

IDFC BHARAT LIMITED

CIN U65929TN2003PLC050856

DIRECTORS Mr. S. Devaraj (Chairperson)
Dr. J. Sadakkadulla
Mr. A. Krishnamoorthy
Mr. R. Ravishankar
Mr. Arjun Muralidharan

AUDITORS M/s. Walker Chandiok & Co LLP
Chartered Accountants

**PRINCIPAL
BANKER** IDFC Bank Limited

**REGISTERED
OFFICE** No. 9, Paripoorna Towers,
Manoranjitham Street,
Annamalai Nagar, Tiruchirappalli,
Tamil Nadu - 620 018
Tel: +91 431 4500000
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BOARD'S REPORT

TO THE MEMBERS

Your Directors have pleasure in presenting the Fourteenth Annual Report of IDFC Bharat Limited (formerly known as Grama Vidiyal Micro Finance Limited) together with the audited financial statements for the financial year ended March 31, 2017.

FINANCIAL HIGHLIGHTS (SUMMARY)

PARTICULARS	(AMOUNT IN ₹)	
	FOR THE YEAR ENDED MARCH 31, 2017	FOR THE YEAR ENDED MARCH 31, 2016
Total Income	2,629,469,448	3,107,467,969
Less: Expenditure	(2,202,286,574)	(2,419,026,224)
Profit / (Loss) before depreciation	427,182,874	688,441,745
Less: Depreciation	(31,328,897)	(25,630,052)
Profit / (Loss) before tax and exceptional Items	395,853,977	662,811,693
Less : Exceptional items	(186,863,267)	-
Profit Before tax	208,990,710	662,811,693
Less: Taxes	(84,857,440)	(242,677,657)
Net Profit / (Loss)	124,133,270	420,134,036

CHANGE OF NAME

Pursuant to the Shareholders' approval obtained at the Extra Ordinary General Meeting held on March 21, 2017, the name of the Company was changed from 'Grama Vidiyal Micro Finance Limited' to 'IDFC Bharat Limited' with effect from April 17, 2017.

BUSINESS & OVERVIEW

IDFC Bharat Limited became a Wholly Owned Subsidiary ("WOS") of IDFC Bank Limited ("IDFC Bank"), pursuant to its acquisition by IDFC Bank on October 13, 2016. Prior to the said acquisition, the Company was operating as an NBFC - MFI engaged in the business of microfinance and was one of the pioneer microfinance institutions in India.

The Company and the then Shareholders had entered in to a Share Purchase Agreement on July 12, 2016 with IDFC Bank according to which IDFC Bank, subject to approval of the Reserve Bank of India ("RBI"), would acquire 100% stake in the Company and convert it in to its WOS.

IDFC Bank received in-principle approval from the RBI for acquisition of the Company, subject to the Company surrendering its NBFC-MFI Licence issued by the RBI, its Certificate of Registration and other terms and conditions including transfer of its assets and liabilities.

The Company had repaid all its outside borrowings including the ECBs and secured / unsecured Non-Convertible Debentures before completion of the acquisition with the consent of the respective lenders / investors and with the prior permission of the RBI wherever required. Further, the Company had transferred all its outstanding receivables / loan portfolio to IDFC Bank through a Direct Assignment ("DA") Agreement dated September 29, 2016.

The Company had also entered into a Business Correspondent ("BC") agreement with IDFC Bank dated September 01, 2016, by which it agreed to act as a BC to IDFC Bank for distribution of its products.

IDFC Bank received final approval from the RBI for acquisition of the Company on October 06, 2016 and accordingly acquisition of the Company by IDFC Bank was effected on October 13, 2016.

By satisfying the terms of the In-principal approval for the acquisition given by RBI, the Company had surrendered its Certificate of Registration as NBFC MFI to RBI. The RBI canceled the Certificate of Registration of the Company on October 18, 2016. The Company is presently acting as a BC for distribution of the products of IDFC Bank.

TRANSFER TO RESERVES

Since the Company is no longer registered with RBI under Section 45IA of the Reserve Bank of India Act, 1934, the requirement of creating a Reserve Fund (Statutory Reserve) in terms of Section 45-IC(1) of the Reserve Bank of India Act, 1934 and transferring 20% of the profit to the Statutory Reserve does not arise. Consequently, no amount has been transferred to the said Reserve Fund during the year 2016-17 and balance in Reserve Fund of ₹ 21.50 crore has been transferred to surplus in the Statement of Profit and Loss.

REVIEW OF PERFORMANCE

Until surrendering of the NBFC-MFI Licence, the Company had disbursed ₹ 2,322.43 crore loans during the financial year 2016-17.

The total number of branches of the Company as on March 31, 2017 was 326 with operations in seven (7) states viz. Tamil Nadu, Maharashtra, Madhya Pradesh, Puducherry, Kerala, Karnataka and Gujarat as compared to 306 Branches during the previous year.

The total number of clients of the Company as on March 31, 2017 was 1,116,703.

The Company's growth momentum during the period under review, was slowed down due to the adverse effects of demonetisation. The total loan disbursements and recovery were adversely affected during the 3rd and 4th quarters of FY 2016-17. However, good signs of improvement were evident by the end of the period.

For the year ended March 31, 2017, total income of the Company was ₹ 262.94 crore compared to ₹ 310.75 crore during the Previous Year. The Profit Before Tax for the year was ₹ 20.89 crore as compared to ₹ 66.28 crores and the Net Profit for the year was ₹ 12.41 crore as compared to profit of ₹ 42.01 crore in the previous year.

BOARD'S REPORT

DIVIDEND

The Directors did not recommend any dividend for the year ended March 31, 2017.

HOLDING COMPANY / SUBSIDIARY COMPANY / JOINT VENTURES / ASSOCIATE COMPANY

The Company is a wholly owned subsidiary of IDFC Bank. The Company does not have any Subsidiary Company / Joint Venture / Associate Company.

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

The total number of employees of the Company as on March 31, 2017 was 3,432 as compared to 2,930 during the previous year.

Disclosures pertaining to the provisions of Section 197(12) of the Companies Act, 2013 ("the Act") read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules are provided in this Annual Report.

Having regard to the provisions of the first proviso to Section 136(1) of the Act, the Annual Report excluding the aforesaid information is being sent to the Member of the Company. The said information is available for inspection at the Registered Office of the Company during working hours and Member interested in obtaining such information may write to the Company Secretary at boby.x@idfcbarat.com and the same will be furnished on request.

SHARE CAPITAL UPDATE

The Company did not issue any fresh equity share capital, during FY17.

The Company has so far issued a total of 5,579,996 equity shares of ₹ 10 each. The capital structure of the Company as on March 31, 2017 was as follows:

SHARE CAPITAL	AMOUNT IN ₹
AUTHORISED	
Equity Shares	250,000,000
Preference Shares	250,000,000
TOTAL	500,000,000
ISSUED, SUBSCRIBED AND FULLY PAID-UP	
Equity Shares	55,799,960
Preference Shares	-
TOTAL	55,799,960

PUBLIC DEPOSITS

The Company has neither invited nor accepted any Public Deposits during the year under review.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

The provision of Section 186 of the Companies Act, 2013 are not applicable to the Company and hence, the particulars of loans, guarantees and investments have not been given.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

Your Company has in place a Whistle Blower Policy, so as to establish a Vigil Mechanism to enable Directors and employees to report genuine concerns about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct.

FOREIGN EXCHANGE EARNINGS AND EXPENDITURE

Your Company did not have any foreign exchange earnings as on March 31, 2017. The particulars regarding foreign exchange expenditure are furnished under Item No. 24 in the Notes forming part of the Financial Statements.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

Since the Company does not own any manufacturing facility, the particulars regarding conservation of energy, technology absorption and other particulars as required by Section 134 (3)(m) of the Act, read with the Companies (Accounts) Rules, 2014 are not applicable and hence not given.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

In accordance with the Articles of Association of the Company and pursuant to the provisions of Section 152 of the Act, Mr. S. Devaraj would retire by rotation at the ensuing Annual General Meeting ("AGM") and being eligible, offers himself for re-appointment. The Board of Directors recommends re-appointment of Mr. S. Devaraj as Director at the ensuing AGM.

During the year, Mr. Peter Manoharan was appointed in the category of Independent Directors ("IDs") w.e.f. July 6, 2016.

Mr. Arjun Muralidharan was appointed as Managing Director and CEO of the Company and Mr. R. Ravishankar was appointed as the Nominee Director representing IDFC Bank Limited w.e.f. October 13, 2016.

BOARD'S REPORT

The shareholders at their meeting held on October 13, 2016 approved the appointment of Mr. Arjun Muralidharan as Managing Director and CEO of the Company.

Dr. J. Sadakkadulla was appointed in the category of ID at the Board Meeting held on January 23, 2017 for a term of Three (3) years w.e.f. February 1, 2017.

In terms of Section 160 of the Act, your Company has received notice in writing from Members along with requisite deposit of ₹ 100,000 each proposing candidature of Dr. J. Sadakkadulla and Mr. R. Ravishankar. The Directors recommend their appointment at the ensuing AGM.

On October 13, 2016, Mr. Rahul Jakatdar, Ms. Shirley Devaraj, Mr. Rajasekar Thanuskodi and Mr. Peter Manoharan resigned as Directors of the Company. The Board places on record its sincere and deep appreciation for the services rendered by these Directors as members of the Board and as members of the various Committees of the Board that they served on.

During FY17, all appointments were made in compliance with the provisions of applicable regulations. None of the Directors of the Company are disqualified to be appointed as Directors in accordance with Section 164 of the Act.

As on March 31, 2017, Key Managerial Personnel of the Company were as follows:

- i. Mr. Arjun Muralidharan - Managing Director and CEO
- ii. Mr. Bobby Xavier - Company Secretary

DECLARATION OF INDEPENDENCE

The Company has received a declaration from IDs, at the time of their respective appointments and also at the first meeting of the Board of Directors held in FY17, that they meet the criteria of independence specified under sub-sections (6) and (7) of Section 149 of the Act, read with Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014, and that they shall abide by the "Code for Independent Directors" as per Schedule IV of the Act.

BOARD MEETINGS

During FY17, the Board met 8 times on May 14, 2016; May 30, 2016; July 06, 2016; September 13, 2016; October 13, 2016; November 09, 2016; January 23, 2017 and March 15, 2017. The gap between any two consecutive meetings was less than one hundred and twenty days.

The attendance details of the Board Meetings held during FY17 is given in the table below:

NAME OF THE DIRECTOR	DIN	POSITION	NO. OF MEETINGS HELD IN FY17	NO. OF MEETINGS ATTENDED IN FY17
Mr. S. Devaraj ¹	01936417	Chairman & Managing Director	8	6
Mr. Arjun Muralidharan ²	02726409	Managing Director & CEO	4	4
Mr. A. Krishnamoorthy	00386122	Independent Director	8	8
Dr. J. Sadakkadulla ³	07544406	Independent Director	1	1
Mr. R. Ravishankar ²	05106028	Non-Executive Director	4	4
Ms. Shirley Devaraj ⁴	2030034	Whole Time Director	5	4
Dr. Rajasekar Thanushkodi ⁴	3112885	Non-Executive Director	5	5
Mr. Rahul Jakatdar ⁴	00508152	Non-Executive Director	5	5
Mr. Peter Manoharan ⁴	07568604	Independent Director	2	2

¹ Resigned from the position of Managing Director w.e.f. October 13, 2016. Continued to be the Executive Chairman.
² Appointed w.e.f. October 13, 2016.
³ Appointed as Additional Director w.e.f. February 01, 2017.
⁴ Resigned from Board w.e.f. October 13, 2016.

COMMITTEES OF THE BOARD

As on March 31, 2017, your Company had the following Board Committees:

1. Audit Committee
2. Nomination and Remuneration Committee
3. Corporate Social Responsibility Committee
4. Risk Management Committee
5. Resourcing Committee

AUDIT COMMITTEE

During the year under review, the Audit Committee was reconstituted twice on September 13, 2016 and January 23, 2017. The composition of the Audit Committee is in compliance with the provisions of the Companies Act, 2013. During FY17, the Audit Committee met two (2) times on May 30, 2016 and September 13, 2016. All the recommendation made by the Audit Committee during the year were accepted by the Board.

The Audit Committee of the Company comprises of the following Members:

- i. Mr. A. Krishnamoorthy, Chairman
- ii. Dr. J. Sadakkadulla
- iii. Mr. R. Ravishankar

BOARD'S REPORT

Attendance details of the Audit Committee Meetings held during FY17 are given below:

NAME OF THE MEMBER	POSITION	STATUS	NO. OF MEETINGS HELD	NO. OF MEETINGS ATTENDED
Mr. S. Devaraj ¹	Executive Chairman	Ex-Chairman	1	1
Mr. A. Krishnamoorthy	Independent Director	Chairman	2	2
Dr. J. Sadakkadulla ³	Independent Director	Member	0	0
Mr. R. Ravishankar ⁴	Non-Executive Director	Member	0	0
Mr. Rahul Jakatdar ²	Non-Executive Director	Member	2	2
Mr. Peter Manoharan ²	Independent Director	Member	1	1

¹ Resigned as a member w.e.f. September 13, 2016
² Resigned as a member w.e.f. October 13, 2016
³ Appointed as a member w.e.f. February 1, 2017
⁴ Appointed as a member w.e.f. January 23, 2017

NOMINATION AND REMUNERATION COMMITTEE

During the year under review, the Nomination and Remuneration Committee (“NRC”) was reconstituted twice on September 13, 2016 and January 23, 2017. The composition of the NRC is in compliance with the Companies Act, 2013. During FY17, the NRC met three (3) times on July 6, 2016, September 13, 2016 and October 13, 2016.

The NRC of the Company comprises of the following members:

- i. Mr. R. Ravishankar, Chairman
- ii. Mr. S. Devaraj
- iii. Mr. A. Krishnamoorthy
- iv. Dr. J. Sadakkadulla

Attendance details of the Nomination and Remuneration Committee Meetings held during FY17 are given below:

NAME OF THE MEMBER	POSITION	STATUS	NO. OF MEETINGS HELD	NO. OF MEETINGS ATTENDED
Mr. R. Ravishankar ²	Non-Executive Director	Chairman	0	0
Mr. S. Devaraj ²	Executive Chairman	Member	0	0
Mr. A. Krishnamoorthy	Independent Director	Member	3	3
Dr. J. Sadakkadulla ³	Independent Director	Member	0	0
Mr. Rahul Jakatdar ¹	Non-Executive Director	Member	3	3
Mr. Peter Manoharan ¹	Independent Director	Member	1	1

¹ Resigned as a member w.e.f. October 13, 2016
² Appointed as a member w.e.f. January 23, 2017
³ Appointed as a member w.e.f. February 1, 2017

CORPORATE SOCIAL RESPONSIBILITY

The Company has duly constituted a Corporate Social Responsibility (“CSR”) Committee as per the provisions of Section 135 of the Act and has devised a policy for the implementation of the CSR framework, broadly defining the areas of spending for promotion / development at least two per cent of its average net profits made during the three immediately preceding financial years on the activities mentioned under Schedule VII of the Act.

