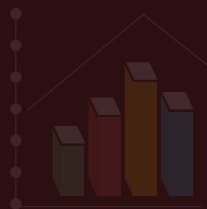


Our mission is to ensure that every individual and every enterprise has complete access to financial services.

2016-17 ANNUAL REPORT



INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF IFMR TRUST

Report on the Financial Statements

We have audited the accompanying financial statements of IFMR TRUST("the Trust"), which comprise the Balance Sheet as at 31st March , 2017, Profit and Loss Account and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Trust's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Trust in accordance with the accounting principles generally accepted in India including the Accounting Standards applicable to non-corporate entities issued by Institute of Chartered Accountants of India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

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

Report on Other Legal and Regulatory Requirements

1. We report that:

- (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Trust so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Profit and Loss Account, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the Balance Sheet, Profit and Loss Account, and the Cash Flow Statement comply with the Accounting Standards applicable to non-corporate entities issued by the Institute of Chartered Accountants of India.

CHENNAI,
July 13, 2017

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm's Registration No. 008072S)
Bhavani Balasubramanian
(Partner)
(Membership No. 22156)

Balance Sheet as at 31st March, 2017

(Amount in INR)

Particulars	Note No.	As at 31st March 2017	As at 31st March 2016
I EQUITY AND LIABILITIES			
General Fund		1,000	1,000
Reserves and Surplus	3	(27,057,186)	251,271,830
Non current Liabilities			
Other Long-term Liabilities	4	564,628,532	564,628,532
Long-Term Provision	5	991,863	1,129,762
		565,620,395	565,758,294
Current Liabilities			
Trade Payables	6	187,696	1,140,617
Other Current Liabilities	7	54,983,107	484,020
Short-Term Provisions	8	5,473,843	5,598,226
		60,644,646	7,222,863
TOTAL		599,208,855	824,253,987
II. ASSETS			
Non-current assets			
Fixed Assets	9		
Tangible Assets		9,445,116	9,932,142
Intangible Assets		254,796	212,130
Non-current investments	10	248,017,588	469,507,488
Long-term loans and advances	11	122,713,595	196,912,286
		380,431,095	676,564,046
Current assets			
Current Investments	10	140,000,000	62,336,000
Cash and Cash Equivalents	12	8,355,535	17,501,086
Short-term Loans and Advances	13	70,422,225	67,852,855
		218,777,760	147,689,941
TOTAL		599,208,855	824,253,987

See accompanying notes forming part of the financial statements
In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Bhavani Balasubramanian
Partner

Place: Chennai
Date: 13 July 2017

For and on behalf of IFMR Trust

Bindu Ananth
Director

V.Vijayaraghavan
Head - Corporate Centre

Statement of Profit and Loss for the Year ended 31st March 2017

(Amount in INR)

Particulars	Note No.	For the Year ended 31st March 2017	For the Year ended 31st March 2016
INCOME			
Revenue from Operations	14	37,968,333	36,680,611
Other Income	15	11,101,624	7,092,203
TOTAL REVENUE (I)		49,069,957	43,772,814
EXPENDITURE			
Employee Benefits Expense	16	11,148,844	16,870,912
Depreciation	9	1,304,558	1,447,085
Interest and Finance Expense	17	14,848	15,009
Other Expenses	18	314,930,723	46,876,930
TOTAL EXPENSES (II)		327,398,973	65,209,936
Loss for the year before tax (I-II)		(278,329,016)	(21,437,122)
Tax Expenses			
a Current tax expenses for current year		-	-
b Deferred Tax		-	-
Loss for the year		(278,329,016)	(21,437,122)

See accompanying notes forming part of the financial statements
In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Bhavani Balasubramanian
Partner

Place: Chennai
Date: 13 July 2017

For and on behalf of IFMR Trust

Bindu Ananth
Director

V.Vijayaraghavan
Head - Corporate Centre

Cash Flow Statement for the Year ended 31st March, 2017

(Amount in INR)

Particulars	As at 31st March 2017	As at 31st March 2016
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Loss before Tax	(278,329,016)	(21,437,122)
<i>Adjustments for:</i>		
Depreciation	1,304,558	1,447,085
Interest income on fixed deposit	-	-
Provision Written Back on Accrued Expenses	1,254,556	(303,777)
Provision Written Back on Mutual Funds	-	-
Gain on Sale of Investments in shares	-	-
Gain on Sale of Investments in Mutual Funds	-	-
Provision for Gratuity	(137,899)	(344,650)
Bad debts	-	-
Advances written off	-	-
Provision for diminution in value of investments	(275,970,743)	-
Operating Loss before working capital changes	(551,878,544)	(20,638,464)
<i>Changes in working capital:</i>		
<i>Adjustments for (increase)/decrease in operating assets</i>		
Non Current Investments	275,970,743	-
Long-term Loans and Advances	79,418,748	46,554,525
Short-term Loans and Advances	(2,569,370)	952,541,901
<i>Adjustments for increase/(decrease) in operating Liabilities</i>		
Trade Payables	(952,921)	(1,930,493)
Other current Liabilities	54,499,087	(1,000,065)
Short Term provisions	(1,378,939)	1,869,157
Cash (used in) / generated from operations	(146,891,196)	977,396,561
Less: Income Taxes paid	5,220,057	11,424,593
Net cash (used in) / generated from operating activities (A)	(152,111,253)	965,971,968
B CASH FLOW FROM INVESTING ACTIVITIES:		
Capital expenditure on Fixed assets	(860,198)	(414,869)
Proceeds from Sale of fixed assets	-	56,687
Purchase of Investments - Current	-	-
Purchase of Investments - Non Current	221,489,900	-
Proceeds from sale of investments - non-current	-	-
Proceeds from sale of investments - current	-	-
Interest Received - Fixed deposits	-	-
Net cash generated from Investing activities (B)	220,629,702	(358,182)

