



# JANALAKSHMI ANNUAL REPORT

2014-15

**About the cover:**

Pramila, a sari blouse tailor who stitches two to three blouses a day. While attending a beautician's course, she is also regularly invited to train women on domestic violence.



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2014-15



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# MESSAGE FROM CHAIRMAN

## DEAR SHAREHOLDERS

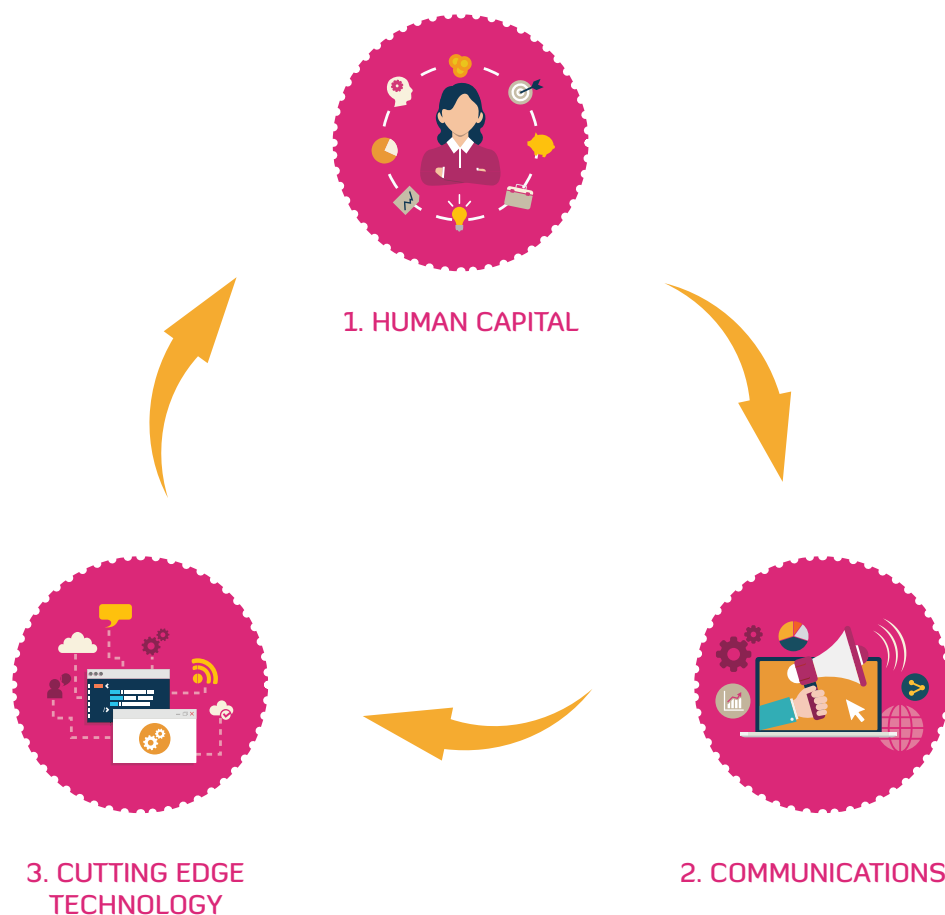
The financial year 2014-15 has been another outstanding year, not only for Janalakshmi but for the microfinance sector as a whole. Separate management reports on the company and the industry are provided in this Annual Report. I will therefore seek your indulgence to write about the institutional evolution of Janalakshmi over the past year, and what lies ahead. In my last Annual Report, I wrote about our entire story, since our very beginning in 1999 – a bit of institutional ‘catch-up’ since that was our first report. It was long and tedious, but no one would accuse it of being short on details! Since these reports will also become markers of our institutional history, I see them as process documents that try and capture the journey as much as the interim destinations – after all, the movie is much more engaging than just the photograph. If the picture speaks a thousand words, the movie speaks a thousand pictures.