During the year under review, the CSR Committee was re-constituted once on January 23, 2017. During FY17, the CSR Committee met one (1) time on May 30, 2016.

The CSR Committee comprises of the following members:

- i. Mr. S. Devaraj, Chairman
- ii. Mr. R. Ravishankar
- iii. Dr. J. Sadakkadulla

Attendance details of the CSR Committee Meetings held during FY17 are given below:

NAME OF THE MEMBER	POSITION	STATUS	NO. OF MEETINGS HELD	NO. OF MEETINGS ATTENDED
Mr. S. Devaraj	Executive Chairman	Chairman	1	1
Mr. A. Krishnamoorthy ¹	Independent Director	Member	1	1
Dr. J. Sadakkadulla ²	Independent Director	Member	0	0
Mr. R. Ravishankar ³	Non-Executive Director	Member	0	0
Ms. Shirley Devaraj ⁴	Whole Time Director	Member	1	1

¹ Resigned as a member w.e.f. January 23, 2017
² Appointed as a member w.e.f. February 1, 2017
³ Appointed as a member w.e.f. January 23, 2017
⁴ Resigned as a member w.e.f. October 13, 2016

BOARD'S REPORT

The disclosure of contents of CSR Policy as prescribed in the Companies (Corporate Social Responsibility Policy) Rules, 2014 is appended as 'Annexure I'.

RISK MANAGEMENT COMMITTEE

The Board of the Company has the ultimate responsibility for the Company's risk management framework. To ensure the Company has a sound system of risk management and internal controls in place, the Board has established the Risk Management Committee of the Board which endeavours to review the risk register at regular intervals. The members of the Risk Management Committee ensure the measurement and control of risk factors and advice on the same to the Management of the Company. The Company has in place a well defined Risk Management Policy.

During the year under review, the Risk Management Committee of the Company was re-constituted once on January 23, 2017. During FY17, the Risk Management Committee met three (3) times on April 11, 2016, July 6, 2016 and October 13, 2016.

The Risk Management Committee comprises of the following members:

- i. Mr. R. Ravishankar, Chairman
- ii. Mr. A. Krishnamoorthy
- iii. Mr. Arjun Muralidharan

Attendance details of the Risk Management Committee Meetings held during FY17 are given below:

NAME OF THE MEMBER	POSITION	STATUS	NO. OF MEETINGS HELD	NO. OF MEETINGS ATTENDED
Mr. S. Devaraj ³	Executive Chairman	Ex-Chairman	3	3
Mr. Arjun Muralidharan ¹	MD & CEO	Member	0	0
Mr. A. Krishnamoorthy ¹	Independent Director	Member	0	0
Dr. Rajasekar Thanushkodi ²	Non-Executive Director	Member	3	3
Ms. Shirley Devaraj ²	Whole Time Director	Member	3	3
Mr. R. Ravishankar ¹	Non-Executive Director	Chairman	0	0

¹ Appointed as a member w.e.f. January 23, 2017
² Resigned as a member w.e.f. October 13, 2016
³ Resigned as a member w.e.f. January 23, 2017

RESOURCING COMMITTEE

During the year under review, no meeting of the Resourcing Committee was held. The Resourcing Committee of the Company was re-constituted once on January 23, 2017. During FY17, the Risk Management Committee met eight (8) times on April 11, 2016; April 27, 2016; May 30, 2016; June 24, 2016; June 26, 2016; June 28, 2016 and October 13, 2016.

The Resourcing Committee comprises of the following members:

- i. Mr. S. Devaraj, Chairman
- ii. Mr. R. Ravishankar
- iii. Mr. Arjun Muralidharan

Attendance details of the Resourcing Committee Meetings held during FY17 are given below:

NAME OF THE MEMBER	POSITION	STATUS	NO. OF MEETINGS HELD	NO. OF MEETINGS ATTENDED
Mr. S. Devaraj	Executive Chairman	Chairman	8	8
Mr. Arjun Muralidharan ¹	MD & CEO	Member	0	0
Dr. Rajasekar Thanushkodi ²	Non-Executive Director	Member	6	6
Ms. Shirley Devaraj ²	Whole Time Director	Member	8	8
Mr. R. Ravishankar ¹	Non-Executive Director	Member	0	0

¹ Appointed as a member w.e.f. January 23, 2017
² Resigned as a member w.e.f. October 13, 2016

AUDITORS

The Shareholders of the Company at their meeting held on July 30, 2016 had approved the appointment of M/s. Walker Chandio & Co LLP, Chartered Accountants (Registration No: 001076N / N500013) as the Statutory Auditors of the Company for a period of five (5) years to hold office from the conclusion of the Thirteenth Annual General Meeting up to the conclusion of the Eighteenth Annual General Meeting of the Company, subject to ratification by Members at every Annual General Meeting.

The Board recommends ratification of the appointment of M/s. Walker Chandio & Co LLP, Chartered Accountants, as the Statutory Auditors of the Company.

AUDITORS' REPORT

There were no qualifications, reservations or adverse remarks or disclaimers made by the Statutory Auditors in their report for the financial year ended March 31, 2017.

RELATED PARTY TRANSACTION

The Company has in place Policy on Related Party Transactions (“RPT”) and the same has been uploaded on the website of the Company. Since all RPTs entered into by the Company during FY17 were in the ordinary course of business and were on arm’s length basis, Form AOC-2 is not applicable to the Company.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has in place, adequate systems of Internal Control to ensure compliance with policies and procedures. It is being constantly assessed and strengthened with new / revised standard operating procedures and tighter Information Technology controls. This ensures orderly and efficient conduct of its business, including adherence to the Company’s policies, safeguarding of its assets, prevention of errors, accuracy and completeness of the accounting records and the timely preparation of reliable financial information. The internal auditors of the Company check and verify the internal control and monitor them in accordance with policies adopted by the Company. The internal financial controls with reference to the financial statements were adequate and operating effectively.

INSTANCES OF FRAUD, IF ANY REPORTED BY THE AUDITORS

There have been no instances of fraud reported by the Auditors under Section 143(12) of the Act.

MATERIAL CHANGES AFFECTING THE FINANCIAL POSITION OF THE COMPANY

As per Section 134(3)(l) of the Act, there have been no reportable changes and commitments, affecting the financial position of the Company that have occurred during the period from March 31, 2017 till the date of this report.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no significant and material orders passed by the Regulators or Courts or Tribunals which would impact the going concern status of the Company.

ANTI-SEXUAL HARASSMENT POLICY

The Company has in place a policy on Sexual Harassment (Prevention & Redressal). The Company undertakes ongoing trainings to create awareness on this policy. No instances of Sexual Harassment were reported during the period under review.

EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in Form MGT-9 are annexed herewith as **Annexure II**.

DIRECTORS’ RESPONSIBILITY STATEMENT

The Directors confirm that:

- i. in the preparation of financial statements for the year ended March 31, 2017, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- ii. the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at March 31, 2017 and profit of the company for that period;
- iii. the directors had taken proper and sufficient care for the 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 fraud and other irregularities;
- iv. the directors had prepared the annual financial statements on a going concern basis;
- v. that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively; and
- vi. 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.

ACKNOWLEDGEMENT

Your Directors would like to thank our clients, vendors and bankers for their continued support during the year. We would like to place on record our appreciation for the support received from the Reserve Bank of India and other regulatory agencies. We would also like to express our deep sense of appreciation for the hard work and efforts put in by the employees at all levels of the Company. Your Directors also express their gratitude for the unstinted support and guidance received from IDFC Limited, IDFC Bank Limited and other Group Companies.

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

S. Devaraj

Executive Chairman

Tiruchirapalli, April 20, 2017

ANNEXURE I

CORPORATE SOCIAL RESPONSIBILITY (CSR)

[Pursuant to clause (o) of sub-section (3) of section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

1. **A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.**

The CSR policy of IDFC Bharat Limited (formerly known as Grama Vidiyal Micro Finance Limited) is framed with the following objectives:

- Strive for economic development that positively impacts the society at large with a minimal resource footprint.
- Embrace responsibility for the Company's actions and encourage a positive impact through its activities on hunger, poverty, malnutrition, environment, communities, stakeholders and the society.

CSR Activities:

The Company has undertaken some of the activities which fall in the ambit of the activities listed in Schedule VII of the Act. The list of activities as provided in Schedule VII of the Act are included in the CSR Policy of the Company and some of the main areas are:

- Eradicating hunger, poverty and malnutrition, promoting health care and sanitation and making available safe drinking water
 - Promoting education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
 - Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
2. **The Composition of the CSR Committee.**

The Board of Directors of the Company had constituted the CSR Committee of the Board comprising of the following members as on March 31, 2017:

SR. NO.	NAME OF THE MEMBER	DESIGNATION	POSITION IN COMMITTEE
1.	Mr. S. Devaraj	Executive Chairman	Chairman
2.	Mr. R. Ravishankar	Executive Director	Member
3.	Dr. J. Sadakkadulla	Independent Director	Member

3. **Average net profit of the Company for last three financial years:** ₹ 327,574,027
4. **Prescribed CSR Expenditure (two percent of the amount as in item 3 above)** ₹ 6,551,481
5. **Details of CSR spent during the financial year**
- (a) Total amount spent for the financial year ₹ 6,740,902
- (b) Amount unspent, if any NIL

ANNEXURE A

CORPORATE SOCIAL RESPONSIBILITY (CSR)

[Pursuant to clause (o) of sub-section (3) of Section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

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(1) SR NO	(2) CSR PROJECT OR ACTIVITY IDENTIFIED	(3) SECTOR IN WHICH THE PROJECT IS COVERED (CLAUSE NO OF SCHEDULE VII TO THE COMPANIES ACT, 2013, AMENDED)	(4) PROJECTS OR PROGRAMS (1) LOCAL AREA OR OTHER (2) SPECIFY THE STATE AND DISTRICT WHERE PROJECTS OR PROGRAMS WAS UNDERTAKEN.	(5) AMOUNT OUTLAY (BUDGET)	(6) AMOUNT SPENT ON THE PROJECTS OR PROGRAMS SUBHEADS: 1.DIRECT EXPENDITURE ON PROJECTS OR PROGRAMS 2. OVERHEADS	(7) CUMULATIVE EXPENDITURE UPTO THE REPORTING PERIOD	(8) AMOUNT SPENT: DIRECT OR THROUGH IMPLEMENTING AGENCY
1	Distribution of food	Cl.(i) Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation	Local Area, Tamil Nadu, Maharashtra, Madhyapradesh		3,892,959	3,892,959	3,892,959: Direct
2	Health Camps	Cl.(i) Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation	Local Area, Tamil Nadu, Maharashtra, Madhyapradesh		512,601	512,601	512,601: Direct
3	Drought Relief	Cl.(i) Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation	Local Area, Tamil Nadu, Maharashtra, Madhyapradesh		501,855	501,855	501,855: Direct
4	Financial Literacy camps	Cl.(ii) promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects	Local Area, Tamil Nadu, Maharashtra, Madhyapradesh	6,551,481	1,602,671	1,602,671	1,602,671: Direct
5	Livelihood training	Cl.(ii) promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects	Local Area, Tamil Nadu, Maharashtra, Madhyapradesh		230,816	230,816	230,816: Direct
			TOTAL	6,551,481	6,740,902	6,740,902	6,740,902

ANNEXURE II

FORM NO. MGT-9 EXTRACT OF ANNUAL RETURN

As on the financial year ended on March 31, 2017

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

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	U65929TN2003PLC050856
ii)	Registration Date	May 12, 2003
iii)	Name of the Company	IDFC Bharat Limited (formerly known as Grama Vidiyal Micro Finance Limited)
iv)	Category / Sub-Category of the Company	Company Limited by Shares Indian Non-Government Company
v)	Address of the Registered office and contact details	No. 9, Paripoorna Towers, Manoranjitham Street, Annamalai Nagar, Tiruchirappalli, Tamil Nadu - 620 018 Tel: +91 431 4500000; Fax: +91 431 2750393
vi)	Whether listed company Yes / No	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	NSDL Database Management Limited* 4 th Floor, Trade World A Wing, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013 Tel: +91 22 4914 2700; Fax: +91 22 4914 2503

* For electronic connectivity with Depositories.

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: -

SR. NO.	NAME AND DESCRIPTION OF MAIN PRODUCTS / SERVICES	NIC CODE OF THE PRODUCT / SERVICE	% TO TOTAL TURNOVER OF THE COMPANY
1	Micro Finance*	64990	77
2	Business Correspondent ("BC")	66190	23

* The Company discontinued the business of microfinance from the date of surrendering of and cancellation of NBFC-MFI Licence by RBI w.e.f. October 18, 2016.

