policy and Management's estimates, subject to the minimum classification and provisioning norms required as per the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, duly taking into account the requirements of Non-Banking Financial Company – Micro Finance Institutions (Reserve Bank) Directions, 2011.

i. Classification of Loans

Asset Classification	Period of Overdue
Standard Assets	Not Overdue and Overdue for less than 30 days
Non Performing Assets (NPA)	
Sub-Standard Assets	Overdue for 30 days and more but less than 90 days
Doubtful Assets	Overdue for 90 days and more
Loss Assets	Assets which are identified as loss asset by the Company or the internal auditor or the external auditor or by the Reserve Bank of India

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

ii. Provisioning Norms for Loans

Asset Classification	Provisioning Percentage used by the Company for FY 2014-15	Provisioning Percentage used by the Company for FY 2013-14
Standard Assets	1.00%	1.00%
Non Performing Assets (NPA)		
Sub-Standard Assets		
a. Overdue for more than 30 days and more but less than 60 days	10.00%	10.00%
b. Overdue for more than 60 days and more but less than 90 days	25.00%	25.00%
Doubtful Assets		
a. Overdue for more than 90 days and more but less than 120 days	50.00%	50.00%

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

(contd.)

Loss Assets (Overdue for more than 120 days) [Refer note below]	Fully charged off to P&L	Fully charged off to P&L
---	--------------------------	--------------------------

Note: (a) Income on NPAs is recognized only when realized.

(b) Accounting Standard 4 as applicable to MFIs allows charge off of assets only when the MFI's contractual right to receive cashflows from that loan expires. The Loss assets which are overdue for more than 120 days satisfy this criterion and hence they are charged off fully to statement of Profit and Loss.

o. Accounting for Grants

Grants relating to depreciable fixed assets are treated as deferred income over the useful life of the asset in proportion to which depreciation on the related assets is charged.

p. Leases

Leases are classified as finance or operating leases depending upon the terms of the lease agreements:

(i) Finance Leases

Finance leases, which effectively transfer substantially all the risks and benefits incidental to the ownership of the leased item, are capitalized at the lower of the fair value or present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and the reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income.

(ii) Operating Leases

Lease of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under operating leases are recognized as an expense on a straight-line basis over the lease term.

q. Provision for Credit Enhancements on Assets derecognized

Provision for credit enhancements on assets derecognized is made based on Management estimates @ 1% of the outstanding amount of assets de-recognized from the books of the company as at the Balance Sheet Date.

r. Cash and cash equivalents (for purposes of Cash Flow Statement)

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.

s. 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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015
(contd.)**Note 25 - Share purchase agreement and subscription of shares:**

The promoters of the Company, the holders of the stock options, and the investor, Lok Capital LLC entered into a Share Purchase Agreements dated 12th February 2015 with Manappuram Finance Limited for transfer of 58,36,887 shares of Rs.10 each at a consideration of Rs.83.32 per share. Consequent upon the transfer, the Company has become a subsidiary of Manappuram Finance Limited.

In the meeting held on 19th February 2015, the Board of Directors of the company issued and allotted 75,61,126 equity shares of Rs.10 each fully paid up at a premium of Rs. 73.32 per share aggregating to Rs. 63,00,00,038/- to Manappuram Finance Limited and as approved by the members in the Extra-Ordinary General Meeting held on 19th February 2015. The Premium collected on above issue of equity shares amounting to Rs. 55,43,88,778/- has been credited to Securities Premium Account.

Note 26 - Increase in Authorized Share Capital

In the Extra-Ordinary General Meeting held on 15th December 2014, the shareholders of the Company increased the authorized share capital of the Company from 15,000,000 equity shares of Rs.10 each and 500,000 preference shares of Rs.100 each to 20,000,000 equity shares of Rs.10 each and 1,000,000 preference shares of Rs.100 each.