Particulars	As at 31st March 2017	As at 31st March 2016
C CASH FLOW FROM FINANCING ACTIVITIES:		
Repayment of Borrowings	-	(1,000,000,000)
Net cash used in financing activities (C)	-	(1,000,000,000)
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	68,518,449	(34,386,214)
Cash & Cash Equivalents at the beginning of the year	79,837,087	8,057,301
Add: Current investments considered as part of Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) (Refer Note (iii) to Note 10 Current investments)	-	106,166,000
Cash & Cash Equivalents at the end of the year	148,355,536	79,837,087
Reconciliation of cash and cash equivalents:		
Cash and Cash Equivalents as per Balance sheet (Refer Note No 12)	148,355,535	79,837,087
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements	-	-
Deposits maturing beyond a period of three months	-	-
Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) included in Note 12	148,355,535	79,837,087
Cash and cash equivalents at the end of the year comprises of		
(a) cash on hand	16,082	8,994
(b) Balances with banks in Savings Account	8,339,453	17,492,092
(c) Balances with banks in Deposit Account	-	-
(d) Current investments considered as part of Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) (Refer Note (iii) to Note 10 Current investments)	140,000,000	62,336,000

See accompanying notes forming part of the financial statements
In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants

Bhavani Balasubramanian
Partner

Place: Chennai
Date: 13 July 2017

For and on behalf of IFMR Trust

Bindu Ananth
Director

V.Vijayaraghavan
Head - Corporate Centre

Notes to financial statements**1. Corporate Information**

IFMR Trust is a private trust established under the Indian Trust Act 1882 on 19th October 2006 at Chennai represented by DVARA Trusteeship Services Private Limited (Previously Known as IFMR Trusteeship Services Private Limited) acting in its capacity as trustee to IFMR Trust. IFMR Trust's mission is to ensure that every individual and every enterprise has complete access to financial services. The names and the business of the major Companies which are incubated / acquired by the Trust have been elucidated below:

- IFMR Holdings Private Limited (IFMR Holdings): IFMR Holdings was incorporated on 30th December, 2013 as a wholly owned subsidiary of IFMR Trust with the aim to carry on business as investment company.
- IFMR Capital Finance Private Limited (IFMR Capital): IFMR Capital's mission is to act as a bridge to mainstream capital markets for entities and asset classes of relevance to low-income households. Its objective is providing liquidity and developing access to debt-capital markets for critical sectors such as, rural financial service providers, urban financial service providers that focus on low-income households, municipalities, rural infrastructure.
- IFMR Rural Finance Services Private Limited (IFMR Rural Finance): High quality delivery of financial services requires delivering them in a convenient, flexible, reliable and continuous manner. IFMR Rural Finance therefore has been set up by IFMR Trust with a mandate to design a model that can withstand scrutiny on the aforementioned essential parameters and thus pave the way towards complete financial inclusion in rural remote India.
- IFMR Finance Foundation: IFMR Trust's principal strategy for ensuring complete access to financial services is advocacy. IFMR Finance Foundation is looking to complement existing efforts in the arena of access to financial services by supporting practice-relevant action research and pilot projects on access to finance, and by influencing thinking and action among key sectoral actors.
- IFMR Mezzanine Finance Private Limited (IFMR Mezzanine): IFMR Mezzanine is established with the aim to facilitate access to risk capital to microfinance institutions (MFIs). It is intended that this Company will make investments in micro financial institutions in the form of subordinated debt instruments with a quasi-equity nature that can be leveraged by the microfinance institutions with other lenders, allowing them to access funds that were hitherto unavailable to them. This is the first attempt to enable MFIs to use a new class of liability to leverage their equity capital for further expansion.
- IFMR Rural Channels and Services Private Limited (IRCS): IRCS was established during the year 2011-12 for facilitating financial services delivery to rural households including those in relation to third party products.
- IFMR Investment Adviser Services Private Limited (IFMR Advisory): IFMR Advisory was established during the year 2012-13 for facilitating investments and act as advisors to provide financial/ investment advice to both Indian and Foreign Investors.
- Pudhuaaru Financial Services Private Limited (PFSPL): PFSPL, a subsidiary of IRCS is a non-deposit taking NBFC. This company was incorporated in 04th March 1993, and is engaged in the business of providing financial services in remote rural parts of Thanjavur & Thiruvarur District.
- Ankur Services Private Limited ("Ankur"): Ankur is a private limited company incorporated under the Companies Act, 1956. Ankur was a non-deposit taking Non-banking Finance Company incorporated on January 9, 1995 and was engaged in the business of providing financial services. The Company voluntarily surrendered the Certificate of Registration (COR) issued by Reserve Bank of India (RBI) and RBI has cancelled the COR vide its letter dated May 12, 2016. It is proposed to merge Ankur with its Parent Company IRCS and the Board has also approved the scheme for merger. Ankur is in the process of filing petition before the Hon'ble High Court of Chennai for merger.
- IFMR Investment Managers Private Limited (IFMR Investment Managers): IFMR Investment Managers was incorporated on 17th February 2014, as a wholly owned subsidiary of IFMR Trust with the aim to carry on the business of investment Company and also to provide portfolio management services to offshore funds and all kinds of investment funds.