In the last Annual Report, I wrote that our institutional evolution had completed two phases, and was entering the third. We called these phases JANA 1.0 (from 2000-2010) and JANA 2.0 (2010-2014). We were entering JANA 3.0 in April 2014. Each phase was marked by a clear set of boundary conditions to our development: JANA 1.0 was about the genesis of our work, the crystallization of our vision to be a full-service financial institution for all the needs of the urban aspirational classes, and the building of the foundations of our unique 2-tier social enterprise institutional framework. JANA 2.0 was about moving from a single-product company that was present in a few cities to a multi-product national organization with scale. As we looked ahead to JANA 3.0, we saw 3 pillars to this phase: human capital; communications; and cutting-edge technology. I would like to report to you on how we fared on these fronts, and also give you a sense of what lies ahead: **JANA 4.0.**



# REPORT CARD: PROGRESS OVER THE YEAR

Over the past year (April 2014- March 2015), we focused on strengthening the 3 pillars of JANA 3.0. Let me update you on the progress on each front:





# 01

## HUMAN CAPITAL

We face three major challenges on the human capital front:

**First**, the sheer diversity of jobs in the organization that therefore talent to be sourced from very different backgrounds: our frontline staff are the ones in direct contact with clients on a daily basis, and therefore are from the same socio-economic background as our clients. Much of our frontline staff, especially the junior-most among them like collection executives and sourcing executives, do not need to possess a graduate degree to do an outstanding job of their role. Close to 70% of our organization strength is in these positions. As one rises in the organization, to the levels of a Jana Centre (what we call our branches) Manager to a Cluster Head, a Zonal Head and other functional roles in various departments, the skill-sets and profiles become more demanding, and commensurately, the profiles are also of those with higher qualifications and suitable experiences. The human capital challenge is not only recruiting people with these diverse profiles, but in a manner where the value systems are common, and aligned to our own institutional value system. An added complexity is to ensure that the mid-level and senior management team – which will invariably come initially from other institutions – get enough opportunities to get to the grassroots and develop a deep operational understanding of our work, and most importantly our purpose – that we exist to help fulfill the aspirations of those who are under-served by the formal financial system.

**Our second challenge** is related to the large numbers of people we are recruiting, as we scale the organization. In April 2014, we had approximately 3,500 people in Janalakshmi; by March 2015 that number had grown to over 6,257. Taking attrition into account, this meant that we would have to recruit, train and place over 4,000 people into the organization at various levels, and in over 200 locations around the country. This stresses many aspects of the human capital function – from talent acquisition to training and HR operations.

**Our third challenge** is the development of our talent: how do we provide enough opportunities for people to grow. This system of development needs to be available at multiple levels in the organization, and at a large-enough scale given the growing numbers. The metaphor we use in the company is the need to have a conveyor-belt to bring talent into the firm, and also a series of escalators that can take people up as they perform and seek growth.

*In April 2014, we had approximately 3,500 people in Janalakshmi; by March 2015 that number had grown to over 6,257*

*Over the past 12 months, we have done a great deal of heavy-lifting to address all three challenges.*

I would be exaggerating if I said that we are in an excellent position- the more honest statement would be that we are at an adequate level of performance on these fronts and much more work lies ahead (see the section on JANA 4.0 for more).

A quick recap of what we have done this past year:

### **HUMAN CAPITAL**

We grew our Human Capital (HC) function (re-named it Human Capital from Human Resources) from 24 people in April 2014 to almost 60 people spread across the 4 zones of the firm, and at the Head Office. This provided the core operational infrastructure to do justice to various requirements on the HC front, as well as across all the key aspects of HC: talent acquisition, training and development, operations, rewards and recognition, and business partnership. We now have an outstanding leadership team in Human Capital.

### **SYSTEMS AND PROCESSES**

We put in place a fair number of systems and processes on a variety of fronts, including establishing standard job descriptions, goal sheets, variable compensation formulae, TATs for on-boarding various positions and so on. Work on tracking through production-strength systems is half-complete, and will be an area of continuing work in the coming year.

### **JANANAYAKS**

We codified our Employee Value Proposition, across 4 key categories of our people. All of us were uncomfortable with the words 'employee' or 'staff' – we came up with 'JanaNayak', which we are all delighted with! For each of the 4 group of JanaNayaks, we now have reasonably well-defined JVPs (JanaNayak Value Proposition), that we can now hold ourselves accountable to fulfil.

