

**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF  
IFMR FINANCE FOUNDATION**

**Report on the Financial Statements**

We have audited the accompanying financial statements of **IFMR FINANCE FOUNDATION** (“the Company”), which comprise the Balance Sheet as at 31<sup>st</sup> March , 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

**Management’s Responsibility for the Financial Statements**

The Company’s Management is responsible for 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 Standards referred to in Section 211(3C) of the Companies Act, 1956 (“the Act”) and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control 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 conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, 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.

### **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:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2013;
- (b) in the case of the Statement of Profit and Loss, of the loss of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

### **Emphasis of Matter**

- 1. We draw attention to Note No 5 of the financial statements, regarding the utilisation out of the corpus funds of Rs 100,000,000, towards disbursement of grants and other administration expenses.
- 2. We draw attention to Note No. 16 of the financial statements, regarding the preparation of the financial statements on a going concern basis despite the erosion of the net worth of the Company, based the commitment towards providing continued operational and financial support by the controlling entity, IFMR Trust.

Our opinion is not qualified in respect of the above matters.

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

- 1. The requirements of the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, are not applicable to the Company.
- 2. As required by Section 227(3) of the Act, we report that:
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

- (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act.
- (e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2013 from being appointed as a director in terms of Section 274(1) (g) of the Act.

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

Bhavani Balasubramanian  
(Partner)  
(Membership No. 22156)

**CHENNAI**, June 12, 2013

IFMR FINANCE FOUNDATION  
Balance Sheet as at March 31, 2013

(Amount in INR)

	Note No.	As at 31 March, 2013	As at 31 March, 2012
<b>I. EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	3	100,000	100,000
Reserves and Surplus	4	(23,763,333)	(23,154,120)
		<b>(23,663,333)</b>	<b>(23,054,120)</b>
<b>Corpus Funds</b>			
	5	21,678,822	21,678,822
		<b>21,678,822</b>	<b>21,678,822</b>
<b>Non Current Liabilities</b>			
Long-Term Provision	6	255,090	106,793
		<b>255,090</b>	<b>106,793</b>
<b>Current Liabilities</b>			
Trade Payables	7	6,173,256	5,656,603
Other Current Liabilities	8	183,636	62,152
		<b>6,356,892</b>	<b>5,718,755</b>
<b>TOTAL</b>		<b>4,627,471</b>	<b>4,450,250</b>
<b>II. ASSETS</b>			
<b>Non-Current Assets</b>			
<b>Fixed Assets</b>			
Tangible Assets	9	29,801	69,807
Long Term Loans and Advances	10	2,388,604	2,555,541
		<b>2,418,405</b>	<b>2,625,348</b>
<b>Current Assets</b>			
Cash and Cash Equivalents	11	1,811,317	1,555,483
Short-Term Loans and Advances	12	397,749	269,419
		<b>2,209,066</b>	<b>1,824,902</b>
<b>TOTAL</b>		<b>4,627,471</b>	<b>4,450,250</b>

See accompanying notes forming part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells  
Chartered Accountants

For and on behalf of IFMR Finance Foundation

Bhavani Balasubramanian  
Partner

Bindu Ananth  
Director

Anand Sahasranaman  
Director

Place: Chennai  
Date: 12<sup>th</sup> June 2013

IFMR FINANCE FOUNDATION

Statement of Profit and Loss for the year ended March 31, 2013

(Amount in INR)

	Note No.	For the year ended 31 March, 2013	For the year ended 31 March, 2012
<b>INCOME</b>			
Grants Received	18	11,080,507	5,000,000
Other Income	13	276,828	441,594
<b>TOTAL REVENUE (I)</b>		<b>11,357,335</b>	<b>5,441,594</b>
<b>EXPENDITURE</b>			
Employee Benefits Expense	14	6,248,888	5,777,071
Depreciation	9	42,537	97,209
Other Expenses	15	5,675,123	7,623,472
<b>TOTAL EXPENSES (II)</b>		<b>11,966,548</b>	<b>13,497,752</b>
Loss for the year Before Tax (I) - (II)		(609,213)	(8,056,158)
<b>Tax Expenses</b>			
Tax Expenses for Current Year			
Current Tax		-	-
Deferred Tax		-	-
		-	-
Loss for the year		<b>(609,213)</b>	<b>(8,056,158)</b>
<b>Earning Per Share ( of Rs.10 each)</b>			
Basic	22	(60.92)	(805.62)
Diluted	22	(60.92)	(805.62)