2. Significant accounting policies

2.1 Basis of accounting and preparation of financial statements:

The financial statements are prepared under the historical cost convention, on the accrual basis of accounting and in accordance with accounting principles generally accepted in India and comply with the accounting standards applicable to non-corporate entities issued by the Institute of Chartered Accountants of India (ICAI). The accounting policies adopted in the preparation of financial statements are consistent with those followed in the previous year.

The Trust is classified as a Level I enterprise as defined by the scheme of applicability of accounting standards applicable to non-corporate entities issued by ICAI. Accordingly, the Trust is required to comply with all mandatory accounting standards applicable to non-corporate entities as prescribed by the ICAI.

2.2 Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year.

The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the periods in which the results are known / materialize.

2.3 Cash flow statement

Cash flows are stated using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information. Cash Comprises cash on hand and demand deposits with banks. Cash equivalents are short term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.4 Fixed Assets and Depreciation:

(a) Tangible / Intangible Fixed Assets:

Fixed assets are stated at cost less accumulated depreciation / amortization. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use.

(b) Depreciation:

Depreciation on tangible assets has been provided on the Written Down Value Method as below:

Asset category	Depreciation rate
Furniture and Fittings	10%
Computers and software	60%
Office Equipment	15%
Vehicles	15%
Leasehold Improvements	100%

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

Intangibles are amortized over their estimated useful life as assessed by the management based on the future economic benefits, as per the following basis.

2.5 Impairment of assets:

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

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

If the carrying amount of the assets exceeds the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the profit and loss account, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the profit and loss account, to the extent the amount was previously charged to the profit and loss account. In case of revalued assets such reversal is not recognised.

2.6 Revenue recognition:

Interest income on loans given is recognized under internal rate of return method in accordance with the terms of agreement with the borrowers. Interest income on bank deposits is accounted on accrual basis.

Income from shared services and Infrastructure services between the group companies is recognized on accrual basis, in accordance with mutually agreed terms.

Dividend income on mutual fund investment is accounted for when the right to receive it is established.

Gain from sale of investments is calculated as the excess of sale consideration received over the cost of acquisition of the respective investments.

2.7 Investments:

Investments that are readily realizable and are intended to be held for not more than one year from the balance sheet date, are classified as current investments. All other investments are classified as long term investments. Current investments are stated at lower of cost and fair value. Long-term investments are stated at cost of acquisition. Provision for diminution is made if such diminution is considered other than temporary in nature. Investments in Mutual Funds are valued at the lower of cost or fair value, prevailing as at the balance sheet date. Cost of investments includes acquisition charges such as brokerage, fees and duties, as applicable.

2.8 Employee benefits:

Employee benefits include provident fund, gratuity and compensated absences.

Defined contribution plans:

Provident Fund

Fixed Contributions to Provident Fund made on monthly basis with relevant authorities are absorbed in the Profit and Loss Account.

Defined benefit plans (Long term Employee Benefits)

Gratuity

The Trust accounts for its liability for future gratuity benefits based on the actuarial valuation, as at the balance sheet date, determined by an Independent Actuary using the Projected Unit Credit method and is provided for. The Trust's gratuity plan is non-funded. Actuarial gains and losses are recognized in the Profit and Loss Account in the year in which they occur.

Compensated absences

Employees are not provided with compensated absence benefit.

2.9 Service Tax Input Credit:

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing/utilizing the same.

2.10 Operating Cycle

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Trust has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

2.11 Taxes on Income:

(a) Income tax

Current tax is determined in accordance with the provisions of Income tax act, 1961.

(b) Deferred tax

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses and items relating to capital losses are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Trust has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

2.12 Provisions, contingent liabilities and contingent assets:

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

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

2.13 Leases:

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

Finance leases

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

Operating leases

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

2.14 Foreign Currency Transactions

Transaction in foreign currencies is accounted at the exchange rates prevailing on the date of the transaction and the realized exchange loss /gain is dealt with in the Profit and Loss Account. Monetary assets and liabilities denominated in foreign currency are restated at the rates of exchange as on the Balance Sheet date and the exchange gain/loss is suitably dealt with in the statement of Profit and Loss Account.

2.15 Provision for advances:

Provision for advances given to various parties is made based on the management's analysis of the recoverability of such advances outstanding as at the balance sheet date.