Note 27

Pursuant to the enactment of Companies Act, 2013 ("the Act"), effective April 1, 2014, the Company has revised the estimated economic useful life of its fixed assets generally in accordance with that provided in Schedule II to the Act. As a result, the Depreciation charge for the current year is higher by Rs.3,187,131 as compared to the depreciation charge that would have arisen had the Company followed the estimated economic useful lives as in the previous year.

Note 28 - Contingent Liabilities

Contingent liability : On account of Corporate Guarantees provided by the Company

<i>Particulars</i>	<i>Current Year (in ₹)</i>	<i>Previous Year (in ₹)</i>
On account of managed portfolio	160,447,162	68,025,000
Total	160,447,162	68,025,000

Accounting Standard Disclosures**Note 29 - Employee Benefit Plans**

a. Defined contribution plans

The Company makes Provident Fund, Superannuation Fund and Employee State Insurance Scheme contributions which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs.4,439,283 (Year ended 31st March, 2014 Rs. 3,042,771) for Provident Fund contributions and Rs.1,893,735 (Year ended 31st March, 2014 Rs. 1,226,252) for Employee State Insurance Scheme contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015
 (contd.)

b. Defined benefit plans – Gratuity (included as part of 'Gratuity' in Note 22 Employee benefits expenses)

The Company has a funded gratuity scheme with LIC for its employees as at 31st March 2015. The premium payable to LIC is accounted for in the Statement of Profit and Loss and the details for the current financial year are given as under:

<i>Particulars</i>	<i>31st March 2015</i>	<i>31st March 2014</i>
Projected Benefit obligation at the beginning of the year	1,725,327	1,223,887
Service Cost	1,117,239	398,154
Interest Cost	138,026	97,911
Actuarial (Gains)/ Losses	1,896,252	5,375
Benefits Paid	-	-
Projected Benefits Obligation at End of the Year	4,876,844	1,725,327

<i>Particulars</i>	<i>31st March 2015</i>	<i>31st March 2014</i>
Change in Plan Assets		
Fair Value of plan assets at the beginning of the year	2,307,511	1,103,234
Expected returns on plan assets at the beginning of the year	199,283	119,981
Employer's contribution	(59,974)	864,203
Benefits paid	-	-
Actuarial Gains / (Losses)	2,358,498	220,093
Fair Value of Plan Assets at the end of the year	4,805,318	2,307,511
Amounts recognised in the Balance Sheet		
Present value of obligation	4,876,844	1,725,327
Fair value of plan assets at the year end	4,805,318	2,305,511
Liability recognised in the Balance Sheet *	71,526	(580,184)

* On a conservative basis, the excess of plan assets over plan liabilities is not considered in these financial statements

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

(contd.)

<i>Cost of the Defined Benefit Plan for the year</i>	<i>31st March 2015</i>	<i>31st March 2014</i>
Current service cost	1,117,239	398,154
Interest on obligation	138,026	97,911
Expected return on plan assets	(199,283)	(119,981)
Net actuarial (Gains) / Losses recognized in the year	(462,246)	(214,718)
Net cost recognized in the Statement of Profit & Loss	593,736	161,366

<i>Assumptions</i>	<i>31st March 2015</i>	<i>31st March 2014</i>
Discount Rate	8.00%	8.00%
Future Salary Increase	10.00%	5.00%
Mortality Rate	IALM (2006-08) Ultimate	LIC 1994-96 rates
Attrition Rate	16%	1 - 3%
Expected rate of return on Plan Assets	NA	NA

Notes:

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. The entire Plan Assets are managed by the Life Insurance Corporation of India (LIC). The details with respect to the composition of investments in the fair value of Plan Assets have not been disclosed in the absence of the necessary information.
4. In the absence of the relevant information from the actuary, no disclosure has been made for experience adjustments.

Note 30 Segment information

The Company is primarily engaged in the business of Micro financing. All the 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 "Segmental Reporting".

Note 31 Grants

The Company had received a capacity building grant of Rs. 5,69,000 during the financial year 2008-09 from Small Industries Development Bank of India (SIDBI). The amount was received towards capital grant for purchase of fixed assets, and was accordingly spent for the stated purpose. An amount of Rs. 42,809 (P.Y Rs. 26,368) has been recognized as income during the year being the proportionate depreciation on assets purchased, out of capital grant received.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

(contd.)