See accompanying notes forming part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells  
Chartered Accountants

For and on behalf of IFMR Finance Foundation

Bhavani Balasubramanian  
Partner

Bindu Ananth  
Director

Anand Sahasranaman  
Director

Place: Chennai

Date: 12<sup>th</sup> June 2013

IFMR FINANCE FOUNDATION  
Cash Flow Statement for the year ended March 31, 2013

(Amount in INR)

	For the year ended 31 March, 2013	For the year ended 31 March, 2012
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Loss for the Year before Tax	(609,213)	(8,056,158)
<u>Adjustments for:</u>		
Depreciation	42,537	97,209
Interest Received	(4,174)	(332,387)
Provision for Gratuity	148,297	-
Interest on Income tax refund	(15,022)	-
Provision for Gratuity written back	-	(109,207)
Operating Loss before working capital changes	(437,575)	(8,400,543)
<u>Changes in working capital:</u>		
<u>Adjustments for (increase)/decrease in operating assets</u>		
Long Term Loans and Advances	-	(5,420)
Short Term Loans and Advances	(128,330)	362,883
<u>Adjustments for increase/(decrease) in operating liabilities</u>		
Trade Payables	516,653	2,706,113
Other Current Liabilities	121,484	(493,037)
Grants Disbursed	-	(2,769,890)
<b>Cash used in Operations</b>	<b>72,232</b>	<b>(8,599,894)</b>
Net Income Taxes (Paid)/Refunded	181,959	(1,839,402)
<b>Net cash generated from / (used in) Operating Activities (A)</b>	<b>254,191</b>	<b>(10,439,296)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Capital expenditure on fixed assets, including capital advances	(2,531)	(7,357)
Proceeds from sale of Fixed Assets	-	15,250
Interest Received	4,174	926,268
<b>Net cash flow generated from in Investing activities (B)</b>	<b>1,643</b>	<b>934,161</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
	-	-
<b>Net Increase / (Decrease) in cash and cash equivalents (A+B+C)</b>	<b>255,834</b>	<b>(9,505,135)</b>
Cash and Cash Equivalents at the beginning of the year	1,555,483	11,060,618
<b>Cash and Cash Equivalents at the end of the year</b>	<b>1,811,317</b>	<b>1,555,483</b>
<b>Reconciliation of cash and cash equivalents:</b>		
Cash and Cash Equivalents as per Balance sheet (Refer Note 11)	1,811,317	1,555,483
Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) included in Note 11	1,811,317	1,555,483
<b>Cash and cash equivalents at the end of the year comprises of:</b>		
- Balances with Banks in current account	1,811,317	1,555,483

See accompanying notes forming part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells  
Chartered Accountants

For and on behalf of IFMR Finance Foundation

Bhavani Balasubramanian  
Partner

Bindu Ananth  
Director

Anand Sahasranaman  
Director

Place: Chennai  
Date: 12<sup>th</sup> June 2013

# IFMR FINANCE FOUNDATION

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## Notes forming part of Financial Statements:

### 1. Corporate Information

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

### 2. Significant accounting policies

#### 2.1 Basis of preparation of financial statements:

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The Financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

#### 2.2 Use of estimates

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

#### 2.3 Operating Cycle

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current - non-current classification of assets and liabilities.

#### 2.4 Grants:

Grants received towards corpus are treated as capital receipts and taken to capital fund.

Other grants received are being treated as revenue receipts. Grants disbursed during the year to various grantees are accounted on cash basis.