Notes forming part of Financial Statements:

Amount in INR

Particulars	As at 31st March 2017		As at 31st March 2016	
Note 3: Reserves and Surplus				
Surplus / (Deficit) in profit and loss A/c				
Opening balance	251,271,830		272,708,952	
Less: Loss for the year	(278,329,016)		(21,437,122)	
Closing balance		(27,057,186)		251,271,830
Note 4: Other Long-term Liabilities				
Revocable Grants from Banks #		564,628,532		564,628,532
		564,628,532		564,628,532
# Revocable grants represent funding for specific purpose.				
Note 5: Long-term Provision				
Provision for Employee Benefits (Refer Note No.21)		991,863		1,129,762
Total		991,863		1,129,762
Note 6: Trade Payables				
Sundry Creditors		187,696		1,140,617
Total		187,696		1,140,617
Note 7: Other Current Liabilities				
Statutory Liabilities		95,484		461,020
Other Liabilities		406,780		23,000
IFMR Mezzanine - Deffered Purchase Consideration*		54,480,843		-
Total		54,983,107		484,020
* During the year the entity acquired the shares held by its subsidiary, IFMR Mezzanine Finance Private Limited in IFMR Rural Finance Private Limited for a consideration of INR 54,480,843, which is payable to them on deferred basis not later than 24 months, either by way of a) cash, or, b) by issuance of redeemable preference shares of the Company equivalent to the value of sale consideration, as per the terms of agreement.				
Note 8: Short-Term Provisions				
Provision for Employee Benefits (Refer Note No.21)		28,875		40,873
Other Provisions		5,444,968		5,557,353
Total		5,473,843		5,598,226

Notes forming part of Financial Statements:

Note 9: Fixed Assets

(Amount in INR)

Asset	Gross Block				Depreciation				Net Block	
	As at 01-April-2016	Additions during the year	Deletions during the year	As at 31-March-2017	As at 01-April-2016	For the year	Deletions during the year	As at 31-March-2017	As at 31-March-2017	As on 31-March-2016
Tangible Assets										
Land	2,901,342	-	-	2,901,342	-	-	-	2,901,342	2,901,342	2,901,342
(Previous Year)	(2,901,342)	-	-	(2,901,342)	-	-	-	(2,901,342)	(2,901,342)	(2,901,342)
Furniture and Fittings	8,032,197	-	-	8,032,197	3,857,179	417,502	-	4,274,681	3,757,516	4,175,018
(Previous Year)	(8,032,197)	-	-	(8,032,197)	(3,393,288)	(463,891)	-	(3,857,179)	(4,175,018)	(4,638,909)
Computers	15,570,013	42,210	-	15,612,223	15,303,285	178,468	-	15,481,753	130,470	266,728
(Previous Year)	(15,431,521)	(354,801)	(216,309)	(15,570,013)	(15,244,431)	(218,476)	(159,622)	(15,303,285)	(266,728)	(187,090)
Office Equipments	6,217,783	486,988	-	6,704,771	3,777,784	397,895	-	4,175,679	2,529,092	2,439,999
(Previous Year)	(6,157,715)	(60,068)	-	(6,217,783)	(3,357,564)	(420,220)	-	(3,777,784)	(2,439,999)	(2,800,151)
Vehicles	542,801	-	-	542,801	393,746	22,359	-	416,105	126,696	149,055
(Previous Year)	(542,801)	-	-	(542,801)	(367,442)	(26,304)	-	(393,746)	(149,055)	(175,359)
Leasehold Improvements	48,013,742	-	-	48,013,742	48,013,742	-	-	48,013,742	-	-
(Previous Year)	(48,013,742)	-	-	(48,013,742)	(48,013,742)	-	-	(48,013,742)	-	-
Total - A	81,277,878	529,198	-	81,807,076	71,345,736	1,016,224	-	72,361,960	9,445,116	9,932,142
(Previous Year)	(81,079,318)	(414,869)	(216,309)	(81,277,878)	(70,376,467)	(1,128,891)	(159,622)	(71,345,735)	(9,932,142)	(10,702,851)
Intangible Assets										
Software	12,991,551	331,000	-	13,322,551	12,779,421	288,334	-	13,067,755	254,796	212,130
(Previous Year)	(12,991,551)	-	-	(12,991,551)	(12,461,227)	(318,194)	-	(12,779,421)	(212,130)	(530,324)
Total - B	12,991,551	331,000	-	13,322,551	12,779,421	288,334	-	13,067,755	254,796	212,130
(Previous Year)	(12,991,551)	-	-	(12,991,551)	(12,461,227)	(318,194)	-	(12,779,421)	(212,130)	(530,324)
Grand Total (A+B)	94,269,429	860,198	-	95,129,627	84,125,157	1,304,558	-	85,429,715	9,699,912	10,144,272
Previous Year	(94,070,869)	(414,869)	(216,309)	(94,269,429)	(82,837,694)	(1,447,085)	(159,622)	(84,125,156)	(10,144,272)	(11,233,175)

Notes forming part of Financial Statements:

Amount in INR

Particulars	As at 31st March 2017		As at 31st March 2016	
Note 10: Non-Current Investments				
In Subsidiaries (Unquoted)				
IFMR Rural Finance Services Private Limited (25,899,990 Equity Shares (Previous Year 21,149,990 Equity Shares) of INR 10 each)	265,970,743			211,499,900
Less: Provision for Diminution (Refer Note 25)	(265,970,743)	-		-
IFMR Mezzanine Finance Private Limited (1,000,000 Equity Shares (Previous Year 1,000,000 Equity Shares) of INR 100 each)		100,400,000		100,400,000
IFMR Holdings Private Limited (1,513,885* Equity Shares (Previous Year 1,436,000 Equity Shares) of INR 100 each)		143,610,000		143,600,000
IFMR Finance Foundation (9,990 Equity Shares (Previous Year 9,990 Equity Shares) of INR 10 each)		99,900		99,900
IFMR Ventures India Private Limited (99,990 Equity Shares (Previous Year 99,990 Equity Shares) of INR 10 each)	999,900		999,900	
Less: Provision for Diminution (Refer Note 25)	(999,900)	-	(999,900)	-
		244,109,900		455,599,800
* During the year, 100 Shares of Compulsorily Convertible Preference Shares (CCPS) were issued on 16th November 2016 and subsequently was converted into 100 Equity shares on 29th March 2017. During the year, 77,785 Bonus Shares issued on 29th March 2017				
Investments in Associates (Unquoted)				
IKP Center For Advancement in Agricultural Practices (4,900 Equity Shares (Previous Year 4,900 Equity Shares) of INR 10 each)		49,000		49,000
		49,000		49,000
Investments in Other Companies (Unquoted)				
Education Initiatives Private Limited (24,583 Equity Shares (Previous Year 24,583 Equity Shares) of INR 1 each)		3,375,108		3,375,108
Aarusha Homes Private Limited (48,358 Equity share (Previous Year 48,358 Equity Shares) of INR 10 each)		483,580		483,580
		3,858,688		3,858,688
Investments in Preference Shares				
IFMR Rural Finance Private Limited (1,00,000 Shares (Previous Year 1,00,000 Shares) of 100 Each)	10,000,000			10,000,000
Less: Provision for Diminution (Refer Note 25)	(10,000,000)	-		-
		-		10,000,000
Total Non-Current Investments		248,017,588		469,507,488

Particulars	As at 31st March 2017		As at 31st March 2016	
Current Investments (Lower of cost and Fair Value)				
Investments in Mutual Funds (Trade, Unquoted)				
Baroda Pioneer PSU Equity Fund	-		2,000,000	
Current Year NIL (Previous year 2,00,000 Units) of Rs.10 each				
Less: Provision for Diminution	-	-	(664,000)	1,336,000
Franklin India Ultra Short Bond Fund - Direct		30,000,000		-
1,344,266.703 Units (Previous year - NIL) of Rs.22.3170 each				
Franklin Templeton Mutual Fund		-		31,000,000
Current Year NIL (Previous year - 1,522,718.622) of Rs.20.3583 each				
Baroda Pioneer Treasury Advantage Fund - Plan A Growth		30,000,000		20,000,000
15,619.025 Units (Previous year - 11,399.081) of Rs.1,920.7345 each				
ICICI Prudential Ultra Short Term Fund - Reg. Plan Growth		-		10,000,000
Current Year NIL (Previous year - 653,312.950 Units) of Rs.15.3066 each				
HDFC CASH MANAGEMENT FUND		30,000,000		-
847,323.587 Units (Previous year - NIL) of Rs.35.4056 each				
Birla Sunlife Cash Management Fund Growth - Direct		20,000,000		-
49,288.059 Units (Previous year - NIL) of Rs.405.7778 each				
Indiabulls Ultra Short Term Fund G - Direct		30,000,000		-
18.634.029 Units (Previous year - NIL) of Rs.1609.9578 each				
Total Current Investments		140,000,000		62,336,000
<i>Note:</i>				
(i) Aggregate market value of current investments		140,093,571		62,355,149
(ii) Aggregate amount of unquoted investment		140,000,000		62,336,000
(iii) Investments in the nature of "Cash and cash equivalents" (as defined in AS 3 Cash Flow Statements) considered as part of Cash and cash equivalents in the Cash Flow Statement.		140,000,000		62,336,000

Notes forming part of Financial Statements:

Amount in INR

Particulars	As at 31st March 2017		As at 31st March 2016	
Note 11: Long-Term Loans and Advances				
Unsecured, considered good				
Security Deposits		47,686,084		51,548,040
Loans and Advances to Related Party (Refer Note 23)		-		36,319,192
Other Loans and Advances	7,065,475		46,303,075	
Less: Provisions	-	7,065,475	-	46,303,075
Advance Taxes (Net of Provision Current year - 61,373,051 (PY - INR 61,373,051))		67,962,036		62,741,979
Total		122,713,595		196,912,286
Note 12: Cash and Cash Equivalents				
Cash on hand		16,082		8,994
Balances with Banks in - Savings account		8,339,453		17,492,092
Total		8,355,535		17,501,086
Of the above, the balances that meet the definition of Cash and Cash Equivalents as per AS 3		8,355,535		17,501,086
Note 13: Short-Term Loans and Advances				
Considered good				
Loans and Advances to Related Parties (Refer Note 23)				
- Other Advances		65,180,543		63,177,933
Deposits:				
- Security Deposits for Employees		449,460		688,630
- Other Deposits		-		11,388
Prepaid Expenses		238,930		334,223
Advances recoverable in cash or in kind or for value to be received		1,478,302		1,143,448
Loans to Others		15,991		85,632
Interest Accrued but not due		1,924,809		664,542
Balances with authorities		1,134,190		1,747,059
Amount recoverable towards remuneration	160,000		140,000	
Less: Remuneration payable to Trustees	(160,000)	-	(140,000)	-
Considered doubtful				
Loans and Advances to Related Parties	15,436,677		15,436,677	
Less: Provisions	(15,436,677)	-	(15,436,677)	-
Total		70,422,225		67,852,855