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

SR. NO.	NAME AND ADDRESS OF THE COMPANY	CIN / GLN	HOLDING / SUBSIDIARY / ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
i)	IDFC Bank Limited	L65110TN2014PLC097792	Holding Company	100	Section 2(46)

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

(i) Category-wise Share Holding

CATEGORY OF SHAREHOLDERS	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR				NO. OF SHARES HELD AT THE END OF THE YEAR				% CHANGE DURING THE YEAR
	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	
A PROMOTERS									
(1) Indian									
a) Individual / HUF	NIL	1,451,661	1,451,661	26.02	NIL	NIL	NIL	NIL	(26.02)
b) Central Govt	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c) State Govt (s)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d) Bodies Corp.	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
e) Banks / FI	NIL	NIL	NIL	NIL	5,579,990	6	5,579,996	100.00	100.00
f) Any Other.	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
SUB-TOTAL (A) (1)	NIL	1,451,661	1,451,661	26.02	5,579,990	6	5,579,996	100.00	73.98

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FORM NO. MGT-9 EXTRACT OF ANNUAL RETURN

CATEGORY OF SHAREHOLDERS	NO. OF SHARES HELD AT THE BEGINNING OF THE YEAR				NO. OF SHARES HELD AT THE END OF THE YEAR				% CHANGE DURING THE YEAR
	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	DEMAT	PHYSICAL	TOTAL	% OF TOTAL SHARES	
(2) Foreign									
a) NRIs - Individuals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Other - Individuals	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c) Bodies Corp.	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d) Banks / FI	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
e) Any Other....	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
SUB-TOTAL (A) (2)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
TOTAL SHARE HOLDING OF PROMOTER (A) = (A)(1)+(A)(2)	NIL	1,451,661	1,451,661	26.02	5,579,990	6	5,579,996	100.00	73.98
B PUBLIC SHAREHOLDING									
1 Institutions									
a) Mutual Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Banks / FI	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
c) Central Govt	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
d) State Govt(s)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
e) Venture Capital Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
f) Insurance Companies	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
g) FIs	NIL	2,106,598	2,106,598	37.75	NIL	NIL	NIL	NIL	(37.75)
h) Foreign Venture Capital Funds	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
i) Others (Trusts)	NIL	1,376,929	1,376,929	24.68	NIL	NIL	NIL	NIL	(24.68)
SUB-TOTAL (B) (1)	NIL	3,483,527	3,483,527	62.43	NIL	NIL	NIL	NIL	(62.43)
2 Non - Institutions									
a) Bodies Corp									
i) Indian	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
ii) Overseas	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
b) Individuals	NIL				NIL	NIL	NIL	NIL	NIL
i) Individual shareholders holding nominal share capital up to ₹ 1 lakh	NIL	140,492	140,492	2.52	NIL	NIL	NIL	NIL	(2.52)
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	NIL	504,316	504,316	9.04	NIL	NIL	NIL	NIL	(9.04)
SUB-TOTAL (B) (2)	NIL	644,808	644,808	11.56	NIL	NIL	NIL	NIL	(11.56)
TOTAL PUBLIC SHARE HOLDING (B) = (B)(1)+(B)(2)	NIL	4,128,335	4,128,335	73.98	NIL	NIL	NIL	NIL	(73.98)
C SHARES HELD BY CUSTODIAN FOR GDR & ADR	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
GRAND TOTAL (A+B+C)	NIL	5,579,996	5,579,996	100.00	5,579,990	6	5,579,996	100.00	NIL

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(ii) Shareholding of Promoters

SR. 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 TOTAL SHARES OF THE COMPANY	% OF SHARES PLEDGED / ENCUMBERED TO TOTAL SHARES	
1	Mr. S. Devaraj	1,291,192	23.14	NIL	NIL	NIL	NIL	(23.14)
2	Mr. K. R. Ganesh	54,000	0.97	NIL	NIL	NIL	NIL	(0.97)
3	Mr. R. Raju	43,905	0.79	NIL	NIL	NIL	NIL	(0.79)
4	Dr. T. Rajasekar	21,953	0.39	NIL	NIL	NIL	NIL	(0.39)
5	Dr. Arul Jeganatha Raj	10,976	0.20	NIL	NIL	NIL	NIL	(0.20)
6	Dr. Mary John	10,976	0.20	NIL	NIL	NIL	NIL	(0.20)
7	Ms. D. Shirley	18,659	0.33	NIL	NIL	NIL	NIL	(0.33)
8	IDFC Bank Limited	NIL	NIL	NIL	5,579,996	100.00	NIL	100.00
TOTAL		1,451,661	26.02	NIL	NIL	NIL	NIL	NIL

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

	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	1,451,661	26.02	1,451,661	26.02
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):			#	#
At the end of the year	5,579,996	100.00	5,579,996	100.00

Inter-se transfer of the promoter

SR. NO.	SHAREHOLDER'S NAME	SHAREHOLDING AT THE BEGINNING OF THE YEAR		DATE	INCREASE/ DECREASE IN SHAREHOLDING	REASON	CUMULATIVE SHAREHOLDING DURING THE YEAR	
		NO. OF SHARES	%				NO. OF SHARES	%
1	Mr. S. Devaraj	1,291,192	23.14	13-10-2016	Decrease	Transfer	NIL	NIL
2	Mr. K. R. Ganesh	54,000	0.97	13-10-2016	Decrease	Transfer	NIL	NIL
3	Mr. R. Raju	43,905	0.79	13-10-2016	Decrease	Transfer	NIL	NIL
4	Dr. T. Rajasekar	21,953	0.39	13-10-2016	Decrease	Transfer	NIL	NIL
5	Dr. Arul Jeganatha Raj	10,976	0.20	13-10-2016	Decrease	Transfer	NIL	NIL
6	Dr. Mary John	10,976	0.20	13-10-2016	Decrease	Transfer	NIL	NIL
7	Ms. D. Shirley	18,659	0.33	13-10-2016	Decrease	Transfer	NIL	NIL
8	IDFC Bank Limited	NIL	NIL	13-10-2016	Increase	Transfer	5,579,996	100.00

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

	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	3,164,623	56.71	3,164,623	56.71
Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):		#	#	#
At the end of the year	NIL	NIL	NIL	NIL

Date wise Increase / Decrease in Shareholding of each of the Top 10 Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) during the year specifying the reasons:

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SR. NO.	SHAREHOLDER'S NAME	SHAREHOLDING AT THE BEGINNING OF THE YEAR		DATE	INCREASE / DECREASE IN SHAREHOLDING	REASON	CUMULATIVE SHAREHOLDING DURING THE YEAR	
		NO. OF SHARES	%				NO. OF SHARES	%
1	Mauritius Unitus Corporation	1,116,557	20.01	13-10-2016	Decrease	Transfer	NIL	NIL
2	MV Mauritius Limited	832,106	14.91	13-10-2016	Decrease	Transfer	NIL	NIL
3	Mr. Vinod Khosla	400,038	7.17	13-10-2016	Decrease	Transfer	NIL	NIL
4	Amar Foundation	157,935	2.83	13-10-2016	Decrease	Transfer	NIL	NIL
5	Employee Welfare Trust	125,641	2.25	13-10-2016	Decrease	Transfer	NIL	NIL
6	GramaVidyal Community Mutual Benefit Trust - Annavasal	107,018	1.92	13-10-2016	Decrease	Transfer	NIL	NIL
7	GramaVidyal Community Mutual Benefit Trust - Mannapparai	106,332	1.91	13-10-2016	Decrease	Transfer	NIL	NIL
8	GramaVidyal Community Mutual Benefit Trust - Cholan Nagar	106,332	1.91	13-10-2016	Decrease	Transfer	NIL	NIL
9	GramaVidyal Community Mutual Benefit Trust - Somarasampet	106,332	1.91	13-10-2016	Decrease	Transfer	NIL	NIL
10	GramaVidyal Community Mutual Benefit Trust - Pudukkottai North	106,332	1.91	13-10-2016	Decrease	Transfer	NIL	NIL

(v) Shareholding of Directors and Key Managerial Personnel:

	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	1,359,243	24.36	1,359,243	24.36
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	#	#	#	#
At the end of the year	NIL	NIL	NIL	NIL

Date wise Increase / Decrease in Shareholding of each of the KMPs (other than Directors, Promoters and Holders of GDRs and ADRs) during the year specifying the reasons:

SR. NO.	SHAREHOLDER'S NAME	SHAREHOLDING AT THE BEGINNING OF THE YEAR		DATE	INCREASE / DECREASE IN SHAREHOLDING	REASON	CUMULATIVE SHAREHOLDING DURING THE YEAR	
		NO. OF SHARES	%				NO. OF SHARES	%
1	Mr. S. Devaraj	1,291,192	23.14	13-10-2016	Decrease	Transfer	NIL	NIL
2	Dr. T. Rajasekar	21,953	0.39	13-10-2016	Decrease	Transfer	NIL	NIL
3	Mr. Arjun Muralidharan	27,439	0.49	13-10-2016	Decrease	Transfer	NIL	NIL
4	Ms. D. Shirley	18,659	0.33	13-10-2016	Decrease	Transfer	NIL	NIL

V. INDEBTEDNESS

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

IN ₹

	SECURED LOANS EXCLUDING DEPOSITS	UNSECURED LOANS	DEPOSITS	TOTAL INDEBTEDNESS
Indebtedness at the beginning of the financial year				
i) Principal Amount	10,866,355,116	880,176,534	NIL	11,746,531,650
ii) Interest due but not paid	17,456,915	NIL	NIL	17,456,915
iii) Interest accrued but not due	42,675,255	45,873,502	NIL	88,548,757
TOTAL (I+II+III)	10,926,487,286	926,050,036	NIL	11,852,537,322
Change in Indebtedness during the financial year				
• Addition	NIL	NIL	NIL	-
• Reduction	(10,926,487,286)	(926,050,036)	NIL	(11,852,537,322)
Net Change	(10,926,487,286)	(926,050,036)	NIL	(11,852,537,322)
Indebtedness at the end of the financial year				
i) Principal Amount	NIL	NIL	NIL	NIL
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
TOTAL (I+II+III)	NIL	NIL	NIL	NIL

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VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

IN ₹

SR. NO.	PARTICULARS OF REMUNERATION	NAME OF MD / WTD / MANAGER			TOTAL AMOUNT
		MR. S. DEVARAJ	MS. D. SHIRLEY ¹	MR. ARJUN MURALIDHARAN ²	
1.	Gross salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	11,308,000	4,140,000	3,593,240	19,041,240
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	NIL	NIL	NIL	NIL
	(c) Profits in lieu of salary under Section 17(3) Income- tax Act, 1961	NIL	NIL	NIL	NIL
2.	Stock Option	NIL	NIL	NIL	NIL
3.	Sweat Equity	NIL	NIL	NIL	NIL
4.	Commission	NIL	NIL	NIL	NIL
	- as % of profit	NIL	NIL	NIL	NIL
	- others, specify...	NIL	NIL	NIL	NIL
5.	Others, please specify	NIL	NIL	NIL	NIL
	TOTAL (A)	11,308,000	4,140,000	3,593,240	19,041,240
	Ceiling as per the Act				

¹ Resigned as Whole Time Director w.e.f October 13, 2016. This remuneration is for the period from April 1, 2016 to October 13, 2016.

² Appointed as Managing Director and CEO of the Company w.e.f. October 13, 2016. This remuneration is for the period from October 13, 2016 to March 31, 2017.

B. Remuneration to other directors:

IN ₹

SR. NO.	PARTICULARS OF REMUNERATION	NAME OF DIRECTORS					TOTAL AMOUNT
		MR. A. KRISHNAMOORTHY	MR. T. RAJASEKAR	MR. RAHUL PRABHAKAR JAKATDAR	MR. PETER MANOHARAN	DR. J. SADAKKADULLA	
1.	Independent Directors						
	Fee for attending board committee meetings	625,000	-	-	150,000	25,000	800,000
	Commission	NIL	NIL	NIL	NIL	NIL	NIL
	Others, please specify	NIL	NIL	NIL	NIL	NIL	NIL
	TOTAL (1)	625,000	NIL	NIL	150,000	25,000	800,000
2.	Other Non-Executive Directors						
	Fee for attending board committee meetings	NIL	250,000	500,000	NIL	NIL	750,000
	Commission	NIL	NIL	NIL	NIL	NIL	NIL
	Others, please specify	NIL	NIL	NIL	NIL	NIL	NIL
	TOTAL (2)	NIL	250,000	500,000	NIL	NIL	750,000
	TOTAL (B) = (1 + 2)	625,000	250,000	500,000	150,000	25,000	1,550,000
	Overall Ceiling as per the Act						Refer Note

Note: In terms of the provisions of the Companies Act, 2013, the remuneration payable to Directors other than executive Directors shall not exceed 3% of the net profit of the Company. The remuneration paid to the directors is well within the limit

ANNEXURE II

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C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD.

IN ₹

SR. NO.	PARTICULARS OF REMUNERATION	KEY MANAGERIAL PERSONNEL			TOTAL
		MR. ARJUN MURALIDHARAN ¹ (CEO)	MR. BOBY XAVIER (CS)	MR. S. PATTABIRAMAN ² (CFO)	
1.	Gross salary				
(a)	Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	4,528,000	2,157,651	4,160,000	10,845,651
(b)	Value of Perquisites u/s 17(2) Income-tax Act, 1961	NIL	NIL	NIL	NIL
(c)	Profits in lieu of Salary under Section 17(3) Income-tax Act, 1961	NIL	NIL	NIL	NIL
2.	Stock Option	NIL	NIL	NIL	NIL
3.	Sweat Equity	NIL	NIL	NIL	NIL
4.	Commission				
-	as % of profit	NIL	NIL	NIL	NIL
-	others, specify...	NIL	NIL	NIL	NIL
5.	Others, please specify	-	NIL	NIL	NIL
TOTAL (A)		4,528,000	2,157,651	4,160,000	10,845,651

¹ This remuneration is for the period from April 1, 2016 to October 13, 2016 for his position as the CEO.

² Resigned as the CFO w.e.f. October 13, 2016. This remuneration is for the period from April 1, 2016 to October 13, 2016.

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

TYPE	SECTION OF THE COMPANIES ACT	BRIEF DESCRIPTION	DETAILS OF PENALTY / PUNISHMENT / COMPOUNDING FEES IMPOSED	AUTHORITY [RD / NCLT / COURT]	APPEAL MADE, IF ANY (GIVE DETAILS)
A. COMPANY					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	Section 87	Petition filed u/s 87 of the Companies Act, 2013 by Company to Condone the Delay in filling the particulars of satisfaction of Charge.	₹1000	RD	-
B. DIRECTORS					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF IDFC BHARAT LIMITED (FORMERLY, GRAMA VIDİYAL MICRO FINANCE LIMITED)

Report on the Financial Statements

1. We have audited the accompanying financial statements of IDFC Bharat Limited (Formerly, Grama Vidiyal Micro Finance Limited) ('the Company'), which comprise the Balance Sheet as at 31 March 2017, 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

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these financial statements, that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. 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.
5. 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 these financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on these financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2017, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

INDEPENDENT AUDITOR'S REPORT

10. Further to our comments in Annexure A, as required by Section 143(3) of the Act, we report that:
- a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 financial statements 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 Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);
 - e. on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164(2) of the Act;
 - f. we have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31 March 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 20 April 2017 as per Annexure B expressed an unmodified opinion.
 - g. with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company, as detailed in Note 32 to the financial statements, has disclosed the impact of pending litigations on its financial position;
 - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. the company, as detailed in Note 34 to the financial statements, has made requisite disclosures in these financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Based on the audit procedures performed and taking into consideration the information and explanations given to us, in our opinion, these are in accordance with the books of account maintained by the company.

For **WALKER CHANDIOK & CO LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

per Sumesh E S
Partner
Membership No.: 206931

Place : Tiruchirappalli
Date : 20 April 2017

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, and to the best of our knowledge and belief, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.
- (c) The title deed of the following immovable property, (which is included under the head ‘fixed assets’), which according to the information and explanation given to us, is subject matter of an order from the Tiruchirappalli Corporation citing encroachment of land. In response to this, the Company has filed a petition with the High Court of Madras (Madurai Bench) for stay and quash of the Order for which an interim stay has been granted.