# IFMR FINANCE FOUNDATION

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## 2.5 Fixed Assets and depreciation:

Fixed assets are carried at historical cost less accumulated depreciation and impairment losses, where applicable. The Company capitalizes all costs relating to the acquisition and installation of fixed assets. Cost comprises the purchase price and any attributed cost of bringing the asset to its working condition for its intended use. Depreciation on assets is provided on the Written down Value Method at the following rates based on the management's estimate of the useful life of the asset, which are higher than the rates prescribed under Schedule XIV of the Companies Act, 1956:

Asset category	Depreciation rate
Computers	60%

Assets individually costing less than Rs.5,000/- added during the year are fully depreciated.

## 2.6 Impairment of assets:

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognized, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss 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.

## 2.7 Revenue recognition:

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

## 2.8 Employee benefits:

Employee benefits include gratuity. Employees are not provided with benefits of provident fund and compensated absences.

### Defined contribution plan:

#### Provident Fund

As the number of employees on the rolls of the Company is less than the statutory minimum required for Provident Fund (PF) registration, no registration is required to be made by the Company with Provident Fund department and no remittances have been made to appropriate Authorities.

### Defined benefit plans( Long term employee benefits)

#### Gratuity

The Company accounts for its liability for future gratuity benefits based on the actuarial valuation, as at the balance sheet date, determined by an Independent Actuary using the



# IFMR FINANCE FOUNDATION

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Projected Unit Credit method and is provided for. The company's gratuity plan is non-funded.

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

## **2.9 Taxes on income:**

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

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

## **2.10 Provisions, contingent liabilities and contingent assets:**

A provision is recognised when the Company has a present or legal or constructive obligation as a result of past events for which it is probable that an outflow of economic benefit will be required to settle the transaction and a reliable estimate can be made for the amount of the obligation. Contingent liability is disclosed for (i) Possible obligation which will be confirmed only by future events not wholly within the control of the company or (ii) Present obligation arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent asset are not recognised in the financial statements since this may result in the recognition of income that may never be realised.

IFMR FINANCE FOUNDATION

Notes forming part of Financial Statements as at March 31, 2013

Particulars	As at 31st March 2013		As at 31st March 2012	
	(Amount in INR)		(Amount in INR)	
<b>Note 3 - Share Capital</b>				
<b>Authorised</b>				
20,000 (Previous Year - 20,000 Shares) Equity Shares of INR 10 each with voting rights.		200,000		200,000
<b>Total</b>		<b>200,000</b>		<b>200,000</b>
<b>Issued, Subscribed and Fully Paid up</b>				
10,000 (Previous Year-10,000 shares) Equity Shares of INR 10 each with voting rights		100,000		100,000
<b>Total</b>		<b>100,000</b>		<b>100,000</b>
<b>Details of shares held by each shareholder more than 5% shares</b>				
Name of the Shareholder	As at 31st March 2013		As at 31st March 2012	
	No.of shares held	% of shareholding	No.of shares held	% of shareholding
IFMR Trust (Controlling Entity) and its nominee	10,000	100	10,000	100
The Company has issued one class of equity share at a par value of INR 10 per share. Each holder of Equity share is entitled to one vote per share.				
In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of equity shares held by the shareholders.				
<b>Movement in Equity shares</b>				
Particulars	As at 31st March 2013		As at 31st March 2012	
	No.of shares	Amount In (INR)	No.of shares	Amount In (INR)
Opening Balance	10,000	100,000	10,000	100,000
Shares issued during the year	-	-	-	-
Closing Balance	10,000	100,000	10,000	100,000

**IFMR FINANCE FOUNDATION**

Notes forming part of Financial Statements as at March 31, 2013

(Amount in INR)