Notes forming part of Financial Statements:

Amount in INR

Particulars	For the year ended 31-March-2017		For the year ended 31-March-2016	
Note 14: Revenue from Operations				
Interest on Loans		4,550,541		9,698,093
Income from Shared Services		3,494,466		2,735,641
Income from Infrastructure Services		29,923,326		24,246,877
Total		37,968,333		36,680,611
Note 15: Other Income				
Gain on Sale of Investments in Mutual Funds (Net)		9,845,358		4,956,220
Provisions no longer required written back:				
- Gratuity	-		303,777	
- Others	1,254,556	1,254,556	-	303,777
Dividend Income		-		245,830
Miscellaneous Income		1,710		1,586,376
Total		11,101,624		7,092,203
Note 16: Employee Benefits Expense				
Salaries, Allowances and Bonus		9,101,973		14,278,236
Contribution to Provident Fund, Labour Welfare Fund		549,112		750,205
Staff Welfare Expenses		1,275,308		1,842,471
Gratuity		222,451		-
Total		11,148,844		16,870,912
Note 17: Interest and Finance Expenses				
Bank Charges		10,024		15,009
Interest on TDS		4,824		-
Total		14,848		15,009
Note 18: Other Expenses				
Grants		-		6,000,000
Rent and Amenities (Net)		9,616,453		8,917,615
Repairs and Maintenance				
- Computers	427,961		430,077	
- Building	4,823,236		4,105,432	
- Others	223,477	5,474,674	1,137,432	5,672,941
Postage and Telegrams		7,170		23,358
Printing and Stationery		326,005		1,013,578
Telephone Expenses		221,210		311,024
Travelling and Conveyance		2,145,350		2,097,519
Consultancy Charges		1,526,064		1,482,510
Legal and Professional Charges		9,149,476		7,134,470
Conference and Seminar Expenses		-		1,118,423
Office Expenses		8,066,159		8,021,665
Sponsorship Charges		-		250,000
Annual Maintenance Charges		68,586		46,649
Website Maintenance and Internet Expenses		1,045,725		1,000,563

Notes forming part of Financial Statements:

Amount in INR

Particulars	For the year ended 31-March-2017		For the year ended 31-March-2016	
Auditors' Remuneration				
- For Statutory Audit (inclusive of Service Tax)	800,000		800,000	
- For Tax Audit	75,000		75,000	
- For Out of Pocket Expenses	19,320	894,320	45,300	920,300
Provision for Diminution in Value of Investments		-		330,000
Provision for Diminution in the Value of Investments (Refer Note 25)		275,970,743		-
Advances written off	135,134		19,770,354	
Less : Transfer from Provision made in earlier years				
Less : Transfer from Provision made in earlier years				
Loss on Sale of Investment	(125,985)			
Less : Transfer from Provision made in earlier years (Refer note 25)	-	9,149	(17,461,945)	2,308,409
Miscellaneous Expenses		409,639		227,906
Total		314,930,723		46,876,930

19. Expenditure in Foreign Currency

Particulars	2016- 17 INR	2015-16 INR
Legal and Professional charges	1,489,950	753,953
Total	1,489,950	753,953

Additional information to the financial Statements**20. Contingent liabilities and commitments (to the extent not provided for)**

SI No.	Name of the Statute	Nature of Dues	Amount involved (in INR)	Assessment Year	Forum where dispute is pending
1	Income Tax Act, 1961	Disallowance of entire expenditure debited to profit and loss account	32,485,500* (Previous Year – 8,289,070)	AY 2009-10	Honourable Madras High Court, Chennai
2	Income Tax Act, 1961	Disallowance of entire expenditure debited to profit and loss account and disallowance of incubation	46,467,030** (Previous Year – 91,296,850)	AY 2010-11	Income Tax Appellate Tribunal
3	Income Tax Act, 1961	Disallowance of entire expenditure	NIL (Previous Year- 22,593,930***)	AY 2012-13	NA
4	Income Tax Act, 1961	Disallowance of entire expenditure	13,099,840 ****	AY 2014-15	AO/CIT

* Out of the total demand of INR 32,485,500 an amount of INR 4,144,535/- has been deposited with the concerned authorities. The honourable Income Tax Appellate Tribunal has confirmed the order of the CIT (A) and the company has further appealed to High Court against the order.