NATURE OF PROPERTY	TOTAL NUMBER OF CASES	WHETHER LEASEHOLD / FREEHOLD	GROSS BLOCK AS ON 31 MARCH 2017 (₹)	NET BLOCK ON 31 MARCH 2017 (₹)
Land	1	Freehold	37,613,550	37,613,550

- (ii) The Company does not have any inventory. Accordingly, the provisions of clause 3(ii) of the Order are not applicable.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.
- (iv) In our opinion, the Company has not entered into any transaction covered under Sections 185 and 186 of the Act. Accordingly, the provisions of clause 3(iv) of the Order are not applicable.
- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) The Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company’s services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.
- (vii) (a) Undisputed statutory dues including provident fund, employees’ state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.
- (b) The dues outstanding in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

NAME OF THE STATUTE	NATURE OF DUES	AMOUNT (₹)	AMOUNT PAID UNDER PROTEST (₹)	PERIOD TO WHICH THE AMOUNT RELATES	FORUM WHERE DISPUTE IS PENDING
Finance Act, 1994	Penalty	5,331,304	Nil	2007-08 to 2009-10	Customs, Excise and Service Tax Appellate Tribunal
Finance Act, 1994	Service tax	13,496,638	3,578,652	2009-10 to 2013-14	Customs, Excise and Service Tax Appellate Tribunal
Finance Act, 1994	Penalty	13,496,638	Nil	2009-10 to 2013-14	Customs, Excise and Service Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax	14,861,720	2,230,000	Assessment year 2014 - 15	CIT(A) Tiruchirappalli

- (viii) The Company has not defaulted in repayment of loans or borrowings to any financial institution or a bank or government or any dues to debenture-holders during the year.

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

- (ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In our opinion, the term loans were applied for the purpose for which the loans were obtained, though idle funds which were not required for immediate utilization were temporarily used for the purpose other than for which the loan was sanctioned but were ultimately utilized for the stated end-use.
- (x) According to the information and explanations given to us, no fraud on or by the Company, has been noticed or reported during the year, except for, 1 case of misappropriation of cash by the employee of the Company to the extent of ₹ 1,962,540 identified by the management during the year regarding which, the Company has initiated disciplinary action against that employee.
- (xi) Managerial remuneration has been paid and provided by the Company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- (xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable accounting standards.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.
- (xv) In our opinion, the Company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
- (xvi) The company ceased its Non-Banking Financial Institution business during October 2016 until which date the Company was registered under Section 45-IA of the Reserve Bank of India Act, 1934. Consequent to an application made by the Company, Reserve Bank of India, on 18th October 2016, cancelled its Certificate of Registration as a Non-Banking Financial Institution.

For **WALKER CHANDIOK & CO LLP**

Chartered Accountants

Firm’s Registration No.: 001076N/N500013

per Sumesh E S

Partner

Membership No.: 206931

Place : Tiruchirappalli

Date : 20 April 2017

ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT

Independent Auditor’s report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

1. In conjunction with our audit of the financial statements of **IDFC Bharat Limited** (Formerly, Grama Vidiyal Micro Finance Limited) (“the Company”) as of and for the year ended 31 March 2017, we have audited the internal financial controls over financial reporting (IFCoFR) of the Company as of that date.

Management’s Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

3. Our responsibility is to express an opinion on the Company’s IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India (ICAI) and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate IFCoFR were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s IFCoFR.

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **WALKER CHANDIOK & CO LLP**
Chartered Accountants
Firm’s Registration No.: 001076N/N500013

per Sumesh E S
Partner
Membership No.: 206931

Place: Tiruchirappalli
Date: 20 April 2017

BALANCE SHEET

AS AT MARCH 31, 2017

	NOTES	AS AT 31 MARCH 2017 IN ₹	AS AT 31 MARCH 2016 IN ₹
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	55,799,960	95,799,960
Reserves and surplus	4	1,616,143,203	1,497,792,717
		1,671,943,163	1,593,592,677
Non-current liabilities			
Long-term borrowings	5	-	5,813,316,044
Other long-term liabilities	6	19,375,615	32,775,753
Long-term provisions	7	16,494,281	6,237,303
		35,869,896	5,852,329,100
Current liabilities			
Other current liabilities	6	618,196,181	7,223,791,204
Short-term provisions	7	13,429,414	156,087,326
		631,625,595	7,379,878,530
TOTAL		2,339,438,654	14,825,800,307
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	8	109,526,995	96,330,477
Intangible assets	9	8,194,568	9,121,024
Intangible assets under development		5,458,676	-
Deferred tax assets (net)	10	23,900,237	47,734,681
Loan receivables	11	-	623,730,339
Long-term loans and advances	12	3,746,150	1,806,745
Other non-current assets	13	24,836,170	1,030,571,293
		175,662,796	1,809,294,559
Current assets			
Trade receivables	14	109,589,516	9,078,919
Cash and bank balances	15	1,897,956,734	4,312,231,659
Loan receivables	11	-	8,060,804,917
Short-term loans and advances	12	130,993,131	233,391,270
Other current assets	13	25,236,477	400,998,983
		2,163,775,858	13,016,505,748
TOTAL		2,339,438,654	14,825,800,307

Notes 1 to 34 form an integral part of these financial statements

This is the balance sheet referred to in our report of even date

For Walker Chandio & Co LLP
Chartered Accountants
(Firm's Registration No.: 001076N/N500013)

For and on behalf of the Board of Directors of
IDFC Bharat Limited
(Formerly, Grama Vidiyal Micro Finance Limited)

per Sumesh E S
Partner

S Devaraj
Chairperson

Arjun Muralidharan
Managing Director and CEO

Tiruchirappalli | April 20, 2017

Boby Xavier
Company Secretary

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED MARCH 31, 2017

	NOTES	YEAR ENDED	YEAR ENDED
		31 MARCH 2017	31 MARCH 2016
		IN ₹	IN ₹
REVENUE			
Revenue from operations	16	2,623,042,432	3,086,041,517
Other income	17	6,427,016	21,426,452
TOTAL REVENUE		2,629,469,448	3,107,467,969
EXPENSES			
Employee benefits expense	18	933,176,861	741,742,575
Finance costs	19	987,910,623	1,372,253,619
Depreciation and amortisation expense	20	31,328,897	25,630,052
Other expenses	21	281,199,090	305,030,030
TOTAL EXPENSES		2,233,615,471	2,444,656,276
PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX			
		395,853,977	662,811,693
Exceptional items	22	186,863,267	-
Profit before tax		208,990,710	662,811,693
Consisting of:-			
Continuing operations - (Loss) / profit before tax		(48,385,814)	3,100,155
Discontinuing operations - Profit before tax	31	257,376,524	659,711,538
Tax expense			
Current tax		52,118,172	241,057,365
Tax for earlier periods		8,904,824	10,836,969
Deferred tax		23,834,444	(9,216,677)
		84,857,440	242,677,657
Profit after tax		124,133,270	420,134,036
Consisting of:-			
Continuing operations - (Loss) / profit after tax		(30,801,161)	2,015,771
Discontinuing operations - Profit after tax	31	154,934,431	418,118,265
Earnings per equity share	26		
- Basic and diluted (₹)		21.21	74.56

Notes 1 to 34 form an integral part of these financial statements

This is the statement of profit and loss referred to in our report of even date

For Walker Chandio & Co LLP
Chartered Accountants
(Firm's Registration No.: 001076N/N500013)

For and on behalf of the Board of Directors of
IDFC Bharat Limited
(Formerly, Grama Vidiyal Micro Finance Limited)

per Sumesh E S
Partner

S Devaraj
Chairperson

Arjun Muralidharan
Managing Director and CEO

Tiruchirappalli | April 20, 2017

Boby Xavier
Company Secretary

CASH FLOW STATEMENT

FOR THE YEAR ENDED MARCH 31, 2017

	YEAR ENDED 31 MARCH 2017	YEAR ENDED 31 MARCH 2016
	IN ₹	IN ₹
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	208,990,710	662,811,693
Adjustments		
Depreciation, amortisation and impairment	31,328,897	25,630,052
Net (gain)/loss on foreign currency transaction and translation	(629,439)	27,261,469
Bad debts written off	2,428,309	-
Derivative liability written back	(9,146,185)	-
(Gain) on mark to market valuation of hedging contract	-	(15,848,150)
Provision no longer required, written back	(87,181,637)	-
Provision for loan losses, net	-	29,510,577
Profit on sale of tangible assets	(297,555)	(492,971)
Other finance costs	-	4,063,094
Interest income on income tax refund	-	(741,368)
Operating profit before working capital changes	145,493,100	732,194,396
Increase in provisions	9,654,929	3,774,485
Increase in other liabilities	(543,366,229)	148,447,990
Decrease / (increase) loan receivables	8,701,029,537	(2,586,830,920)
(Increase) in trade receivables	(102,938,906)	(5,389,828)
(Increase) in loans and advances	147,959,363	(158,934,530)
(Increase) in other assets	488,885,599	(55,817,848)
Cash used in operating activities	8,846,717,393	(1,922,556,255)
Income taxes paid (net)	(177,792,420)	(217,230,147)
NET CASH (USED IN) OPERATING ACTIVITIES	8,668,924,973	(2,139,786,402)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible assets including capital work-in-progress and advances	(49,292,447)	(43,265,510)
Purchase of intangible assets	(2,040,773)	(5,325,328)
Proceeds from sale of tangible assets	473,428	822,756
Investments in deposits	(14,412,002,240)	(15,402,732,376)
Proceeds from maturity of deposits	15,848,264,409	15,121,972,246
NET CASH (USED IN) FROM INVESTING ACTIVITIES	1,385,402,377	(328,528,212)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of preference shares	-	40,000,000
Redemption of preference shares	(40,000,000)	(35,000,000)
Preference dividend paid including dividend distribution tax	(5,782,784)	(4,737,914)
Proceeds from borrowings	15,300,000,000	9,137,370,000
Repayment of borrowings	(27,179,169,352)	(5,071,180,844)
NET CASH GENERATED FROM FINANCING ACTIVITIES	(11,924,952,136)	4,066,451,242
Net increase in cash and cash equivalents	(1,870,624,786)	1,598,136,628
Cash and cash equivalents as at the beginning of the year	3,548,570,980	1,950,434,352
CASH AND CASH EQUIVALENTS AS AT THE END OF THE YEAR	1,677,946,194	3,548,570,980
Notes (Also, refer note 15):		
Cash and cash equivalents comprises of		
Cash on hand	1,156,682	2,441,688
Balances with banks		
- in current accounts	1,211,789,512	3,546,129,292
- in deposit account (with maturity up to 3 months)	465,000,000	-
	1,677,946,194	3,548,570,980

This is the cash flow statement referred to in our report of even date

For Walker Chandio & Co LLP
Chartered Accountants
(Firm's Registration No.: 001076N/N500013)

For and on behalf of the Board of Directors of
IDFC Bharat Limited
(Formerly, Grama Vidiyal Micro Finance Limited)

per **Sumesh E S**
Partner

S Devaraj
Chairperson

Arjun Muralidharan
Managing Director and CEO

Tiruchirappalli | April 20, 2017

Boby Xavier
Company Secretary

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

01 GENERAL INFORMATION

A. BACKGROUND

Grama Vidiyal Micro Finance Limited was incorporated as a private limited company in the year 2003 under the erstwhile Companies Act, 1956. Effective 21 December 2009, the Company was registered as a “Non Banking Financial Company” under the rules and regulations framed by the Reserve Bank of India (“the RBI”). The Company has obtained registration under the category of Non-Banking Financial Company - Micro Finance Institutions (“NBFC-MFI”), w.e.f 4 October 2013. The Company was in the business of providing micro loans to women borrowers.

During the year, IDFC Bank Limited executed share purchase agreements with the Company’s equity shareholders and thereby acquired 100% of the equity shares. Consequently the Company had assigned its entire loan receivables outstanding as at 29 September 2016 to IDFC Bank Limited by virtue of a Master Assignment Agreement. The Company had settled all liabilities towards borrowings and debentures (including debentures listed with Bombay Stock Exchange) that existed prior to acquisition of equity shares by IDFC Bank Limited and has surrendered its Certificate of Registration as a Non-Banking Financial Institution (NBFI) with RBI which was cancelled on 18 October 2016.

Subsequently, the Company discontinued to operate as a Non-Banking Financial Institution and has been operating as business correspondent. The Company applied to the Registrar of Companies for change of its legal name to IDFC Bharat Limited (‘the Company’) and has obtained the approval for the same subsequent to the balance sheet date with effect from 17 April 2017.

B. COMPARATIVES

All amounts in the financial statements are presented in Indian Rupees except share data and as otherwise stated. Figures for the previous year have been regrouped / re-classified wherever considered necessary to conform to the figures presented in the current year.

02 SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements are prepared in accordance with generally accepted accounting principles (“GAAP”) applicable in India. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 (‘Act’) read with Rule 7 of the Companies (Accounts) Rules, 2014, (to the extent notified and applicable). The financial statements have been prepared under the historic cost convention on accrual basis of accounting, except interest in respect of non-performing loan assets are accounted for on a cash basis. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. The management evaluates all recently issued or revised accounting standards on an ongoing basis.

B. USE OF ESTIMATES

The preparation of the financial statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include provisions for doubtful loans and advances, future obligations under employee retirement benefit plans, income taxes and the useful lives of fixed assets. Further the classification of assets and liabilities into current and non-current is based on the estimation of the operating cycle of the Company.

Although these estimates are based upon management’s best knowledge of current events and actions, actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods.

C. TANGIBLE ASSETS AND DEPRECIATION

Tangible assets are carried at cost of acquisition or construction less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price, including duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use.

Gains or losses arising on the disposal of the tangible assets are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in the statement of profit and loss within other income or other expenses, as the case may be.

Depreciation is provided using straight line method at the rates of depreciation prescribed in Schedule II to the Companies Act, 2013. If the management’s estimates of the useful life of a fixed asset at the time of acquisition of the asset or of the remaining useful life on a subsequent review is different than that envisaged in the aforesaid schedule, depreciation is provided at a rate based on the management estimate of useful life/remaining useful life.

ASSET CATEGORY	USEFUL LIFE (YEARS)
Computers and accessories	3-6
Furniture and fittings	10
Office equipment	5
Vehicles	8

D. INTANGIBLE ASSETS AND AMORTISATION

Goodwill represents the excess of acquisition cost over the carrying amount of the Company’s share of the identifiable net assets of the acquiree at the date of acquisition and is attributed to the future economic benefits arising from an acquisition that are not individually identified and separately recognised. Goodwill is amortised over a period of 5 years.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and install the specific software. These assets are amortised over their estimated useful lives on a straight line basis, commencing from the date the assets is available to the Company for its use. After initial recognition, intangible assets are carried at its cost less any accumulated amortisation and any accumulated impairment losses.

When an intangible asset is disposed off, the gain or loss on disposal is determined as the difference between the disposal proceeds and the carrying amount of the asset, and is recognised in the statement of profit and loss within other income or other expenses, as the case may be.

The useful life of the assets is reviewed at each balance sheet date. If the expected useful life of the asset is significantly different from the previous estimates, the amortisation period is changed accordingly. If there has been a significant change in the expected pattern of economic benefit from the asset, the method of amortisation is changed to reflect the changed pattern. Such changes are accounted in accordance with Accounting Standard (AS) 5, Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies.