	As at 31st March 2013	As at 31st March 2012
<b>Note 4: Reserves and Surplus</b>		
Deficit in Statement of Profit and loss		
Opening balance	(23,154,120)	(15,097,962)
ADD: Loss for the year	(609,213)	(8,056,158)
Closing balance	<b>(23,763,333)</b>	<b>(23,154,120)</b>
<b>Note 5: Corpus Funds</b>		
Grants Received *	100,000,000	100,000,000
Less: Grant Utilized	(78,321,178)	(78,321,178)
Balance available for utilisation	<b>21,678,822</b>	<b>21,678,822</b>
<p>* The grant amount of INR 190,000,000 received from ICICI Foundation for Inclusive Growth represents INR 100,000,000 towards corpus and INR 90,000,000 towards non-specific revenue grants. The revenue grants received have been disbursed in entirety within 31st March 2010.</p> <p>No additional grants have been received from the above donor, because of which the Company has, in consultation with the Donor had utilised the unutilised amounts of the corpus of INR 100,000,000 towards providing grants and other administration expenses.</p>		
<b>Note 6: Long-Term Provision</b>		
Provision for Employee Benefits	255,090	106,793
<b>Total</b>	<b>255,090</b>	<b>106,793</b>
<b>Note 7: Trade Payables</b>		
Sundry Creditors*	2,569,092	1,248,620
Advance from Related Parties (Refer Note No.21)	3,604,164	4,407,983
<b>Total</b>	<b>6,173,256</b>	<b>5,656,603</b>
<p>*In accordance with the Notification No. GSR 719 (E) dated 16.11.2007 issued by the Ministry of Corporate affairs, certain disclosures are required to be made relating to Micro Small and Medium Enterprises as defined under the Micro Small and Medium Enterprises Development Act 2006. As represented by the management, there are no amounts payable / or claims from suppliers in accordance with the provisions of the Act, and therefore, no disclosures have been made in the financial statements.</p>		
<b>Note 8: Other Current Liabilities</b>		
Statutory Liabilities	83,977	40,271
Other Liabilities	99,659	21,881
<b>Total</b>	<b>183,636</b>	<b>62,152</b>

For Deloitte Haskins & Sells

Notes forming part of Financial Statements as at March 31, 2013

(Amount in INR)

	As at 31st March 2013	As at 31st March 2012
<b>Note 10: Long Term Loans and Advances</b>		
Advance Tax and Tax deducted at Source(Net of Provision for tax - NIL (PY Rs.NIL))	2,388,604	2,555,541
<b>Total</b>	<b>2,388,604</b>	<b>2,555,541</b>
<b>Note 11: Cash and Cash Equivalents</b>		
Cash and Cash Equivalents as defined in AS-3 - Balance in Current Account	1,811,317	1,555,483
<b>Total</b>	<b>1,811,317</b>	<b>1,555,483</b>
<b>Note 12: Short-Term Loans and Advances</b>		
Advances to Related Parties (Refer Note No.21)	-	114,421
Security Deposits for Employees	343,000	25,000
Other deposits	25,000	25,000
Prepaid Expenses	25,296	42,031
Balances with Government Authorities	2,817	-
Advances Recoverable in Cash or in kind or for value to be received	1,636	62,967
<b>Total</b>	<b>397,749</b>	<b>269,419</b>

IFMR FINANCE FOUNDATION

Notes forming part of Financial Statements as at March 31, 2013

Note 9: Fixed Assets

(Amount in INR)

Asset	Gross Block				Depreciation				Net Block	
	As at 01-April-2012	Additions during the year*	Deletions during the year	As at 31-March-2013	As at 01-April-2012	For the year	Deletions during the year	As at 31-March-2013	As at 31-March-2013	As on 31-March-2012
<b>Tangible Assets</b>										
Computers	336,026	2,531	-	338,557	266,219	42,537	-	308,756	29,801	69,807
<b>Total</b>	<b>336,026</b>	<b>2,531</b>	<b>-</b>	<b>338,557</b>	<b>266,219</b>	<b>42,537</b>	<b>-</b>	<b>308,756</b>	<b>29,801</b>	<b>69,807</b>
Previous Year	371,169	7,357	42,500	336,026	196,260	97,209	27,250	266,219	69,807	174,909