Note 32 Earnings per Share

<i>Particulars</i>	<i>For the Year ended 31st March 2015</i>	<i>For the year ended 31st March 2014</i>
Profit after Tax (₹)	103,987,222	47,046,643
Less: Preference dividend and tax thereon	(4,166,765)	-
Profit for the year attributable to the equity shareholders	99,820,457	47,046,643
Weighted Average Number of Equity Shares (Basic)	8,966,847	8,050,800
Add: Dilutive effect relating to ESOP	41,351	53,707
Weighted Average Number of Equity Shares (Diluted)	9,008,198	8,104,507
Earnings per Share – Basic	11.13	5.84
Earnings per Share – Diluted	11.08	5.81
Face value of Shares	10	10

Note 33 Disclosure requirements under Accounting Standard 19 on 'Leases'

Financial lease comprises lease of vehicles under a Hire purchase scheme. The future cash flows are disclosed below:

	<i>Rentals (₹)</i>		<i>Present Value (₹)</i>	
	<i>As at 31st March 2015</i>	<i>As at 31st March 2014</i>	<i>As at 31st March 2015</i>	<i>As at 31st March 2014</i>
Rentals payable under Hire purchase agreement				
- Within one year	15,44,940	-	1,363,314	-
- Later than one year and not later than five years	10,20,687	-	979,631	-
Less: Future finance charges	222,682	-	-	-
	2,342,945	-	2,342,945	-

Operating leases taken by the company are cancellable at the option of the Company and hence do not require disclosure under Accounting Standard 19 on Leases.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015
(contd.)**Note 34 Related party transactions****Details of related parties:**

Name of Related parties and the nature of relationship (with respect to parties with whom the Company had transactions during the year)

Nature of Relationship	Name of the Party	
	For the Year ended 31 st March 2015	For the Year ended 31 st March 2014
Key Management Personnel	Mr. S V Raja Vaidyanathan, Managing Director	Mr. S V Raja Vaidyanathan, Chairman & Managing Director
	Mr.G.Srikanth, Chief Financial Officer	NA
	Ms.K.Nithya, Company Secretary	NA
Holding Company	Manappuram Finance Limited (w.e.f 12th February 2015)	
Entities where Company has control	Asirvad Development Foundation	Asirvad Development Foundation

Transactions with related parties

Transaction	Related Party	For the Year ended 31 st March 2015 ₹	For the Year ended 31 st March 2014 ₹
Equity share capital subscribed and paid up	Manappuram Finance Limited	630,000,038	-
Interest paid on Term Loan (from 12th February 2015)	Manappuram Finance Limited	4,869,863	-
Repayment of Term Loan	Manappuram Finance Limited	300,000,000	-
Preference share capital subscribed and paid up	Mr. S V Raja Vaidyanathan	20,000,000	-
Interest paid on Preference share application money	Mr. S V Raja Vaidyanathan	282,740	-
Remuneration	Mr. S V Raja Vaidyanathan	8,600,000	7,400,000
Retainer Bonus	Mr. S V Raja Vaidyanathan	8,000,000	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

(contd.)

Allotment of shares	Mr. S V Raja Vaidyanathan	223,400	223,400
Remuneration	Mr. G Srikanth	3,927,497	-
Allotment of Shares	Mr. G Srikanth	223,400	-
Remuneration	Ms. K Nithya	566,246	-
Assistance	Asirvad Development Foundation	2,114,126	2,000,000
Balance as at year end			
Assistance payable	Asirvad Development Foundation	2,114,126	2,000,000

Notes:

(a). Related party relationships are as identified by the Management and relied upon by the Auditors.

(b). Manappuram's shareholding as on 31st March 2015 was 85.03%.

Note 35 Micro, Small and Medium Enterprises

Based on the extent of information available with the management, there are no transactions with Micro and Small Enterprises. This has been relied upon by the auditors.