E IMPAIRMENT

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. For the assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash flows (cash generating units). As a result some assets are tested individually for impairment and some are tested at cash-generating unit level. Recoverable amount is the higher of the asset's or cash generating units net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of profit and loss. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

F LEASES

Finance lease

The economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards of ownership of the leased asset. Where the Company is a lessee in such type of arrangements, the related assets are recognised at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any. A corresponding amount is recognised as a finance lease liability. Leases of land and buildings are classified separately and are split into a land and a building element, in accordance with the relative fair values of the leasehold interests at the date the asset is recognised initially. The corresponding finance lease liability is reduced by lease payments net of finance charges. The interest element of lease payments represents a constant proportion of the outstanding capital balance and is charged to the statement of profit and loss, as finance costs over the period of the lease.

Operating lease

All other leases are treated as operating leases. Where the Company is a lessee, payments on operating lease agreements are recognised as an expense on a straight-line basis over the lease term. Associated costs such as maintenance and insurance are expensed as incurred.

G REVENUE

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the collectivity is reasonably assured.

Interest on loans is recognised on accrual basis, except in the case of Non Performing Assets ("NPAs"), where interest is recognised upon realisation. Also refer note 2(a).

Interest income on deposits with banks is recognized on time proportion basis taking into account the amount outstanding and the rate applicable.

Loan processing fees is accounted up-front as and when it becomes due.

Income from managed portfolio represents income from receivables securitized / assigned wherein 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.

Commission income is recognised on accrual basis on the completion of the service in accordance with terms of the agreement.

Service fee for management of receivables is recognized on accrual basis in accordance with terms of the agreement.

H SECURITIZATION/ASSIGNMENT OF LOAN RECEIVABLES

Transactions relating to transfers of loans and advances through securitization/assignment with other financial institutions and banks are accounted for in accordance with the relevant guidelines of RBI on "Accounting for Securitisation". Such transferred loans and advances are de-recognised from the financial statements and gains/losses are accounted for only where the Company surrenders rights to benefits specified in the loan contract in favour of the counter parties.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

I BORROWING COST

Borrowing costs consist of interest and other costs that Company incurs in connection with the borrowing of funds. Borrowing costs other than borrowing costs incurred on securitisation are amortised over the period of the respective borrowings.

J EMPLOYEE BENEFITS

- (i) **Defined contribution plan:** The Company makes contribution to statutory provident fund in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952. Eligible employees receive benefits from the provident fund, which is a defined contribution plan. Both the employee and the Company make monthly contributions to the provident fund plan equal to specified percentage of the covered employee's basic salary. The Company has no further obligations under the plan beyond its monthly contributions. Contributions to provident fund are charged to the statement of profit and loss on accrual basis.
- (ii) **Defined benefit plan:** The Company provides gratuity, a defined benefit retirement plan covering eligible employees. The Company provides the gratuity benefit through annual contribution to a fund. Liabilities related to the gratuity plan are determined by an independent actuarial valuation carried out using projected unit credit method as at the balance sheet date. Actuarial gain or loss is recognized immediately in the statement of profit and loss.

K FOREIGN CURRENCY TRANSACTIONS, FORWARD CONTRACTS AND DERIVATIVES

Foreign currency transactions are translated into the functional currency (Indian Rupees) of the Company, using the exchange rates prevailing on the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in the statement of profit and loss.

Forward contracts, other than those entered into to hedge foreign currency risk on unexecuted firm commitments or highly probable forecast transactions, are treated as foreign currency transactions and accounted accordingly as per Accounting Standard (AS) 11 "The Effects of Changes in Foreign Exchange Rates". Exchange differences arising on such contracts are recognised in the period in which they arise. Gains and losses arising on account of roll over/cancellation of forward contracts are recognised as income/expense of the period in which such roll over/cancellation takes place

All the other derivative contracts, including forward contracts entered into to hedge foreign currency risks are recognised in the financial statements at fair value as on the Balance Sheet date, in pursuance of the announcement of the ICAI dated March 29, 2008 on accounting for derivatives.

L TAXATION

Provision for tax for the year comprises current income tax and deferred tax.

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 income taxes reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantially enacted at the reporting date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Unrecognised deferred tax assets of earlier years are re-assessed and recognised to the extent that it has become reasonably certain that future taxable income will be available against which such deferred tax assets can be realized.

M EARNINGS PER EQUITY SHARE

The basic earnings per equity share ("EPS") is computed by dividing the net profit after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of diluted earnings per share, the net profit for the year attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for effects of all dilutive potential equity shares.

N PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Company creates a provision when there is present obligation as a result of past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. The amount of provision recognised are best estimates of expenditure that are required to settle the obligation at the balance sheet date. The estimates are not discounted to their present value.

A disclosure for a contingent liability is made when there is possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are neither recognized nor disclosed in the financial statements.

O CASH FLOW STATEMENT

Cash flows are reported using the indirect method, whereby profit before extraordinary items and tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, financing and investing activities of the Company are segregated based on the available information. Cash comprises of 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 an insignificant risk of changes in value.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

03 SHARE CAPITAL

	AS AT 31 MARCH 2017		AS AT 31 MARCH 2016	
	NUMBER	₹	NUMBER	₹
AUTHORISED				
Equity shares of ₹ 10 each	25,000,000	250,000,000	25,000,000	250,000,000
Preference shares of ₹ 10 each	25,000,000	250,000,000	25,000,000	250,000,000
	50,000,000	500,000,000	50,000,000	500,000,000
ISSUED, SUBSCRIBED AND FULLY PAID UP				
Equity shares of ₹ 10 each	5,579,996	55,799,960	5,579,996	55,799,960
Cumulative Non Convertible Compulsorily Redeemable ('CNCCR') Preference shares of ₹ 10 each	-	-	4,000,000	40,000,000
	5,579,996	55,799,960	9,579,996	95,799,960

a) There is no movement in the equity share capital during the current and previous year.

	AS AT 31 MARCH 2017		AS AT 31 MARCH 2016	
	NUMBER	₹	NUMBER	₹
b) Preference shares				
At the beginning of the year	4,000,000	40,000,000	3,500,000	35,000,000
Issued during the year	-	-	4,000,000	40,000,000
Redeemed during the year	(4,000,000)	(40,000,000)	(3,500,000)	(35,000,000)
OUTSTANDING AT THE END OF THE YEAR	-	-	4,000,000	40,000,000

c) Shares held by the holding company

Equity shares of ₹ 10 each				
IDFC Bank Limited together with its nominees (Also, refer note 1(a))	5,579,996	55,799,960	-	-
	5,579,996	55,799,960	-	-

d) Shareholders holding more than 5% of the shares

	Number	%	Number	%
Equity shares of ₹ 10 each				
IDFC Bank limited together with its nominees	5,579,996	100.00%	-	-
S Devaraj	-	-	1,291,192	23.14%
Mauritius Unitus Corporation	-	-	1,116,557	20.01%
MV Mauritius Limited	-	-	832,106	14.91%
Vinod Khoshla	-	-	400,038	7.17%
	5,579,996	100.00%	3,639,893	65.23%
CNCCR Preference shares of ₹ 10 each				
UNIFI AIF	-	-	4,000,000	100.00%
	-	-	4,000,000	100.00%

e) There were no shares issued pursuant to contract without payment being received in cash and allotted as fully paid up by way of bonus issues and bought back during the last 5 years immediately preceding 31 March 2017.

f) Rights, preferences and restrictions

Equity

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors in any financial year, other than interim dividend, is subject to the approval of the shareholders in the ensuing Annual General Meeting. 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. The equity shares shall be transferable subject to the provisions contained in the Articles of Association and in the agreements entered / to be entered into with the investors / shareholders from time to time.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

Cumulative Non-Convertible Compulsorily Redeemable Preference shares

CNCCR Preference shares have the right to receive dividend at 12% per annum. The claims of holders shall be subordinated to the claims of all secured and unsecured creditors but senior to equity shareholders and pari passu amongst themselves and with other preference shareholders of the issuer. No dividend shall be paid to holders of common equity shares unless all amounts payable to holder(s) of CNCCR preference shares have been paid up to the date of payment of such dividend. Redemption shall be out of profits/free reserves or out of proceeds of a fresh issue of shares made for the purposes of the redemption or a combination of both. Redemption is to be made in 365 days (Previous year 365 days) from the date of issue. No voting rights are provided to the CNCCR preference share-holders except in respect of matters directly affecting the rights attached to them.

04 RESERVES AND SURPLUS

	AS AT 31 MARCH 2017	AS AT 31 MARCH 2016
	IN ₹	IN ₹
Capital redemption reserve		
Balance at the beginning of the year	75,000,000	35,000,000
Add : Transferred from statement of profit and loss	-	40,000,000
Balance at the end of the year	75,000,000	75,000,000
Securities premium reserve	437,373,207	437,373,207
Statutory reserve*		
Balance at the beginning of the year	215,012,000	130,985,000
Add : Transferred from Surplus in statement of profit and loss	-	84,027,000
Less: Transferred to Surplus in statement of profit and loss	(215,012,000)	-
Balance at the end of the year	-	215,012,000
Surplus in statement of profit and loss		
Balance at the beginning of the year	770,407,510	479,038,388
Add: Transferred from statutory reserve*	215,012,000	-
Add : Transferred from statement of profit and loss	124,133,270	420,134,036
Less : Transferred to statutory reserve	-	(84,027,000)
Less : Transferred to capital redemption reserve	-	(40,000,000)
Less : Preference dividend paid	(4,800,000)	(3,932,706)
Less : Tax on preference dividend paid	(982,784)	(805,208)
Balance at the end of the year	1,103,769,996	770,407,510
	1,616,143,203	1,497,792,717

*Please refer note 1(a). The Company is no longer registered with RBI under Section 45IA of the Reserve Bank of India Act, 1934. Therefore requirement of creating a Reserve fund in terms of Section 45-IC(1) ('Statutory reserve') of the Reserve Bank of India Act, 1934 and transferring 20% of the profit to the Statutory reserve fund does not arise. Consequently, no amount has been transferred to the said Statutory reserve fund during the year 2016-17 and balance in Statutory reserve as on 31 March 2016 has been transferred to Surplus in Statement of Profit and Loss.

05 LONG TERM BORROWINGS

	AS AT 31 MARCH 2017	AS AT 31 MARCH 2016
	IN ₹	IN ₹
Secured		
Term loans (Also, refer note (a) below)		
From banks	-	8,597,068,866
From other parties	-	1,654,181,160
	-	10,251,250,026
Other loans		
Finance lease obligations (Also, see note (b) below)	-	4,735,635
	-	4,735,635

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

	AS AT 31 MARCH 2017	AS AT 31 MARCH 2016
	IN ₹	IN ₹
Debentures (Also, refer note (a) below)		
14.75% Redeemable non convertible debentures of ₹ 1,000,000 each	-	30,000,000
12.75% Redeemable non convertible debentures of ₹ 1,000,000 each	-	187,500,000
13.02% Redeemable non convertible debentures of ₹ 1,000,000 each	-	112,500,000
11.84% Redeemable non convertible debentures of ₹ 1,000,000 each	-	125,000,000
13.25% Redeemable non convertible debentures of ₹ 1,000,000 each	-	83,333,400
13.50% Redeemable non convertible debentures of ₹ 1,000,000 each	-	46,666,760
13.25% Redeemable non convertible debentures of ₹ 1,000,000 each	-	39,000,028
	-	624,000,188
Unsecured		
Term loans from other parties (Also, refer note (a) below)	-	273,807,270
Debentures (Also, refer note (a) below)		
16.25% Redeemable non convertible debentures of ₹ 1,000,000 each	-	200,000,000
19% Redeemable non convertible debentures of ₹ 1,000,000 each	-	150,000,000
18% Redeemable non convertible debentures of ₹ 1,000,000 each	-	120,000,000
19% Redeemable non convertible debentures of ₹ 1,000,000 each	-	150,000,000
	-	620,000,000
	-	11,773,793,119
Less: Classified as Other current liabilities (Refer note 6)		
Current maturities of long term borrowings		
From banks	-	4,445,502,696
From other parties	-	999,727,475
Current maturities of finance lease obligations	-	2,496,716
Current maturities of debentures	-	512,750,188
	-	5,960,477,075
	-	5,813,316,044

a) Refer note 29 for details of security and terms of repayment.

b) Disclosure in respect of finance lease obligations

The lease payments are determined on the basis of the lease agreements entered into with the constituents and the future lease commitments are given below:

PARTICULARS	MINIMUM PAYMENTS	MINIMUM PAYMENTS
Payable not later than 1 year	-	2,979,002
Payable later than 1 year but not later than five years	-	2,526,930
	-	5,505,932
Less : Amounts representing interest	-	(770,297)
	-	4,735,635

Represented as

- Current maturities of finance lease obligations	-	2,496,716
- Finance lease obligations under long term borrowings	-	2,238,919

Finance lease obligations (Also, see note 8) are secured by the related assets held under finance lease. Future minimum finance lease payments at the end of each reporting period have been disclosed above.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

06 OTHER LIABILITIES

	AS AT 31 MARCH 2017		AS AT 31 MARCH 2016	
	LONG-TERM	CURRENT	LONG-TERM	CURRENT
	IN ₹	IN ₹	IN ₹	IN ₹
Current maturities of long term borrowings (Also, refer note 5)				
From banks	-	-	-	4,445,502,696
From other parties	-	-	-	999,727,475
Current maturities of finance lease obligations (Also, refer note 5)	-	-	-	2,496,716
Current maturities of debentures (Also, refer note 5)	-	-	-	512,750,188
Security deposits from employees	19,375,615	2,826,798	17,050,116	2,356,825
Derivative liability	-	-	9,146,185	-
Unrealised gain on loan transfer transactions	-	15,353,307	6,579,452	261,578,129
Interest accrued but not due on borrowings	-	-	-	106,005,672
Payables towards securitisation/assignment transactions and management of loans receivables	-	522,883,655	-	791,691,939
Employee related payables	-	49,895,284	-	21,408,897
Statutory dues payable	-	10,969,019	-	20,963,181
Other payables	-	16,268,118	-	59,309,486
	19,375,615	618,196,181	32,775,753	7,223,791,204

07 PROVISIONS

	AS AT 31 MARCH 2017		AS AT 31 MARCH 2016	
	LONG-TERM	SHORT-TERM	LONG-TERM	SHORT-TERM
	IN ₹	IN ₹	IN ₹	IN ₹
Provision against loan portfolio #	-	-	6,237,303	80,944,111
Provision for income tax (net of advance tax)	-	-	-	71,368,507
Provision for non-performing assets #	-	-	-	223
Provision for gratuity (Refer note b)	16,494,281	13,429,414	-	3,774,485
	16,494,281	13,429,414	6,237,303	156,087,326

The Company is no longer registered with RBI under Section 45IA of the Reserve Bank of India Act, 1934. Accordingly, the requirement to create provision for loan losses in accordance RBI regulation on Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances is not applicable as at 31 March 2017. Consequently, no loan loss provision has been made during the year and balance in provision against loan portfolio and non-performing assets has been written back to the statement of profit and loss.

a) Movement in

	AS AT	AS AT
	31 MARCH 2017	31 MARCH 2016
	IN ₹	IN ₹
(i) Provision against loan portfolio		
Opening balance	87,181,414	61,374,131
Add: Provision made during the year	-	25,807,283
Less: Reversed during the year (Also refer note 22)	(87,181,414)	-
	-	87,181,414
(ii) Provision for non-performing assets		
Opening balance	223	3,963.0
Add: Provision made during the year	-	3,703,294
Less: Reversed/Utilised during the year (Also refer note 22)	(223)	(3,707,034)
	-	223

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

b) Employee benefits

The Company has taken a group gratuity for its employees with the Life Insurance Corporation of India (LIC). Under this policy the eligible employees are entitled to receive gratuity payments upon their resignation or death in lump sum after deduction of necessary taxes up to a maximum limit of ₹ 1,000,000.