\* Represents assets transferred from fellow subsidiary

IFMR FINANCE FOUNDATION

Notes forming part of Financial Statements for the year ended March 31, 2013

(Amount in INR)

	For the year ended 31st March 2013		For the year ended 31st March 2012	
<b>Note 13: Other Income</b>				
Interest Income from Banks on Fixed Deposits		-		327,582
Other Interest Income		4,174		4,805
Provision no longer required written back				
- Bonus		257,632		-
- Gratuity		-		109,207
Interest on Income Tax Refund		15,022		-
<b>Total</b>		<b>276,828</b>		<b>441,594</b>
<b>Note 14: Employee Benefits Expense</b>				
Salaries, Allowances and Bonus		5,928,664		5,583,458
Staff Welfare Expenses		171,927		193,613
Gratuity		148,297		-
<b>Total</b>		<b>6,248,888</b>		<b>5,777,071</b>
<b>Note 15: Other Expenses</b>				
Rent		1,366,405		1,738,523
Repairs and Maintenance		24,325		126,390
Printing and Stationery		86,104		304,208
Telephone Expenses		95,256		75,825
Travelling and Conveyance		704,706		1,776,453
Consultancy Charges		-		891,368
Legal and Professional Charges		2,589,585		2,117,286
Seminar and Meeting Expenses		380,507		86,683
Subscription		3,397		37,895
Website Maintenance and Internet Expenses		9,423		16,530
Auditors' Remuneration				
For Statutory Audit (inclusive of Service Tax)	337,080		330,900	
For Tax Audit	56,180		55,150	
For Reimbursement of expenses	11,618	404,878	13,765	399,815
Rates and Taxes		9,918		4,261
Miscellaneous Expenses		619		48,235
<b>Total</b>		<b>5,675,123</b>		<b>7,623,472</b>

# IFMR FINANCE FOUNDATION

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## 16. Going Concern:

As at 31st March 2013, the entire net worth of the company has eroded due to the accumulated losses amounting to INR 23,763,333 (Previous Year - INR 23,154,120). Despite the erosion of net worth, the financial statements have been prepared on a going concern basis, as the controlling entity, IFMR Trust has committed towards providing continued financial and operational support for the foreseeable future.

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

Sl No.	Name of the Statute	Nature of Dues	Amount in INR	Period	Forum where dispute is pending
1	Income Tax Act, 1961	Disallowance of grants disbursed prior to incorporation and staff costs	4,843,630	AY 2009-10	The Commissioner of Income tax - Appeals (XII)

Out of the above, an amount of INR 1,839,402/- has been deposited with the concerned authorities during 2011-12.

## 18. Grants Received:

Grants received include:

- a) An amount of INR 10,700,000 received as grant from the controlling entity, IFMR Trust, for carrying out the operations of the entity
- b) An amount of INR 1,771,516 received from Nederlandse financierings - Maatschappij (FMO) for the purpose of designing and developing specific customer protection guidelines across rural and urban micro finance sector. Out of the total amount received, an amount of INR 380,507 representing 50% of the total expenses incurred for the above purpose, has been recognized as income for the year in accordance with the terms of the agreement with FMO, and the balance amount of INR 1,391,008 has been held under 'Sundry Creditors' in Note No. 7 to the financial statements.

# IFMR FINANCE FOUNDATION

## Accounting Standards Disclosure

### 19. Employee benefits

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

#### Valuation as at 31<sup>st</sup> March 2013

Particulars	2012-13	2011-12
	Amount in INR	Amount in INR
<b>Movements in Accrued Liability</b>		
Accrued Liability as at beginning of the Year:	106,793	216,000
Interest Cost	9,077	17,280
Current Service Cost	108,361	76,315
Benefits Paid	Nil	Nil
Actuarial (gain) / loss	30,859	(202,802)
Accrued Liability as at the end of the year:	<b>255,090</b>	<b>106,793</b>
<b>Amounts to be recognized in the Balance Sheet</b>		
Present Value of obligations as on the accounting date:	255,090	106,793
Fair Value of the Plan Assets	NIL	NIL
Liability to be recognized in the Balance Sheet:	<b>255,090</b>	<b>106,793</b>
<b>Amounts to be Recognized in the Statement of Profit and Loss</b>		
Interest Cost	9,077	17,280
Current Service Cost	108,361	76,315
Net Actuarial (gain) / loss	30,859	(202,802)
Net Expenses to be recognized in Statement of Profit and Loss	<b>148,297</b>	<b>(109,207)</b>