Note 36 Assistance

The Company has approved an assistance of Rs. 2,114,126 (Previous Year - Rs. 2,000,000) to Asirvad Development Foundation for the year ended 31st March 2015. The amount is disclosed under 'Donations and contributions' in Note 24 Other expenses.

Note 37 Agreement with MAS Financial Services Limited

The Company has entered into agreements with MAS Financial Services Limited (MAS) whereby the Company will undertake to disburse and manage loans on behalf of MAS. The Company will pay an interest of 15.25% to MAS and shall be entitled to retain the interest over and above the specified percentage for the services rendered. The Company received and disbursed advances amounting to Rs 230,000,000 (P.Y Rs 75,000,000) from MAS during 2014-15 towards this activity. The interest payable on such portfolio and installments collected and held in trust for MAS work out to Rs 38,863,797 which is disclosed under Note No.8 Other Current Liabilities. The Company is liable for the collection of the loans and any losses arising on default of the loans is to be borne by the Company. The Company has also given a cash collateral of Rs 38,208,750 (P.Y Rs 9,375,000) in the form of fixed deposits and a guarantee defined as a percentage of loan outstanding at any point of time.

Note 38 Agreement with Adhikar Microfinance Private Limited

The Company has entered into an agreement dated 15th December 2013 with Adhikar Microfinance Private Limited (Adhikar) whereby Adhikar will undertake to source the prospective borrowers, disburse the loans and manage the loans on behalf of the Company. The loans will be recorded in the books of the Company and the interest income and fee on such loans shall be receivable by the

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

(contd.)

Company. The Company shall pay a fee compensation equal to interest of 6% on the loans to Adhikar for the services rendered. The Company has disbursed such loans amounting to Rs.47,580,000 (P.Y Rs 52,635,000) with a portfolio outstanding of Rs.17,889,215 as on 31st March 2015 (P.Y Rs 50,780,274), which is included in 'Microfinance Loans' in Note 16 Receivables under Financing Activity. The fee paid to Adhikar during this period amounted to Rs. 27,78,471 (P.Y Rs 100,531) which has been included under Commission in Note 24 Other expenses.

Note 39 Marketing Commission

The Company has entered into an agreement with Inthree Financial Services and Uniq Synergy for marketing their solar lamps and cookware to its members. The Company receives commission for the lamps and cookware sold at the volume based slab rates specified according to the terms of the agreement. The Company has received an amount of Rs.37,615,510 (P.Y Rs 10,566,038) towards commission for the marketing of solar lamps and cookware.

RBI Disclosures – Disclosures in accordance with provisions of RBI**Note 40 Disclosure Pursuant to Reserve Bank of India Notification RBI/2014-15/299 DNBR (PD) CC.No.002/03.10.001/2014 - 15 dated 10th November 2014****i. Capital Adequacy Ratio**

<i>Particulars</i>	<i>As at 31st March 2015</i>	<i>As at 31st March 2014</i>
Tier I Capital	1,000,881,751	264,535,956
Tier II Capital	43,873,750	(30,028,368)
Total Capital	1,044,755,501	234,507,589
Total Risk Weighted Assets	3,004,352,731	1,392,987,054
Capital Ratios		
Tier I Capital as a percentage of Total risk weighted assets (%)	33.31%	18.99%
Tier II Capital as a percentage of Total risk weighted assets (%)	1.46%	-2.16%
Total (%)	34.77%	16.83%
Amount of Subordinated Debt raised as Tier II Capital	-	-
Amount raised by issue of Perpetual Debt instruments	-	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015
 (contd.)

ii. Investments

Particulars	As at 31 st March 2015	As at 31 st March 2014
Value of Investments	-	-
(i) (a) In India	500,000	-
(b) Outside India	-	-
(ii) Provisions for Depreciation	-	-
(a) In India	-	-
(b) Outside India	-	-
(iii) Net value of Investments	-	-
(a) In India	-	-
(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	-	-

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

The Company does not have any direct or indirect exposure to the real estate sector as at 31st March 2015 and 31 March 2014.