The following table set out the status of the gratuity plan as required under Accounting Standard (AS) - 15 - Employee benefits and the reconciliation of opening and closing balances of the present value of the defined benefit obligation.

	AS AT 31 MARCH 2017	AS AT 31 MARCH 2016
	IN ₹	IN ₹
Change in projected benefit obligation		
Projected benefit obligation at the beginning of the year	67,276,098	49,768,170
Service cost	9,250,732	6,995,470
Interest cost	5,031,342	3,802,399
Benefits paid	(5,543,423)	(2,038,935)
Actuarial loss	26,571,318	8,748,994
Projected benefit obligation at the end of the year	102,586,067	67,276,098
Change in plan assets		
Fair value of plan assets at the beginning of the year	63,501,613	57,839,210
Expected return on plan assets	5,452,576	5,247,981
Actuarial loss	110,784	(528,969)
Contributions made	9,140,822	2,982,326
Benefits paid	(5,543,423)	(2,038,935)
Fair value of plan assets at the end of the year	72,662,372	63,501,613
Reconciliation of present value of obligation on the fair value of plan assets		
Present value of projected benefit obligation at the end of the year	(102,586,067)	(67,276,098)
Funded status of the plan	72,662,372	63,501,613
(Liability)/Asset recognised in the balance sheet	(29,923,695)	(3,774,485)
Components of net gratuity costs are		
Service cost	9,250,732	6,995,470
Interest cost	5,031,342	3,802,399
Expected returns on plan assets	(5,452,576)	(5,247,981)
Recognized net actuarial gain	26,460,534	9,277,963
Net gratuity costs (Refer note 18)	35,290,032	14,827,851
Assumptions used		
Discount rate	6.90%	7.80%
Long-term rate of compensation increase	8.00%	5.00%
Attrition rate	15.00%	15.00%
Rate of return on plan assets	8.20%	9.00%
Average remaining life (in years)	32	33

The following table sets out the status of the Gratuity Plan and the amounts recognized in the financial statement:

	AS AT				
PARTICULARS	31 MARCH 2017	31 MARCH 2016	31 MARCH 2015	31 MARCH 2014	31 MARCH 2013
Defined benefit obligation	102,586,067	67,276,098	49,768,170	42,054,691	35,803,111
Plan asset	72,662,372	63,501,613	57,839,210	42,924,725	39,864,730
Fund status of plan - (liability)/asset	(29,923,695)	(3,774,485)	8,071,040	870,034	4,061,619

In ₹

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

08 TANGIBLE ASSETS

	In ₹					
	FREEHOLD LAND *	COMPUTERS & ACCESSORIES	FURNITURE AND FITTINGS	OFFICE EQUIPMENT	VEHICLES	TOTAL
GROSS BLOCK						
As at 01 April 2015	-	52,176,378	29,819,509	31,791,483	30,908,480	144,695,850
Additions	-	20,548,456	4,475,392	7,402,631	10,839,031	43,265,510
Transfer from assets held for sale **	37,613,550	-	-	-	-	37,613,550
Disposals	-	(13,273,030)	(2,131,574)	(3,288,224)	(132,750)	(18,825,578)
As at 31 March 2016	37,613,550	59,451,804	32,163,327	35,905,890	41,614,761	206,749,332
Additions	-	24,339,390	6,029,933	9,066,402	2,298,334	41,734,059
Disposals	-	(226,924)	(608,131)	(2,046,560)	(84,053)	(2,965,668)
As at 31 March 2017	37,613,550	83,564,270	37,585,129	42,925,732	43,829,042	245,517,723
ACCUMULATED DEPRECIATION						
As at 01 April 2015	-	44,693,359	23,941,656	23,827,606	14,390,561	106,853,182
Depreciation charge	-	7,326,158	4,056,028	5,397,387	5,281,893	22,061,466
Reversal on disposal of assets	-	(13,163,097)	(1,967,550)	(3,253,792)	(111,354)	(18,495,793)
As at 31 March 2016	-	38,856,420	26,030,134	25,971,201	19,561,100	110,418,855
Depreciation charge	-	13,291,726	4,328,967	5,506,030	5,234,945	28,361,668
Reversal on disposal of assets	-	(226,923)	(557,366)	(1,934,548)	(70,958)	(2,789,795)
As at 31 March 2017	-	51,921,223	29,801,735	29,542,683	24,725,087	135,990,728
NET BLOCK						
As at 31 March 2016	37,613,550	20,595,384	6,133,193	9,934,689	22,053,661	96,330,477
As at 31 March 2017	37,613,550	31,643,047	7,783,394	13,383,049	19,103,955	109,526,995

	AS AT 31 MARCH 2017	AS AT 31 MARCH 2016
	IN ₹	IN ₹

Assets acquired under finance lease (Also, refer note 5(b))

Vehicles

Gross block	-	14,100,459
Accumulated depreciation	-	2,406,493
Net block	-	11,693,966
Depreciation charges for the year	-	1,151,878

@ The Company has received an order during financial year 2012-13 from the Tiruchirappalli Corporation citing encroachment of land. In response to this the Company has filed a petition with the High Court of Madras (Madurai Bench) for stay and quash of the Order for which an interim stay has been granted.

** Reclassified from assets held for sale pursuant to resolution passed in the board meeting dated 30 May 2016.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

09 INTANGIBLE ASSETS

			In ₹
	GOODWILL	SOFTWARE	TOTAL
GROSS BLOCK			
As at 01 April 2015	122,415,000	24,664,200	147,079,200
Additions	-	5,325,328	5,325,328
As at 31 March 2016	122,415,000	29,989,528	152,404,528
Additions	-	2,040,773	2,040,773
As at 31 March 2017	122,415,000	32,030,301	154,445,301
ACCUMULATED AMORTISATION			
As at 01 April 2015	122,415,000	17,299,918	139,714,918
Amortisation charge	-	3,568,586	3,568,586
As at 31 March 2016	122,415,000	20,868,504	143,283,504
Amortisation charge	-	2,967,229	2,967,229
As at 31 March 2017	122,415,000	23,835,733	146,250,733
NET BLOCK			
As at 31 March 2016	-	9,121,024	9,121,024
As at 31 March 2017	-	8,194,568	8,194,568

10 DEFERRED TAX ASSETS (NET)

	AS AT 31 MARCH 2017	AS AT 31 MARCH 2016
	IN ₹	IN ₹
Timing difference between depreciation and amortisation as per financials and as per tax	13,544,245	15,843,593
Provision for employee benefits	10,355,992	1,306,274
Provision for loan losses	-	30,584,814
	23,900,237	47,734,681

11 LOAN RECEIVABLES

	AS AT 31 MARCH 2017		AS AT 31 MARCH 2016	
	NON-CURRENT	CURRENT	NON-CURRENT	CURRENT
	IN ₹	IN ₹	IN ₹	IN ₹
Unsecured, considered good				
Loan receivables	-	-	623,730,339	8,060,804,917
	-	-	623,730,339	8,060,804,917

12 LOANS AND ADVANCES

	AS AT 31 MARCH 2017		AS AT 31 MARCH 2016	
	LONG-TERM	SHORT-TERM	LONG-TERM	SHORT-TERM
	IN ₹	IN ₹	IN ₹	IN ₹
Unsecured, considered good				
Capital advances	2,099,712	-	-	-
Rental deposits	-	33,274,882	-	31,477,675
Loans to employees	1,586,688	25,593,989	1,746,995	27,101,294
Loan to employee welfare trust (Also, refer note 28)	-	-	-	4,757,832
Prepaid expenses	-	6,544,870	-	5,302,565
Balances with government authorities	-	15,129,751	-	1,102,000
Advance income tax (net of provision)	-	45,400,917	-	-
Other advances	59,750	5,048,722	59,750	163,649,904
	3,746,150	130,993,131	1,806,745	233,391,270

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

13 OTHER ASSETS

	AS AT 31 MARCH 2017		AS AT 31 MARCH 2016	
	NON-CURRENT	CURRENT	NON-CURRENT	CURRENT
	IN ₹	IN ₹	IN ₹	IN ₹
Non-current bank balances (Also, refer note 15)	24,836,170	-	838,148,200	-
Deposits held with financial institutions	-	-	62,000,000	17,300,000
Unamortised costs	-	-	60,305,647	67,807,164
Interest strip retained on securitisation of receivables	-	16,140,428	15,548,012	259,929,817
Interest accrued but not due on				
- Bank deposits	-	9,096,049	54,569,434	31,181,981
- Loan receivables	-	-	-	24,780,021
	24,836,170	25,236,477	1,030,571,293	400,998,983

14 TRADE RECEIVABLES

	AS AT	AS AT
	31 MARCH 2017	31 MARCH 2016
	IN ₹	IN ₹
Unsecured, considered good		
Due for period exceeding six months	-	-
Others (Also, refer note 28)	109,589,516	9,078,919
	109,589,516	9,078,919

15 CASH AND BANK BALANCES

	AS AT	AS AT
	31 MARCH 2017	31 MARCH 2016
	IN ₹	IN ₹
Cash and cash equivalents		
Cash on hand	1,156,682	2,441,688
Balances with banks		
- in current accounts	1,211,789,512	3,546,129,292
- in deposit accounts (with maturity up to 3 months)	465,000,000	-
	A 1,677,946,194	3,548,570,980
Other bank balances		
Balances with bank held as security against borrowings and other commitments	220,010,540	1,582,156,011
Balances with banks in restricted accounts	24,836,170	19,652,868
	244,846,710	1,601,808,879
Less : Amounts disclosed as 'Other non-current assets' (Refer note 13)	(24,836,170)	(838,148,200)
	B 220,010,540	763,660,679
	A + B 1,897,956,734	4,312,231,659

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

16 REVENUE FROM OPERATIONS

	YEAR ENDED 31 MARCH 2017	YEAR ENDED 31 MARCH 2016
	IN ₹	IN ₹
Interest income on		
- Loans given	1,548,712,476	2,204,117,826
- Fixed deposits with banks	89,813,320	155,232,585
Loan processing fees	140,548,128	239,688,468
Income from managed portfolio	252,524,457	422,487,955
Commission income	17,282	16,975,636
Service fee for management of loan receivables	591,426,769	47,539,047
	2,623,042,432	3,086,041,517

17 OTHER INCOME

	YEAR ENDED 31 MARCH 2017	YEAR ENDED 31 MARCH 2016
	IN ₹	IN ₹
Interest income on		
- Staff loans	4,318,194	4,318,483
- Income tax refund	-	741,368
Other non-operating income	1,479,383	518,451
Net gain on foreign currency transaction and translation	629,439	-
Gain on mark to market valuation (Also, refer note 2(l))	-	15,848,150
	6,427,016	21,426,452

18 EMPLOYEE BENEFITS EXPENSE

	YEAR ENDED 31 MARCH 2017	YEAR ENDED 31 MARCH 2016
	IN ₹	IN ₹
Salaries and wages	779,812,463	631,463,125
Gratuity expense (Also, refer note 7(b))	35,290,032	14,827,851
Contribution to provident and other funds	58,142,956	43,356,859
Staff welfare expenses	59,931,410	52,094,740
	933,176,861	741,742,575

19 FINANCE COSTS

	YEAR ENDED 31 MARCH 2017	YEAR ENDED 31 MARCH 2016
	IN ₹	IN ₹
Interest expenses	871,991,884	1,233,524,785
Other borrowing costs	115,918,739	138,728,834
	987,910,623	1,372,253,619

20 DEPRECIATION AND AMORTISATION EXPENSE

	YEAR ENDED 31 MARCH 2017	YEAR ENDED 31 MARCH 2016
	IN ₹	IN ₹
Depreciation of tangible assets (Also, refer note 8)	28,361,668	22,061,466
Amortisation of intangible assets (Also, refer note 9)	2,967,229	3,568,586
	31,328,897	25,630,052

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

21 OTHER EXPENSES

	YEAR ENDED	YEAR ENDED
	31 MARCH 2017	31 MARCH 2016
	IN ₹	IN ₹
Power and fuel	9,231,110	8,078,303
Rent and amenities	50,201,322	42,092,492
Repairs and maintenance - Others	32,714,644	34,095,933
Net loss on foreign currency transaction and translation	-	27,261,469
Insurance	1,004,429	233,398
Rates and taxes	3,977,889	5,015,401
Legal and professional charges	23,018,205	16,447,276
Payments to auditors (Also, refer note 23)	2,750,300	3,886,556
Business promotion expenses	17,803,240	27,184,893
Client welfare expenses	17,437,247	25,826,360
Directors sitting fees	1,741,217	2,906,340
Traveling, conveyance and lodging expenses	79,146,737	54,329,791
Postage and courier	2,376,850	2,069,245
Printing and stationery	21,180,062	16,251,689
Communication expenses	9,444,052	6,797,740
Bad debts written off	2,428,309	-
Provision for loan losses, net	-	29,510,577
Contribution towards corporate social responsibility (Also, refer note 33)	6,740,902	3,022,859
Miscellaneous expenses	2,575	19,708
	281,199,090	305,030,030

22 EXCEPTIONAL ITEMS (INCOME)/EXPENSE

	YEAR ENDED	YEAR ENDED
	31 MARCH 2017	31 MARCH 2016
	IN ₹	IN ₹
Derivative liability written back	(9,146,185)	-
Provisions no longer required, written back	(87,181,637)	-
Other finance costs	248,191,089	-
Other borrowing costs	35,000,000	-
	186,863,267	-

The Company has disclosed the above items which pertain to ceasure of NBF1 activity as "exceptional" items considering its relevance to explain the performance of the Company.