**Out of the total demand of INR 46,467,030, an amount of INR 12,000,000/- has been deposited on 4th July, 2014 and INR 1,000,000/- on 28th July 2015, INR 2,000,000/- on 31st August 2015 and INR 2,000,000/- on 24th September 2015 with the concerned authorities as per the stay order given by the honourable High Court of Madras and the balance demand has been stayed till the disposal of appeal filed in this regard with Income Tax Appellate Tribunal

***ITAT has issued an order dt.16-02-2017 dismissing the entire demand outstanding and has directed to assessing officer (AO) to verify the expenditure incurred during AY 2012-13.

**** Out of the total demand of 13,099,840, an amount of INR 1,500,000/- has been deposited on 23rd March 2017.

Accounting Standard Disclosures

21. Employee Benefits:

The Trust's obligation towards gratuity is a defined benefit plan and no fund is being maintained. The details of actuarial valuation have been given below:

Valuation as at 31st March 2017

Amount in INR

	2016-17	2015-16
Movements in Accrued Liability		
Accrued Liability as at beginning of the period:	1,170,635	1,474,412
Interest Cost	73,441	115,004
Current Service Cost	127,347	134,539
Benefits Paid	(372,348)	NIL
Actuarial (gain) / loss	(21,663)	(553,320)
Accrued Liability as at the end of the period	1,020,738	1,170,635
Amounts to be recognized in the Balance Sheet		
Present Value of obligations as on the accounting date	1,020,738	1,170,635
Liability to be recognized in the Balance Sheet	1,020,738	1,170,635
Expenses to be recognized in Profit and Loss Account		
Interest Cost	73,441	115,004
Current Service Cost	127,347	134,539
Net Actuarial (gain) / loss	21,663	(553,320)
Net Expenses to be recognized in Profit and Loss Account	222,451	(303,777)

Amount in INR

	2016-17	2015-16
Reconciliation		
Net Liability as at the beginning of the year	1,170,635	1,474,412
Net Expenses in Profit and Loss Account	222,451	(303,777)
Benefits Paid	(372,348)	NIL
Net Liability as at the end of the Year	1,020,738	1,170,635
Principal Actuarial Assumptions		
Interest Rate (Liabilities)	6.69	7.46
Return on Assets	N.A	N.A
Mortality Table	IALM(2006-08)	IALM(2006-08)
Resignation Rate per annum	3.00%	3.00%
Salary Escalation Rate	10.00%	10.00%

Notes:

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

Particulars	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12
On plan Liability (gain)/loss	21,663	(553,320)	(3,77,293)	(1,17,263)	(4,05,853)	(1,089,040)
On plan Assets (gain) / loss	NIL	NIL	Nil	Nil	Nil	Nil
Present Value of benefit obligations	1,020,738	1,170,635	1,474,412	1,445,374	1,219,078	1,028,790
Fair Value of Plan Assets	NIL	NIL	Nil	Nil	Nil	Nil
Excess of obligation over plan assets	1,020,738	1,170,635	1,474,412	1,445,374	1,219,078	1,028,790

22. Segment Reporting:

The Trust is primarily engaged in the business of providing access to financial services to the underserved population in the country. Further, the Trust does not have any separate geographical segments other than India. As such there is no separate reportable segment as per AS-17, 'Segment Reporting'.

23. Related Party Disclosures

(a) List of related parties and nature of relationship (as identified by management and relied upon by Auditors)

Parties where control exists:

i) Trustee:

DVARA Trusteeship Services Private Limited (Previously Known as IFMR Trusteeship Services Private Limited) represented by Bindu Ananth, Puneet Gupta, Kshama Fernandes and Sucharita Mukherjee – Directors

ii) Associates:

IKP Center for Advancement in Agricultural Practices

iii) Subsidiaries:

- IFMR Holdings Private Limited
- IFMR Capital Finance Private Limited (IFMR Capital) (a subsidiary of IFMR Holdings)
- IFMR Mezzanine Finance Private Limited
- IFMR Finance Foundation
- IFMR Rural Finance Services Private Limited
- IFMR Investment Adviser Services Private Limited (a subsidiary of IFMR Capital)
- IFMR Rural Channels and Services Private Limited (IRCS) (a subsidiary of IFMR Holdings)
- IFMR Ventures India Private Limited
- Pudhuaru Financial Services Private Limited (PFSP), (a subsidiary of IRCS)
- Ankur Securities Private Limited ((a subsidiary of IRCS)
- IFMR Investment Managers Private Limited (a subsidiary of IFMR Capital)

(b) Key Management Personnel:

Bindu Ananth, President of IFMR Trust

(c) Transactions with related parties during the year:

(Amount in INR)

Related Party	Transaction	For the Year ended 31st March 2017	For the Year ended 31st March 2016
DVARA Trusteeship Services Private Limited (Previously Known as IFMR Trusteeship Services Private Limited)	Remuneration to Trustees	20,000	20,000
	Advance given	51,026	46,960
IFMR Ventures India Private Limited	Advance given	NA	1,227
	Advance payable	NA	562,500
IFMR Holdings Private Limited	Deferred consideration received for sale of equity shares in subsidiaries	NA	950,000,000
	Other Advances	10,470,337	19,914,444
	Fixed Asset Transfer	NA	55,827
	Consideration Payable for Acquisition of KGFS Business	10,000	NIL
	Space Sharing Cost	7,802,923	6,997,214
	Employee sharing cost	81,897	1,568,561
IFMR Investment Managers Private Limited	Investment – Equity Shares	NIL	NIL
	Space Sharing Cost	559,998	250,600
	Advance given	53,019	21,706
IFMR Rural Finance Services Private Limited	Investment- Equity Shares	54,480,843	NIL
	Advance given	396,544	NIL
	Assets Transferred	NIL	NIL
	Space Sharing Cost	159,996	NIL
	Employee Sharing Cost	NIL	NIL