iv. Exposure to Capital Market

The Company does not have any exposure to Capital market as at 31st March 2015 and 31 March 2014.

v. Asset Liability Management
Maturity Pattern of Certain Items of Assets and Liabilities as at 31st March 2015:

	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 year to 5 years (₹)	Over 5 years (₹)	Total (₹)
Liabilities									
Borrowing from Banks*	70,397,967	70,135,584	61,112,029	202,250,003	322,362,458	521,944,598	33,332,600	-	1,281,535,240
Market Borrowing	64,894,240	79,584,767	70,473,984	219,620,835	323,658,699	359,602,927	-	-	1,117,835,452
Assets									
Advances@	152,119,772	178,501,585	184,309,096	528,221,434	903,802,206	695,825,019	-	-	2,642,779,112
Investment	-	-	-	-	-	-	-	500,000	500,000

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015
 (contd.)

Maturity Pattern of Certain Items of Assets and Liabilities as at 31st March 2014:

	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 year to 5 years (₹)	Over 5 years (₹)	Total (₹)
Liabilities									
Borrowing from Banks*	48,685,330	61,342,179	76,077,888	181,381,289	306,929,245	437,743,624	833,333	-	1,112,992,888
Market Borrowing	44,448,733	43,604,255	41,809,254	121,841,070	177,777,748	110,418,947	-	-	539,900,007
Assets									
Advances@	125,232,557	122,271,276	112,762,347	292,501,194	409,658,237	174,196,348	-	-	1,236,621,959
Investment	-	-	-	-	-	-	-	500,000	500,000

Note:

* - Excludes Interest Accrued but Not Due on Loans to Borrowers

@ - Excludes Interest Accrued but Not Due on advances

vi. Other Regulator Registration

S.no	Regulator	Registration No
1.	Ministry of Company Affairs	CIN: U65923TN2007PTC064550
2.	Reserve Bank of India	Certificate of Registration dt: N-07-00769 dated 4th Oct 2013

vii. Penalties levied by the above Regulator - Nil**viii. Ratings assigned by Credit Rating Agencies**

	As at 31 st March 2015	As at 31 st March 2014
Commercial Paper & Non-Convertible Debentures		
Working Capital Demand loans		
Cash Credit		
Bank Term Loans	ICRA-BBB (Positive)	
Non-Convertible Debentures - Long term	CBO I & II & V: [ICRA] BBB+(SO) CBO III, IV & V: [ICRA]A-(SO)	CBO I: [ICRA] BBB+(SO)
Subordinated Debt		
Perpetual Debt		

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015
(contd.)

ix. Concentration of Advances

	<i>As at 31st March 2015</i>	<i>As at 31st March 2014</i>
Total Advances to twenty largest borrowers	Not applicable – Refer note below	
Percentage of Advances to twenty largest borrowers to Total advances of the NBFC		

x. Concentration of Exposures

	<i>As at 31st March 2015</i>	<i>As at 31st March 2014</i>
Total Exposure to twenty largest borrowers	Not applicable – Refer note below	
Percentage of Exposures to twenty largest borrowers / customers to Total advances of the NBFC on borrowers / customers		

xi. Concentration of NPAs

	<i>As at 31st March 2015</i>	<i>As at 31st March 2014</i>
Total Exposure to top four NPA accounts	Not applicable – Refer note below	

Notes:

The Company operates in the business of microfinance providing collateral free loans for fixed amounts ranging from Rs. 15,000 to Rs. 25,000 to women engaged in various income generating activities. As at 31 March 2015, the Company has provided loans to more than 2.78 lakhs women and hence, the disclosure relating to concentration to advances, exposures and NPA's are not applicable to the Company.

xii. Sector-wise NPAs as of March 31, 2015

<i>Sector</i>	<i>% of NPAs to total advances in that sector as on 31st March 2015</i>	<i>% of NPAs to total advances in that sector as on 31st March 2014</i>
Agriculture & Allied activities		
MSME		
Corporate borrowers		
Services		
Unsecured personal loans		

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

(contd.)