23 PAYMENTS TO AUDITORS (EXCLUDING SERVICE TAX)

	YEAR ENDED	YEAR ENDED
	31 MARCH 2017	31 MARCH 2016
	IN ₹	IN ₹
Statutory audit *	1,900,000	3,300,000
Limited review	700,000	500,000
Out of pocket expenses	150,300	86,556
	2,750,300	3,886,556

* includes additional billing pertaining to previous year Nil (2015-16: ₹ 300,000)

24 EXPENDITURE IN FOREIGN CURRENCY (ACCRUAL BASIS)

	YEAR ENDED	YEAR ENDED
	31 MARCH 2017	31 MARCH 2016
	IN ₹	IN ₹
Traveling expenses	-	386,649
Interest expenses	14,587,765	23,016,980
	14,587,765	23,403,629

25 PAYABLES TO MICRO AND SMALL ENTERPRISES

Based on the information available with the Company, as at 31 March 2017, there are no suppliers who are registered as micro and small enterprises under the provisions of the Micro, Small and Medium Enterprises Development Act, 2006.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

26 EARNINGS PER EQUITY SHARE

	YEAR ENDED	YEAR ENDED
	31 MARCH 2017	31 MARCH 2016
	IN ₹	IN ₹
Profit after tax (in ₹)	124,133,270	420,134,036
Less: Preference dividend (in ₹)	(5,782,784)	(4,076,712)
Profit attributable to equity shareholders (in ₹)	118,350,486	416,057,324
Weighted average number of equity shares in calculating basic EPS	5,579,996	5,579,996
Dilutive effect of potential equity shares	-	-
Weighted average number of equity shares in calculating diluted EPS	5,579,996	5,579,996
Nominal value of shares (In ₹)	10	10
Earnings per equity share (In ₹)		
- Basic	21.21	74.56
- Diluted	21.21	74.56

27 SEGMENT REPORTING

The Company has considered business segments as the primary segments for disclosure on the basis that the risk and returns of the Company is primarily determined by the nature of products and services. The products included in each of the reported domestic business segments are as follows:

1. NBFi activity - Providing micro loans to women borrowers
2. Business correspondence - provide business correspondence services.

The Company operates only in India and hence does not disclose geographic segment reporting.

Fixed assets used in the Company's business, assets or liabilities contracted in the course of business, other than those specifically identifiable, have not been identified to any of the reportable segments, as the fixed assets are used interchangeably between segments. The Company believes that it is currently not practicable to provide segment disclosures relating to such assets and liabilities since a meaningful segregation of the available data is onerous.

Revenue and direct expenses in relation to segments are categorised based on items that are individually identifiable to that segment, while other costs, wherever allocable, are apportioned to the segments on an appropriate basis. Certain income and expenses are not specifically allocable to individual segments as the underlying services are used interchangeably. The Company believes that it is not practicable to provide segment disclosures relating to such income and expenses, and accordingly such income and expenses are separately disclosed as 'unallocated'.

The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments, and are as set out in the significant accounting policies.

BUSINESS SEGMENT	YEAR ENDED 31 MARCH 2017				YEAR ENDED 31 MARCH 2016				IN ₹
	NBFI ACTIVITY	BUSINESS CORRESPONDENCE	UNALLOCATED	TOTAL	NBFI ACTIVITY	BUSINESS CORRESPONDENCE	UNALLOCATED	TOTAL	
REVENUE									
Revenue from operations		562,685,281	17,282	562,702,563		38,037,310	16,975,636	55,012,946	
Discontinuing operations	2,060,339,869			2,060,339,869	3,031,028,571			3,031,028,571	
TOTAL REVENUE	2,060,339,869	562,685,281	17,282	2,623,042,432	3,031,028,571	38,037,310	16,975,636	3,086,041,517	
RESULTS									
Segment result	257,376,524	13,562,747	3,633,535	274,572,806	659,711,538	38,037,310	16,975,636	714,724,484	
Unallocated corporate expenses			(65,582,096)	(65,582,096)			(51,912,791)	(51,912,791)	
Profit before tax	257,376,524	13,562,747	(61,948,561)	208,990,710	659,711,538	38,037,310	(34,937,155)	662,811,693	
Income taxes			(84,857,440)	(84,857,440)			(242,677,657)	(242,677,657)	
Profit for the year	257,376,524	13,562,747	(146,806,001)	124,133,270	659,711,538	38,037,310	(277,614,812)	420,134,036	
OTHER INFORMATION									
Segment assets	245,212,245	1,321,384,455	772,841,954	2,339,438,654	13,305,681,624	355,901,384	1,164,217,299	14,825,800,307	
Segment liabilities	103,068,479	435,168,483	129,258,529	667,495,491	13,035,976,133	-	196,231,497	13,232,207,630	
Capital expenditure	-	-	-	49,233,508	-	-	-	48,590,838	
Depreciation and amortisation	-	-	-	31,328,897	-	-	-	25,630,052	
Other non-cash expenses	-	-	-	37,718,341	-	-	-	44,338,428	

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

28 RELATED PARTIES DISCLOSURES

a) Names of related parties

RELATIONSHIP	NAME
Holding Company	IDFC Bank Limited (from 13 October 2016)
Key management personnel (KMP)	S Devaraj - Chairperson Arjun Muralidharan - Managing Director and CEO S Pattabiraman - President and Chief Financial Officer (till 13 October 2016)
Entities in which directors of the Company are able to exercise control or have significant influence	Grama Vidiyal Enterprises Private Limited Grama Vidiyal Trust Grama Vidiyal Employees' Welfare Trust
Relatives of KMP	D Shirley - Daughter of S Devaraj (Whole Time Director till 13 October 2016) D Satish - Son of S Devaraj and Brother of D Shirley

b) Transactions with related parties

In ₹

TRANSACTION	RELATED PARTY	YEAR ENDED 31 MARCH 2017	YEAR ENDED 31 MARCH 2016
Service Income	IDFC Bank Limited	451,509,542	-
Remuneration	S Devaraj	19,600,000	16,138,116
	S Pattabiraman	4,378,065	8,186,594
	Arjun Muralidharan	11,472,000	7,756,594
	D Shirley	10,510,000	7,526,594
	D Satish	3,135,051	2,300,086
Expenses / (income)			
Rent and amenities	Grama Vidiyal Trust	3,988,800	3,456,000
Repairs and maintenance - Others	Grama Vidiyal Trust	2,861,952	2,304,000
Commission income	Grama Vidiyal Enterprises Private Limited	-	(5,336,261)

c) Outstanding balances as at year end

In ₹

TRANSACTION	RELATED PARTY	AS AT 31 MARCH 2017	AS AT 31 MARCH 2016
Trade receivable	IDFC Bank Limited	105,388,697	-
Fixed deposits including accrued interest	IDFC Bank Limited	466,446,520	-
Managed portfolio payable	IDFC Bank Limited	434,683,561	-
Bank balances	IDFC Bank Limited	638,951,232	-
Incentive payable	S Devaraj	8,500,000	529,782
Incentive payable	S Pattabiraman	-	176,594
Incentive payable	Arjun Muralidharan	3,500,000	176,594
Incentive payable	D Shirley	3,250,000	176,594
Incentive payable	D Satish	767,300	-
Loans given	Grama Vidiyal Employees' Welfare Trust	-	4,757,832
Rental deposit	Grama Vidiyal Trust	4,000,000	4,000,000

29 DISCLOSURES REGARDING DERIVATIVE INSTRUMENTS

The particulars of derivative contracts entered into for hedging purposes outstanding as at 31 March 2017 are as under:-

CATEGORY OF DERIVATIVE INSTRUMENTS	AMOUNT OF EXPOSURES HEDGED	
	AS AT 31 MARCH 2017	AS AT 31 MARCH 2016
For hedging foreign currency and interest rate risks:		
Cross currency interest rate swap		
In ₹	-	476,767,720
In foreign currency (USD)	-	7,187,500

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

30 DETAILS OF SECURITY, REPAYMENT TERMS, APPLICABLE INTEREST RATES.

A. TERM LOANS AND OTHER LOANS

SL. NO.	REPAYMENT TERMS	AMOUNT PER INSTALMENT ₹	NUMBER OF INSTALMENTS	COMMENCEMENT MONTH	INTEREST RATE PER ANNUM	NATURE OF THE SECURITY	LOAN AMOUNT ₹	OUTSTANDING AS AT	
								31 MARCH 2017 ₹	31 MARCH 2016 ₹
1	Monthly	4,166,666	24	Apr-15	15.60%	Book debt	100,000,000	-	54,166,663
2	Monthly	4,166,666	24	Apr-15	15.60%	Book debt	100,000,000	-	54,166,663
3	Monthly	2,083,333	24	Jul-15	15.60%	Book debt and PDC	50,000,000	-	31,250,003
4	Monthly	6,250,000	24	Sep-15	15.60%	Book debt and PDC	150,000,000	-	106,250,000
5	Monthly	2,916,667	24	Dec-15	15.60%	Book debt and PDC	70,000,000	-	58,333,332
6	Monthly	6,250,000	24	Apr-16	15.60%	Book debt and PDC	150,000,000	-	150,000,000
7	Monthly	5,290,000	18	Nov-14	14.69%	Book debts and cash collateral	85,000,000	-	10,384,928
8	Monthly	3,107,000	18	Apr-15	14.48%	Book debts and cash collateral	50,000,000	-	17,910,705
9	Monthly	3,728,000	18	May-15	14.48%	Book debts and cash collateral	60,000,000	-	24,908,631
10	Monthly	4,350,000	18	Aug-15	14.48%	Book debts and cash collateral	70,000,000	-	40,775,885
11	Monthly	4,350,000	18	Apr-16	14.48%	Book debts and cash collateral of 5%	70,000,000	-	70,000,000
12	Monthly	2,894,000	24	Dec-15	14.48%	Book debts and cash collateral of 5%	60,000,000	-	51,172,667
13	Monthly	2,412,000	24	Apr-16	14.48%	Book debts and cash collateral of 5%	50,000,000	-	50,000,000
14	Monthly	2,412,000	24	Apr-16	14.48%	Book debts and cash collateral of 5%	50,000,000	-	50,000,000
15	Monthly	10,833,333	12	Jan-16	13.50%	Book debts and cash collateral of 10%	130,000,000	-	97,500,000
16	Monthly	18,333,333	12	Jan-16	13.50%	Book debts and cash collateral of 10%	220,000,000	-	165,000,000
17	Monthly	2,800,000	36	Jul-14	12.15%	Book debts and cash collateral of 10%	100,000,000	-	41,666,683
18	Monthly	4,166,666	36	Apr-15	12.15%	Book debts and cash collateral of 10%	150,000,000	-	100,008,000
19	Monthly	6,944,444	36	Oct-15	12.50%	Book debts and cash collateral of 10%	250,000,000	-	208,333,336
20	Monthly	20,000,000	30	Sep-16	12.50%	Book debts and cash collateral	600,000,000	-	600,000,000
21	Half yearly	83,333,333	6	Jul-16	11.50%	Book debt	500,000,000	-	500,000,000
22	Half yearly	83,333,333	6	Jul-16	11.50%	Book debt	500,000,000	-	500,000,000
23	Quarterly	25,000,000	20	Sep-11	12.45%	Book Debts And Cash Collateral	500,000,000	-	50,000,000
24	Quarterly	12,500,000	20	Jun-15	12.45%	Book Debts And Cash Collateral	250,000,000	-	212,499,846
25	Quarterly	35,714,286	7	Jun-15	12.55%	Book Debts And Cash Collateral	250,000,000	-	107,142,857
26	Quarterly	28,571,428	6	Dec-15	13.75%	Book debts and cash collateral of 5%	200,000,000	-	142,857,144
27	Quarterly	35,714,286	7	Aug-16	13.65%	Book debts and cash collateral of 5%	250,000,000	-	250,000,000
28	Quarterly	10,000,000	20	Dec-11	12.50%	Book Debts	200,000,000	-	30,000,000
29	Quarterly	7,692,308	13	Jun-14	13.50%	Book debts	100,000,000	-	38,461,538
30	Quarterly	12,500,000	8	Jun-15	13.25%	Book Debts And Cash Collateral	100,000,000	-	50,000,000
31	Quarterly	12,500,000	8	May-16	13.00%	Book debts and cash collateral of 10%	100,000,000	-	99,999,969
32	Quarterly	7,000,000	19	Apr-13	14.20%	Book Debts; Cash collateral of 10%	133,800,000	-	46,976,730

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

SL. NO.	REPAYMENT TERMS	AMOUNT PER INSTALMENT ₹	NUMBER OF INSTALMENTS	COMMENCEMENT MONTH	INTEREST RATE PER ANNUM	NATURE OF THE SECURITY	LOAN AMOUNT ₹	OUTSTANDING AS AT	
								31 MARCH 2017 ₹	31 MARCH 2016 ₹
33	Quarterly	5,000,000	20	Sep-14	12.25%	Book Debts And Cash Collateral	100,000,000	-	70,000,000
34	Quarterly	12,500,000	8	May-15	13.15%	Book Debts	100,000,000	-	49,976,435
35	Quarterly	12,500,000	8	Feb-16	13.15%	Book Debts	100,000,000	-	87,655,721
36	Quarterly	12,500,000	8	Jun-16	13.15%	Book Debts	100,000,000	-	100,000,000
37	Quarterly	5,000,000	20	Dec-13	14.40%	Book Debts And Cash Collateral	100,000,000	-	55,000,000
38	Quarterly	6,845,000	19	Feb-16	12.40%	Book Debts; Cash collateral of 10%	130,000,000	-	123,323,175
39	Quarterly	12,500,000	8	Aug-14	13.20%	Book Debts And Cash Collateral	100,000,000	-	12,500,000
40	Quarterly	31,250,000	8	Oct-14	12.85%	Book Debts And Cash Collateral	200,000,000	-	93,750,000
41	Quarterly	27,500,000	8	Dec-15	12.90%	Book debts and cash collateral of 5%	220,000,000	-	165,000,000
42	Quarterly	27,500,000	8	Feb-16	12.90%	Book debts and cash collateral of 5%	220,000,000	-	192,500,000
43	Quarterly	7,250,000	8	Jun-16	12.90%	Book debts and cash collateral of 5%	58,000,000	-	58,000,000
44	Quarterly	8,333,333	12	Jun-15	14.55%	Book Debts	100,000,000	-	74,999,979
45	Quarterly	8,333,333	12	Dec-15	13.60%	Book Debts	100,000,000	-	91,709,577
46	Quarterly	20,833,333	12	Jun-16	13.60%	Book Debts	250,000,000	-	250,000,000
47	Quarterly	6,700,000	12	Mar-14	13.20%	Book debts	80,000,000	-	26,031,320
48	Quarterly	25,000,000	10	Sep-15	12.30%	Book Debts	250,000,000	-	198,522,079
49	Quarterly	62,500,000	8	May-16	12.30%	Book Debts	500,000,000	-	500,000,000
50	Quarterly	10,526,315	19	Jun-14	12.20%	Book Debts And Cash Collateral	200,000,000	-	126,315,795
51	Quarterly	10,526,315	19	Apr-15	12.20%	Book Debts And Cash Collateral	200,000,000	-	157,894,740
52	Quarterly	7,894,736	19	Mar-16	12.20%	Book Debts And Cash Collateral	150,000,000	-	142,105,264
53	Quarterly	8,400,000	12	Mar-14	12.15%	Book debts	100,000,000	-	24,400,000
54	Quarterly	13,636,000	12	Jun-15	12.15%	Book Debts; Cash collateral of 10%	150,000,000	-	95,456,000
55	Quarterly	18,750,000	8	May-16	12.15%	Book Debts; Cash collateral of 10%	150,000,000	-	150,000,000
56	Monthly	3,125,000	16	May-15	13.85%	Book Debts And Cash Collateral	50,000,000	-	15,625,000
57	Monthly	1,250,000	16	Jun-15	13.35%	Book Debts And Cash Collateral	20,000,000	-	7,500,000
58	Quarterly	8,333,333	12	Nov-13	13.85%	Book debts	100,000,000	-	7,810,000
59	Quarterly	12,500,000	20	Apr-15	14.35%	Book Debts And Cash Collateral	250,000,000	-	194,298,000
60	Quarterly	18,750,000	16	Dec-13	13.05%	Book debts	300,000,000	-	112,500,000
61	Monthly	12,500,000	24	Apr-15	11.25%	Book Debts And Cash Collateral	300,000,000	-	150,000,000
62	Monthly	7,812,500	24	Apr-16	11.50%	Book Debts; Cash collateral of 10%	187,500,000	-	187,500,000
63	Quarterly	10,000,000	20	Dec-13	12.70%	Book debts	200,000,000	-	110,000,000
64	Quarterly	7,500,000	20	Jun-14	12.70%	Book debts	150,000,000	-	97,379,535
65	Quarterly	18,200,000	12	Mar-16	12.70%	Book Debts; Cash collateral of 10%	200,000,000	-	181,800,000
66	Monthly	31,250,000	24	Dec-14	12.50%	Book Debts And Cash Collateral	750,000,000	-	281,250,000