## IFMR FINANCE FOUNDATION

Particulars	2012-13	2011-12
	Amount in INR	Amount in INR
<b>Reconciliation</b>		
Net Liability as at the beginning of the year	106,793	216,000
Net Expenses in Statement of Profit and Loss	148,297	(109,207)
Benefits Paid	Nil	Nil
Net Liability as at the end of the Year	255,090	106,793
<b>Principal Actuarial Assumptions</b>		
Interest Rate (Liabilities)	8.00%	8.50%
Return on Assets	N.A	N.A.
Mortality Table	LIC(94-96)	LIC (94-96)
Resignation Rate per annum	10.00%	10.00%
Salary Escalation Rate	10.00%	10.00%

### Notes:

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

Particulars	2012-13	2011-12
On plan Liability (gain)/loss	30,859	(202,802)
On plan Assets (gain) / loss	Nil	Nil
Present Value of benefit obligations	255,090	106,793
Fair Value of Plan Assets	Nil	Nil
Excess of obligation over plan assets	255,090	106,793

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

### 20. Segment Reporting:

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

# IFMR FINANCE FOUNDATION

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## 21. Related party disclosures

Information relating to related party transactions for the year ended 31<sup>st</sup> March 2013(as identified by management and relied upon by Auditors)

### a) Parties where control exists:

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

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

IFMR Rural Finance Services Private Limited

IFMR Mezzanine Finance Private Limited

IFMR Capital Finance Private Limited

### c) Key Management Personnel:

#### 1. Bindu Ananth - Director

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

#### 2. Anand Sahasranaman - Additional Director (from 26th October 2012)

Remuneration paid during the year - INR 895,887 (Previous Year - NIL)

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

(Amount in INR)

Related Party	Transaction	For the year ended 31st March 2013	For the year ended 31st March 2012
IFMR Trust	Grant Received	10,700,000	4,500,000
	Transfer of assets	NIL	7,357
	Employee Sharing Cost	2,187,370	1,583,112
	Infrastructure Cost	1,157,202	1,725,492
	Reimbursement of Expenses	491,356	2,066,011
IFMR Mezzanine Finance Private Limited	Reimbursement of Expenses	NIL	12,051
IFMR Rural Finance Private Limited	Expenses incurred	NIL	162,230
	Transfer of Asset	NIL	15,250
IFMR Capital Finance Services Private Limited	Expenses incurred	5,663	NIL
	Transfer of Asset	2,531	NIL

# IFMR FINANCE FOUNDATION

## e) Outstanding balances with related parties:

(Amount in INR)

Related Party	Nature of Balance Outstanding at the year end	As at 31 March 2013	As at 31 March 2012
IFMR Trust	Amount Payable	3,604,164	4,407,983
IFMR Rural Finance Services Private Limited	Amount Receivable	NIL	114,421

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

	As at 31 March 2013	As at 31 March 2012
	Amount in INR	Amount in INR
Loss for the year attributable to equity shareholders	(609,213)	(8,056,158)
Weighted average shares outstanding during the year (Basic)	10,000	10,000
Weighted average shares outstanding during the year (Diluted)	10,000	10,000
Basic earnings per share	(60.92)	(805.62)
Diluted earnings per share	(60.92)	(805.62)

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

For and on behalf of IFMR Finance Foundation

Bindu Ananth  
Director

Anand Sahasranaman  
Director

Place: Chennai  
Date: 12<sup>th</sup> June 2013