Auto loans (Commercial vehicles)		
Microfinance loans	0.04%	0.03%

xiii. Movement of NPAs

		<i>Particulars</i>	<i>As at 31st March 2015</i>	<i>As at 31st March 2014</i>
(i)		Net NPAs to Net advances (%)	0.03%	0.02%
(ii)		Movement of NPAs (Gross)		
	(a)	Opening balance	381,046	-
	(b)	Additions during the year	2,764,118	646,764
	(c)	Reductions during the year	2,131,997	265,718
	(d)	Closing balance	1,013,167	381,046
(iii)		Movement of Net NPAs		
	(a)	Opening balance	265,949	-
	(b)	Additions during the year	498,294	247,956
	(c)	Reductions during the year	-	132,859
	(d)	Closing balance	764,243	115,097
(iv)		Movement of provisions for NPAs (excluding provisions on standard assets)		
	(a)	Opening balance	115,097	-
	(b)	Provisions made during the year	2,265,824	398,808
	(c)	Write off / write back of excess provisions	2,131,997	132,859
	(d)	Closing balance	248,924	265,949

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015
(contd.)

xiv. Customer Complaints

(a)	No of complaints pending as on April 01, 2014	Nil
(b)	No of complaints received during the year	355
(c)	No of complaints redressed during the year	355
(d)	No of complaints pending as on March 31, 2015	Nil

Note:

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

Note 41 Disclosure of frauds reported during the year ended Mar 31, 2015 vide DNBS. PD. CC No 256/03.10.042/2011-12 dated March 02, 2012

NIL

Note 42 Disclosure Pursuant to Clause 32 of the Listing Agreement

NIL

Note 43 Disclosure Pursuant to Reserve Bank of India Notification DNBS.193G (VL) – 2007 dated 22nd February 2007

S.No.	Particulars	As at March 31 st 2015	
		Amount outstanding in ₹	Amount overdue in ₹
	Liabilities:		
(1)	Loans and Advances availed by the NBFC inclusive of interest accrued thereon but not paid		
A	Debentures		
	- Secured	459,583,445	-
	- Unsecured*	-	-
	(other than falling within the meaning of public deposits)	-	-
B	Deferred Credits	-	-
C	Term Loans	1,945,318,933	-
D	Inter-Corporate Loans and Borrowings	-	-
E	Commercial Paper	-	-
F	Other Loans	-	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015
 (contd.)

S.No.	Particulars	As at March 31 st 2014	
		Amount outstanding in ₹	Amount overdue in ₹
	Liabilities:		
(1)	Loans and Advances availed by the NBFC inclusive of interest accrued thereon but not paid		
A	Debentures		
	- Secured	-	-
	- Unsecured*	-	-
	(other than falling within the meaning of public deposits)	-	-
B	Deferred Credits	-	-
C	Term Loans	1,652,892,895	-
D	Inter-Corporate Loans and Borrowings	-	-
E	Commercial Paper	-	-
F	Other Loans	-	-

S.No.	Particulars	Amount outstanding as on 31 st March 2015 in ₹	Amount outstanding as on 31 st March 2014 in ₹
	Assets:		
(2)	Break-up of Loans and Advances including Bills Receivables (other than those included in 3 below)		
A	Secured		
B	Unsecured	2,642,779,112	1,236,237,054
(3)	Break-up of Leased Assets and Stock on Hire and Other Assets counting towards AFC activities		
i	Lease Assets including Lease rentals accrued and due:		
	(a) Financial Lease	-	
	(b) Operating Lease	-	
ii	Stock on Hire including Hire Charges under Sundry Debtors:		
	(a) Assets on Hire	-	
	(b) Repossessed Assets	-	
iii	Other Loans counting towards AFC activities:		
	(a) Loans where Assets have been repossessed	-	

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015
 (contd.)