### **COMPENSATION PHILOSOPHY**

We codified our Compensation Philosophy, which we believe is somewhat unique for a commercial organization, and reflects our character as a purpose-driven Social Enterprise. In brief, our compensation benchmark for frontline staff will be at 90th percentile, at 75th percentile for mid-management, and at 50th percentile for senior management. This is consistent with the JVP, where our message to anyone senior who is looking to join us in a leadership position is – 'We will be at the 50th percentile for our peer group, which means that we take compensation off the table as an issue – it can't be the reason for you to join us, or not to join us. The reason to join us is to shape a transformational social enterprise.' For frontline people, in contrast, our message is that we are a well-run business, and compensation will be best-in-class to the peer group. For mid-level people, the compensation benchmarks reflects the promise of growth and leadership development opportunities.

### **HC & CUSTOMER ACTIVITIES**

In order to give people an opportunity to connect with the larger purpose of the organization, we connected our work at Jana Foundation (the non-profit Section 8 holding company for all the promoter's shares) with some of the HC activities and customer activities. This ranges from community-based recruitment for some of our needs, to social programmes for clients and their families.

## ROAD SHOW

We ran our first national JanaNayak road-show (more on this in the communications update), where we met every single member of the Janalakshmi family across the entire country.

## KAP, KAMP AND JANAVERSITY

We ran two separate development programmes, for the first and second of frontline managers –

Jana Centre Managers and Cluster Heads. These programmes, called KAP (Kalam Advanced Programme) for JC Heads and KAMP (Kalam Advanced Mentor Programme) for Cluster Heads, are our first development programmes, and we will do more as we look ahead, under the broad umbrella of an ambitious multi-year development programme called JANAVERSITY.

All in all, a year in which we moved the human capital function from a weak link in the organization, to one that has reached a threshold of stability, with much more work to be done as we look ahead, and a clear framework within which to work.

# 02

## COMMUNICATIONS

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In October/November 2013, as we were codifying our framework for JANA 3.0 that we would use to build the next level of Janalakshmi, we recognized the centrality of communications. I use this term in a broad sense, cutting across branding, marketing and communications, and covering both internal as well as external communications. This communications platform would rest substantially in developing an authentic voice for what we stood for: a purpose-driven social enterprise that had a unique approach to harnessing market forces, even as it sought to remain rooted in being a force for social change. We had spent years in building an institutional framework that found the balance between these priorities. Our communications needed to reflect this in an authentic and empowering manner. To this

end, we put out a call to some of the world's leading advertising agencies and brand management firms, and invited to visit us, sit with us for a week even before they sent their proposals – and if they weren't interested in this investment, then we understood but we wouldn't dilute the condition. After more than three months of this process, in March 2014, we entered into a partnership with a global agency to work with us on this front, whose engagement team spent days in the trenches to understand our work.

Our first priority was to define our core promise – what do we exist for? This was both to our customers and their families, but also to our own JanaNayaks. After many workshops, we came up with the line 'Likho Apni Kahani', or 'Write your own story', to reflect

our promise of helping people unlock their potential.

The first communications campaign that we ran was internal – to our own Jana Nayaks across the country. We ran it over a period of 6 weeks, in multiple cities, where the entire senior management was present, and in high-energy sessions with all the JanaNayaks from that region, we walked them through our purpose, our promise, our achievements and also what lay in store.

Over the past year, we have brought '*Likho Apni Kahani*' into every aspect of our work, and brought coherence into our thinking, starting with our internal communications. We have conducted story-telling sessions where we have spoken honestly

about our personal journeys, starting with me and my senior colleagues - our relationship with money, our struggles, our choices. This has begun to percolate through the organization in a slow but steady manner. There is a sense that the phrase '*Likho Apni Kahani*' is genuine – it isn't a cute tagline that we have slapped on to a logo.

As we look ahead to the coming year, we have much more work left to be done, both internally, and importantly, externally to our customers and their families. But we are proud that we have a message that truly reflects our purpose and our promise – *Likho Apni Kahani*.