Related Party	Transaction	For the Year ended 31st March 2017	For the Year ended 31st March 2016
IFMR Rural Channels and Services Private Limited	Advance given	352,186	303,139
	Advance Received Back	1,548,598	1,548,598
	Space Sharing Cost	3,152,258	2,736,939
	Employee Sharing Cost	NIL	30,592
IFMR Capital Finance Private Limited	Advance given	1,369,142	2,790,066
	Space Sharing Cost	15,533,332	11,749,365
	Employee Sharing cost	351,467	238,465
	Advances Received Back	NIL	NIL
IFMR Mezzanine Finance Private Limited	Space Sharing Cost	NIL	152,366
	Employee Sharing Cost	240,000	82,784
	Advances given	5,507	73,971
IFMR Investment Adviser Services Private Limited	Space Sharing Cost	226,667	717,273
	Employee Sharing Cost	NIL	NIL
	Advances Received Back	NIL	3,172,482
	Advance given	49,595	264,005
IFMR Finance Foundation	Advance given	348,556	3,929,282
	Space Sharing Cost	1,813,333	1,600,002
	Employee Sharing Cost	2,789,093	821,465
	Grant Given	NIL	6,000,000
Pudhuaaru Financial Services Private Limited	Advance given	17,521	18,709
	Space Sharing Cost	613,330	690,237
IKP Center for Advancement in Agricultural Practices	Advance Given	NIL	8,988
Bindu Ananth – Key Managerial Personnel	Salary	6,240,162	7,200,000

(d) Outstanding balances with related parties as on balance sheet date:

(Amount in INR)

Related Party	Transaction	For the Year ended 31st March 2017	For the Year ended 31st March 2016
DVARA Trusteeship Services Private Limited (Previously Known as IFMR Trusteeship Services Private Limited)	Remuneration to Trustees	160,000	140,000
	Advance Receivable	236,515	185,489
IFMR Ventures India Private Limited***	Advance given and outstanding	15,436,677	15,436,677
	Investment in Equity Shares	999,900	999,900
IFMR Rural Finance Services Private Limited	Investment in Equity Shares	265,980,743	211,499,900
	Investment – Preference Shares	10,000,000	10,000,000
	Advance given and outstanding	527,885	NIL
IFMR Holdings Private Limited	Other Advances	43,333,591	40,044,456
	Investment – Equity Shares	143,600,000	143,600,000
IFMR Investment Managers Private Limited	Advance given and outstanding	206,679	105,306
IFMR Rural Channels and Services Private Limited	Advance given and outstanding	84,390	567,662

Related Party	Transaction	For the Year ended 31st March 2017	For the Year ended 31st March 2016
IFMR Capital Finance Private Limited	Advance given and outstanding	266,884	2,518,397
IFMR Mezzanine Finance Private Limited	Advance given and outstanding	21,000	708,628
	Investment in Equity Shares	100,400,000	100,400,000
IFMR Investment Advisor Services Private Limited	Advance given and outstanding	139,568	442,237
IFMR Finance Foundation	Investment in Equity Shares	99,900	99,900
	Advance given and outstanding	19,867,275	18,600,726
Pudhuaaru Financial Services Private Limited	Advance given and outstanding	797	2,536
IKP Center for Advancement in Agricultural Practices	Investment in Equity Shares	49,000	49,000
	Advance given and Outstanding	1,351	2,496

24. Leases**Operating leases:**

The trust has not entered into any non-cancellable operating leases. The trust has taken premises on cancellable operating lease and lease payments on such operating lease amounting to INR 9,616,453 (Previous year INR 8,917,615) have been charged to Profit and Loss Account.

Finance leases:

The trust has not taken any finance lease.

25. Provision for doubtful advances and diminution in the value of investments:

Provision for advances given to various parties is made based on management's analysis of the recoverability of such advances as explained in policy 2.15 above. Provision for diminution in value of investments is made if such diminution is considered other than temporary in nature. The details of movement of these provisions are given below:

(Amount in INR)

Description	Opening Balance	Additions	Release	Closing Balance
Provision for doubtful loans & advances				
- On Long Term Loans and Advances		-	-	-
Provision for doubtful other advances				
- On Long Term Loans and Advances	-	-	-	-
- Short Term Loans and Advances	15,436,677	-	-	15,436,677
Provision for diminution in the value of investments				
- On Non-Current Investments	999,900	275,970,743	-	276,970,643
- Current Investments	664,000	-	664,000	-
Total	17,100,577	275,970,743	664,000	293,071,320

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

For and on behalf of IFMR Trust

Bindu Ananth
DirectorV.Vijayaraghavan
Head - Corporate Centre

Place: Chennai

Date: 13 July 2017