	(b) Loans other than (a) above	-	
(4)	Break-up of Investments		
I	Quoted:		
i	Shares: (a) Equity	-	
	(b) Preference	-	
ii	Debentures and Bonds	-	
iii	Units of Mutual Funds	-	
iv	Government Securities	-	
v	Others (please specify)		
I	Unquoted:		
i	Shares: (a) Equity	-	
	(b) Preference	-	
ii	Debentures and Bonds	-	
iii	Units of Mutual Funds	-	
iv	Government Securities	-	
v	Others	-	
	Long term Investments		
I	Quoted:		
i	Shares: (a) Equity	-	
	(b) Preference	-	
ii	Debentures and Bonds	-	
iii	Units of Mutual Funds	-	
iv	Government Securities	-	
v	Others (please specify)	-	
I	Unquoted:		
i	Shares: (a) Equity	500,000	500,000
	(b) Preference	-	
ii	Debentures and Bonds	-	
iii	Units of Mutual Funds	-	
iv	Government Securities	-	
v	Others	-	

* Represents application money received against issue of Debentures

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015
(contd.)**(5) Borrower Group-wise Classification of Assets financed as in (2) and (3) above**

S.No.	Particulars	As at 31 st March 2015		
		Amount in ₹ (Net of Provisions) (Refer Note below)		
		Secured	Unsecured	Total
1	Related Parties			
	(a) Subsidiaries	-	-	-
	(b) Companies in the same group			-
	(c) Other Related Parties		-	-
2	Other than Related Parties	-	2,610,363,958	2,610,363,958
	Total	-	2,610,363,958	2,610,363,958

S.No.	Particulars	As at 31 st March 2014		
		Amount in ₹ (Net of Provisions) (Refer Note below)		
		Secured	Unsecured	Total
1	Related Parties			
	(a) Subsidiaries	-	-	-
	(b) Companies in the same group			-
	(c) Other Related Parties		-	-
2	Other than Related Parties	-	1,217,357,472	1,217,357,472
	Total	-	1,217,357,472	1,217,357,472

Note:

The amount of Assets financed represents the net owned portfolio outstanding after adjusting the provisions for standard, substandard and doubtful assets.

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 / Breakup Value or Fair Value or Net Asset Value (Company's Share)	Book Value
1	Related Parties		
	(a) Subsidiaries		
	(b) Companies in the same group		
	(c) Other Related Parties		
2	Other than Related Parties (Refer note)	518,000	500,000
	Total	518,000	500,000

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015

(contd.)

<i>S.No.</i>	<i>Category</i>	<i>Market Value / Breakup Value or Fair Value or Net Asset Value (Company's Share)</i>	<i>Book Value</i>
1	Related Parties		
	(a) Subsidiaries		
	(b) Companies in the same group		
	(c) Other Related Parties		
2	Other than Related Parties (Refer note)	584,894	500,000
	Total	584,894	500,000

Note:

The Company's share of the Net Asset Value of Alpha Micro Finance Consultants Private Limited has been calculated based on the unaudited financial statements of the Company as at 31 March 2015.

<i>7</i>	<i>Other Information</i>	<i>As at 31st March 2015</i>	<i>As at 31st March 2014</i>
i	Gross Non-Performing Assets	-	-
	a) With Related Parties		
	b) With Others	1,013,167	3,81,046
ii	Net Non-Performing Assets	-	-
	a) With Related Parties		
	b) With Others	764,243	265,949
iii	Assets acquired in satisfaction of debt	-	-
	a) With Related Parties		
	b) With Others		

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015
(contd.)

Note 44 Disclosure of Fraud to Reserve Bank of India Notification DNBS. PD. CC. No. 256/03.10.042/011-2012 dated 2nd March 2012

NIL

Note 45 Net Interest Margin during the year:

<i>Particulars</i>	<i>For the year ended 31st March 2015</i>	<i>For the year ended 31st March 2014</i>
Average Interest (a)	25.35%	25.78%
Average effective cost for borrowing Interest (b)	17.94%	17.49%
Net Interest Margin (a-b)	7.41%	8.29%

The Average interest represents the effective rate at which loans have been disbursed to the customers for the year ended 31 March 2015 and 31 March 2014.