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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SL. NO.	REPAYMENT TERMS	AMOUNT PER INSTALMENT ₹	NUMBER OF INSTALMENTS	COMMENCEMENT MONTH	INTEREST RATE PER ANNUM	NATURE OF THE SECURITY	LOAN AMOUNT ₹	OUTSTANDING AS AT	
								31 MARCH 2017 ₹	31 MARCH 2016 ₹
67	Monthly	20,833,333	24	Jun-15	12.75%	Book Debts And Cash Collateral	500,000,000	-	291,666,670
68	Monthly	20,833,333	24	Feb-16	12.75%	Book debts and cash collateral of 5%	500,000,000	-	458,333,333
69	Monthly	7,812,500	32	May-14	13.65%	Book Debts; Cash collateral of 10%	250,000,000	-	77,803,703
70	Monthly	3,125,000	32	Oct-15	13.65%	Book Debts; Cash collateral of 10%	100,000,000	-	81,047,765
71	Quarterly	6,667,000	12	Sep-13	13.00%	Book debts	80,000,000	-	13,330,000
72	Quarterly	5,264,000	19	Feb-16	13.30%	Book Debts; Cash collateral of 10%	100,000,000	-	94,736,000
73	Quarterly	5,264,000	19	Feb-16	13.30%	Book Debts; Cash collateral of 10%	100,000,000	-	94,736,000
74	Quarterly	20,000,000	10	Sep-16	13.50%	Book debts	200,000,000	-	200,000,000
75	Monthly	4,583,333	24	May-15	14.50%	Book debts and cash collateral of 5%	110,000,000	-	63,496,929
76	Monthly	6,250,000	24	Dec-15	14.25%	Security Post Dated Cheques	150,000,000	-	127,855,793
77	Monthly	634,921	63	May-15	18.00%	Unsecured	40,000,000	-	35,422,004
78	Monthly	8,333,333	24	Aug-15	13.50%	Book Debts; Cash collateral of 10%	200,000,000	-	133,333,336
79	Monthly	7,777,778	18	Aug-15	15.75%	Book Debts; Cash collateral of 7%	140,000,000	-	81,812,349
80	Quarterly	6,250,000	8	Jun-16	12.25%	Book Debts; Term Deposit Receipt of 5%	50,000,000	-	50,000,000
81	Monthly	312,500	48	Jun-15	15.50%	Book Debts And Cash Collateral	15,000,000	-	12,650,670
82	Monthly	250,000	60	Mar-16	15.00%	Book debts and cash collateral of 5%	15,000,000	-	14,830,650
83	,	4,166,700	18	Dec-14	13.50%	Book Debts And Cash Collateral	75,000,000	-	12,499,500
84	Monthly	2,083,333	24	Jun-14	11.55%	Book Debts And Cash Collateral	50,000,000	-	4,166,674
85	Monthly	16,666,666	12	Dec-14	13.30%	Book Debts	200,000,000	-	-
86	Quarterly	12,500,000	12	Aug-14	14.50%	Book Debts And Cash Collateral	50,000,000	-	-
87	Monthly	1,871,000	18	May-14	14.95%	Book Debts And Cash Collateral	30,000,000	-	-
88	Monthly	5,882,353	17	Aug-14	16.00%	Book Debts and Personal Guarantee.	100,000,000	-	-
89	Quarterly	8,333,333	12	Jun-13	15.25%	Book Debts; Cash collateral of 5%	100,000,000	-	-
90	Quarterly	31,250,000	8	Apr-14	13.75%	Book debts	250,000,000	-	-
91	Monthly	15,000,000	12	Jun-14	13.30%	Book Debts & Cash collateral	180,000,000	-	-
92	Quarterly	8,750,000	8	Oct-13	14.25%	Book debts	70,000,000	-	-
93	Quarterly	5,000,000	12	Oct-10	14.00%	Book Debts; Cash collateral of 5%	70,000,000	-	-
94	Quarterly	25,000,000	20	Oct-06	13.00%	Book Debts; Cash collateral of 10%	500,000,000	-	-
95	Monthly	7,692,308	13	Apr-14	16.00%	Book Debts	100,000,000	-	-
96	Monthly	5,882,353	17	Jul-14	16.00%	Book Debts	100,000,000	-	-
97	Quarterly	35,714,286	7	Jul-14	13.05%	Book debts	250,000,000	-	-
98	Monthly	5,042,000	18	Oct-13	15.33%	Book Debts	90,000,000	-	-
99	Monthly	6,864,000	18	Apr-14	15.04%	Book Debts	110,000,000	-	-
100	Monthly	2,083,333	24	Apr-14	12.05%	Book Debts	50,000,000	-	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

SL. NO.	REPAYMENT TERMS	AMOUNT PER INSTALMENT ₹	NUMBER OF INSTALMENTS	COMMENCEMENT MONTH	INTEREST RATE PER ANNUM	NATURE OF THE SECURITY	LOAN AMOUNT ₹	OUTSTANDING AS AT	
								31 MARCH 2017 ₹	31 MARCH 2016 ₹
101	Quarterly	\$156,250	12	Mar-16	3 month LIBOR + 420 bps	Book debts	231,996,328	-	238,382,454
102	Quarterly	\$156,250	12	Mar-16	3 month LIBOR + 420 bps	Unsecured	231,996,328	-	238,385,266
								-	10,525,057,296

Note: For interest rates on floating basis, rates disclosed above represents the rate of interest as at 31 March 2016

	AS AT 31 MARCH 2017 IN ₹	AS AT 31 MARCH 2016 IN ₹
Classified as		
Long term borrowings (Also, refer note 5)		
Term loans (Also, refer note 5)		
- From banks (secured)	-	8,597,068,866
- From other parties		
Secured	-	1,654,181,160
Unsecured	-	273,807,270
	-	10,525,057,296

B. DEBENTURES

SL NO	REPAYMENT TERMS	AMOUNT PER INSTALMENT ₹	NUMBER OF INSTALMENTS	COMMENCEMENT MONTH	INTEREST RATE PER ANNUM	NATURE OF THE SECURITY	LOAN AMOUNT ₹	OUTSTANDING AS AT		
								31 MARCH 2017 ₹	31 MARCH 2016 ₹	
1	One time payment	30,000,000	1	Dec-20	14.75%		30,000,000	-	30,000,000	
2	Monthly	1,25,00,000	16	Oct-15	11.84%	First ranking exclusive charge over the Hypothecated Property, which shall be equal to the value of the Outstanding Principal amount multiplied by 1.1 times.	200,000,000	-	125,000,000	
3	Monthly	1,04,16,667	24	Oct-15	12.75%		250,000,000	-	187,500,000	
4	Monthly	62,50,000	24	Oct-15	13.02%		150,000,000	-	112,500,000	
5	Monthly	3,500,000	24	Aug-14	13.25%		84,000,000	-	14,000,028	
6	Monthly	4,166,700	24	Oct-14	13.25%		100,000,000	-	25,000,000	
7	Quarterly	5,833,240	24	Jan-15	13.50%		140,000,000	-	46,666,760	
8	Quarterly	4,166,700	24	Feb-15	13.25%		200,000,000	-	83,333,400	
9	Half yearly	18,750,000	8	Mar-17	19.00%		Unsecured	150,000,000	-	150,000,000
10	Half yearly	15,000,000	8	Mar-17	18.00%		Unsecured	120,000,000	-	120,000,000
11	Half yearly	1,87,50,000	8	Feb-18	19.00%		Unsecured	150,000,000	-	150,000,000
12	One time payment	20,00,00,000	1	Dec-21	16.25%		Unsecured	200,000,000	-	200,000,000
							1,774,000,000	-	1,244,000,188	

	AS AT 31 MARCH 2017 IN ₹	AS AT 31 MARCH 2016 IN ₹
Classified as		
Long term borrowings (Also, refer note 5)		
Debentures		
Secured	-	624,000,188
Unsecured	-	620,000,000
	-	1,244,000,188

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

31 DISCONTINUING OPERATIONS

The Company was registered under the category of Non-Banking Financial Company - Micro Finance Institutions ("NBFC-MFI") with RBI and the Company was engaged in the business of providing loans to women borrower which is the primary segment of business. Pursuant to the board approval dated 1 September 2016 the Board of Directors has approved the business plan of assignment of loan receivable to IDFC Bank Limited and the Board of Director has entered in to a Master Assignment Agreement for assignment of loan receivable balances as on 29 September 2016 to IDFC Bank Limited. Consequent to the above transactions, and further to the explanations provided in Note 1(a), the Company has surrendered its Certificate of Registration as an NBFI and discontinued the business of providing direct loans to borrowers.

The amounts of revenue and expenses in respect of the ordinary activities attributable to the discontinuing operation during the current financial reporting period.

	YEAR ENDED 31 MARCH 2017	YEAR ENDED 31 MARCH 2016
	IN ₹	IN ₹
REVENUE		
Revenue from operations	2,060,339,869	3,031,028,571
Other income	2,810,763	21,426,452
TOTAL REVENUE	2,063,150,632	3,052,455,023
EXPENSES		
Employee benefits expense	500,253,711	741,742,575
Finance costs	987,910,623	1,372,253,619
Other expenses	130,746,507	278,747,291
TOTAL EXPENSES	1,618,910,841	2,392,743,485
Profit before exceptional item and taxes	444,239,791	659,711,538
Exceptional item	186,863,267	-
Profit before tax	257,376,524	659,711,538
Tax expense	102,442,093	241,593,273
Profit after tax	154,934,431	418,118,265
Net cash flows from:-		
Operating activities	9,444,022,051	(1,236,121,210)
Financing activities	(13,150,900,503)	2,833,532,600
Investing activities	76,690,138	(1,695,438,025)

Note: There were no gain/loss due to transfer of assets and liabilities pursuant to discontinuance of the above business.

The carrying amounts of total assets and liabilities of discontinuing operations are as follows:-

	AS AT 31 MARCH 2017	AS AT 31 MARCH 2016
	IN ₹	IN ₹
Total assets	245,212,245	13,305,681,624
Total liabilities	103,068,479	13,035,976,133
NET ASSETS	142,143,766	269,705,491

The company expects to realise the above assets and settle the liabilities pertaining to discontinuing operations before 31 March 2018.

32 CONTINGENT LIABILITIES

- Credit enhancements provided by the Company towards assignment / securitisation transactions aggregating to ₹ 216,310,540 (cash collateral) (31 March 2016: ₹ 923,819,644 (cash collateral and principal subordination))
- Demand for service tax received from service tax authorities in respect of which the Company has gone for appeal is ₹ 32,324,580 (31 March 2016: ₹ 32,324,580). Based on the management assessment, crystallization of liability on these items is not considered probable and hence not acknowledged as debt by the Company.
- During the year the Company had received demand for Income tax for ₹ 14,861,720 in respect of which the Company has gone for appeal. Based on the management assessment, crystallization of liability on these items is not considered probable and hence not acknowledged as debt by the Company.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED MARCH 31, 2017

33 CORPORATE SOCIAL RESPONSIBILITY

As per Section 135 of the Companies Act, 2013, the Company needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. The areas for CSR activities are eradication of hunger, poverty and malnutrition, promoting health care and sanitation, promoting education, promoting gender equality, empowering women, destitute care and rehabilitation, ensuring environment sustainability, protection of national heritage, art and culture, disaster relief and rural development projects. A CSR committee has been formed by the Company as per the Companies Act, 2013. With the approval of CSR Committee, the funds were primarily allocated and utilized through the year on these activities which are specified in Schedule VII of the Companies Act, 2013.

Gross amount required to be spent by the Company during the year is ₹ 6,551,481 (previous year ₹ 2,602,890).

Particulars	In ₹		
	IN CASH	YET TO BE PAID	TOTAL
For the year ended 31 March 2017			
On construction/acquisition of any asset	-	-	-
On purposes other than above	6,740,902	-	6,740,902
For the year ended 31 March 2016			
On construction/acquisition of any asset	-	-	-
On purposes other than above	3,022,859	-	3,022,859

34 DISCLOSURE ON SPECIFIED BANK NOTES (SBNS)

During the year, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R.308(E) dated 30 March 2017 on the details of SBN held and transacted during the period between 08 November 2016 to 30 December 2016, the denomination wise SBNS and other notes as per the notification are given below:-

PARTICULARS	In ₹		
	SBNS*	OTHER DENOMINATION NOTES	TOTAL
Closing cash in hand as on 08 November 2016	6,294,000	1,887,182	8,181,182
(+) Permitted receipts	818,802,000	3,280,343,950	4,099,145,950
(-) Permitted payments	-	1,305,753,852	1,305,753,852
(-) Amount deposited in Banks	825,093,000	1,970,939,937	2,796,032,937
Closing cash in hand as on 30 December 2016	3,000	5,537,343	5,540,343

*For the purpose of this clause, the term "Specified Notes" shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O.3407(E), dated 08 November 2016

This is the summary of significant policies and other explanatory information referred to in our report of event date.

For Walker Chandiook & Co LLP
Chartered Accountants
(Registration No. 117366W/W-100018)

For and on behalf of the Board of Directors of
IDFC Bharat Limited
(Formerly, Grama Vidiyal Micro Finance Limited)

per Sumesh E S
Partner

S Devaraj
Chairperson

Arjun Muralidharan
Managing Director and CEO

Tiruchirappalli | April 20, 2017

Boby Xavier
Company Secretary