## 03

### CUTTING-EDGE TECHNOLOGY

Janalakshmi's journey has always included a significant aspect of pioneering technology. A major portion of our early struggles between 2006 and 2010 was about the challenge of building that technology platform.

Janalakshmi's journey has always included a significant aspect of pioneering technology. JANA 1.0 was substantially about building an industrial-strength technology platform that could do justice to our vision of being a de-facto bank for the urban under-served. A major portion of our early struggles between 2006 and 2010 was about the challenge of building that technology platform. I have written about the vision as well as the struggles in my earlier Annual Report. I also wrote that we overcame this challenge in 2010, and in fact, our technology platform was one of the distinguishing factors

that helped us to grow the way we did in JANA 2.0, between 2010 and 2014.

However, the challenge facing us as we looked ahead in April 2014 was different: we had built our technology platform that was customized for the group-based loan business. Over the years, there had been many changes in the ecosystem: Aadhar, the country's biometric-based national identity system had been rolled out pretty much across the entire nation and would be the basis for many future government benefit programmes. Similarly, there

were tectonic changes taking place in the payments space as well as in the overall enterprise technology arena – from digital to cloud to big data.

We needed a more ambitious technology platform that would align with these developments, even as it was customized for our purpose.

Between October 2013 and March 2014, we put together the framework for this new technology platform and also put out a global procurement contract - among the bidders were some of the world leading IT and systems-integration companies. Early in the first quarter of the last year, we formalized a multi-year contract with a leading global IT firm, and at the beginning of the third quarter, we formally handed over a substantial portion of our internal work to their team.

Our technology platform for the next phase is built on what we call a 'Payments-Plus' stack: it places

the digital payments processes at the heart of the technology stack, and brings various other elements - including Core Banking System, front-end systems, CRM, enterprise data warehouse, risk and regulatory reporting, etc. – around this vision. It is an ambitious and unique vision to break away from what we call the traditional 'Stock' based business model of financial institutions (assets and liabilities) to a 'Stock-plus-Flow' based business model (assets and liabilities, with payments, digital transactions and fees). Over the course of the past year, we have made many strides in institutionalizing this vision and integrating it into our 'business-as-usual' platform, even as we are investing in new businesses that can run on the new framework. Once again, here, we have had a leadership team within Janalakshmi that is world-class, bringing deep domain expertise along with nimbleness and innovation, to navigate this complex terrain.

## SUMMARY

In addition to these activities, there were many other key events last year. We raised our fifth round of capital in 2014-15, closing a transaction that we ran completely internally for the first time. The investment round saw a new world-class investor join our investor group, along with participation from many existing investors, and a reasonable secondary transaction to give attractive exit opportunity for older investors.

The year also saw our non-profit holding company Jana Foundation grow full wings, with a complete range of activities spanning community outreach, financial advice, client analytics, research and advocacy. Jana Foundation has also provided pro-bono support to Janalakshmi on its CSR funds

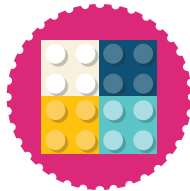
deployment to various NGOs (we voluntarily crafted a clear policy that Janalakshmi's CSR funds will not be given to Jana Foundation, since the foundation is the founders' philanthropic entity) and also created many opportunities for JanaNayaks to engage with the larger social purpose of the company.

In summary therefore, we can look back at the last year with a great deal of satisfaction. The results that we post are important but are 'lagging' indicators of the really hard work of institution-building that all great companies continuously invest in. What the management team is really happy about is that this phase of Janalakshmi's institutional evolution, what we have called JANA 3.0, is now complete.