The Average interest cost of borrowings of the Company for the year ended 31 March 2015 and 31 March 2014 has been computed based on the monthly interest cost divided by the average monthly balances of outstanding borrowings. The Average cost of borrowings include the following:

- a. Upfront processing fees paid by the Company for availing loans.
- b. Interest loss on fixed deposits placed as collateral, being difference between rate of interest on fixed deposit and the interest rate on the borrowings.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2015
(contd.)**Note 46 Disclosures of Transactions Pursuant to clause 28 of the Debt Listing Agreement with BSE Limited**

S.No	Loans and Advances in the nature of Loans	Amount Outstanding as at 31 st March, 2015	Maximum Amount Outstanding during the year
(A)	To Subsidiaries		
(B)	To Associates		
(C)	Where there is		
	(i) No repayment schedule	-	-
	(ii) Repayment beyond seven years	-	-
	(iii) No interest		
	(iv) Interest below the rate as specified in section 372 A of the Companies Act, 1956/section 186 of the Companies Act, 2013	-	-
	To Firms / Companies in which Directors are interested (other than (A) and (B) above)	-	-
(D)	Adhikar Microfinance Private Limited (See note below)	3,358,767	3,358,767
(E)	Investments by the loanee in the shares of Parent Company and Subsidiary Company	-	-

Note

The information on maximum amount outstanding has been disclosed from the date on which the concerned Director was appointed on the Board of the Company

Note 47 NBFC - ND

The Company is a Systemically Important Non-deposit taking Non-Banking Finance Company (NBFC-ND-SI). The Company has received Certification of Registration dated 14 December 2007 from the Reserve Bank of India to carry on the business of Non Banking Financial Institution without accepting deposits.

Note 48 Previous Year Figures

Previous year's figures have been reclassified to conform with the current year's classification / presentation, wherever applicable.

In terms of our report attached.
For Deloitte Haskins & Sells
Chartered Accountants
(Registration No.008072S)
Sd/-
Bhavani Balasubramanian
Partner
(Membership No.22156)

Valapad | 12th May, 2015

For and on behalf of the
Board of Directors
Sd/-
V.P Nandakumar
Chairman
Sd/-
B.N Raveendrababu
Director
Sd/-
G.Srikanth
Chief Financial Officer

Sd/-
S.V. Raja Vaidyanathan
Managing Director
Sd/-
A. Ramanathan
Director

Sd/-
Kalpana Iyer
Director
Sd/-
K. Nithya
Company Secretary



CORPORATE EVENTS



CORPORATE EVENTS

BOARD MEETING IN PROGRESS



Five Year Award Function



Presented to all the directors and Staff who have been with the Company for 5 Years

KARNATAKA STATE OFFICE INAUGURATION



FIRST DISBURSEMENT IN KARNATAKA AT MANDYA OFFICE





DISTRICTS COVERED

Operating through 141 branches in 44 districts in 5 States and 1 Union Territory

TAMIL NADU

*CHENNAI

TIRUVALLUR

KANCHIPURAM

VILLUPURAM

CUDDALORE

**PUDUCHERRY

THIRUVANNAMALAI

TIRUPUR

*COIMBATORE

NILGIRIS

*ERODE

SALEM

NAMAKKAL

*MADURAI

VIRUDHUNAGAR

DINDIGUL

SIVAGANGA

THENI

RAMANATHAPURAM

THANJAVUR

PUDUKOTTAI

TIRUCHIRAPALLI

NAGAPATTINAM

THIRUVARUR

*TIRUNELVELI

KANNIYAKUMARI

TUTICORIN

KERALA

*PALAKKAD

THRISSUR

*IDUKKI

KOTTAYAM

KARNATAKA

RAMANAGARA

MYSORE

KOLAR

*MANDYA

CHIKKABALLAPURA

*TUMAKURU

ORISSA

MALKANGIRI

BOLANGIRI

KALAHANDI

SONEPUR

BARGARH

KHURDHA

*KORAPUT

GUJARAT

*SURAT

* Divisional Offices

** Union Territory



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