# LOOKING AHEAD: JANA 4.0

As we look ahead to April 2015 and beyond, we have already been hard at work in the next phase of our Operating Model, what we call JANA 4.0. Over the past several months, we have been putting together the detailed framework of this operating model for JANA 4.0, and crystallised it at our senior management annual offsite in late February 2015. Let me offer you a glimpse of the JANA 4.0 framework:

JANA 4.0, as the name suggests, has 4 broad themes to it:



**1. THE 4 BUILDING BLOCKS**



**2. DATA-DRIVEN PERFORMANCE MANAGEMENT SYSTEM**



**3. COMPELLING AND AUTHENTIC BRAND PROMISE**



**4. VALUES AND GOVERNANCE**

# 1. THE 4 BUILDING BLOCKS

It is important to note that these 4 elements are not standalone elements, but interconnected pieces of a common framework that together form the Core Building Blocks. This is the Core of our Operating Model, and has 4 elements:

## 1A: SUPERIOR BUSINESS MODEL AND RISK MANAGEMENT

The sine qua non of any financial services institution is the quality of its business model, as seen through the businesses and products: how good are the risk-return profiles, how consistently can this grow, what are the key metrics that demonstrate this, and so on. At Janalakshmi, we have organized ourselves into 4 Strategic Business Units in JANA 4.0: the traditional two of Retail Financial Services and Enterprise Financial Services, and two more in Payments-Plus and Other Businesses which will have a range of what we call 'Inclusion-Adjacencies'. Underpinning these businesses and the quality of the financials will be our ability to track and manage the inherent risks in these businesses.

## 1B: CUSTOMER CENTRICITY AND VALUE ADDITION

Our ability to generate superior long-term outcomes will be driven by a relentless focus on our customers and adding value to their lives. In an inclusion-focused space, this is harder to do for a number of reasons – part of it is the lack of much secondary data to base one's decisions on; but a large part of it is the 'laziness' and complacency that having undemanding customers creates. Poor customers are willing to go by any rules that we as suppliers of services impose on them, because they have few alternatives. We need to actively challenge ourselves internally to break out of this mindset, and constantly put the 'outside-in' perspective that not only sees our

processes from a customer-standpoint, but also seeks to learn about their aspirations to see where we could add value to them.

## 1C: CUTTING-EDGE OPERATIONS AND TECHNOLOGY PLATFORM

We could talk of unique business models that are driven by deep customer insights, but at the end of the day, the moment of truth is whether we can deliver these on-the-ground, with an operational and delivery infrastructure that is world-class. Here, we need to bring together two key aspects: physical delivery that is deep in the trenches where our customers live and work; but supported and enabled by a digital strategy: the coming together of these two aspects is what we have christened PHYSITAL(T) – Physical and Digital: high touch enabled by high tech. Executing on this third element of our building blocks ensures that we will have the right operational and technology infrastructure in place.

## 1D: DEEP AND DIVERSE HUMAN CAPITAL

At the end of the day, all the ideas and innovation and execution will have to be done by people, demonstrating leadership and passion at all levels of the organization. Ensuring that we do justice to this aspect of our functioning will be the fourth building block of this theme, and the work here will build on the significant foundation work that was done in the earlier year.



## 2. DATA-DRIVEN PERFORMANCE MANAGEMENT SYSTEM

Pulling together the 4 building blocks is a highly digitized, intensely data-driven performance management system, built on the framework of the Balanced Scorecard system. This performance management system works at two levels: at the level of entity performance management (using the Balanced Scorecard methodology, an entity could be a business unit or a functional unit); and at the level of individual performance management. Janalakshmi

has been using the Balanced Scorecard system for many years now, but the focus of this has been largely on the business front. Starting this year, the approach has been expanded significantly to cover all functions, and also to integrate this approach with individual performance management, all of which will be running off data sources that have integrity and verifiability.

## 3. COMPELLING AND AUTHENTIC BRAND PROMISE

Janalakshmi has been built as a unique purpose-driven social enterprise. We need to communicate this in a compelling and authentic manner, and the communications platform that was built last year lays the foundation for this work. But we are also a service-brand, providing financial services to customers, whose experience of our company will be driven by their frontline interactions with our JanaNayaks,

primarily through the physical touchpoints but also increasingly through various other channels of engagement.

Our communication challenge at Janalakshmi will be to do justice to this large ambition, both for our internal 'customers' as well as our external ones.

## 4. VALUES AND GOVERNANCE

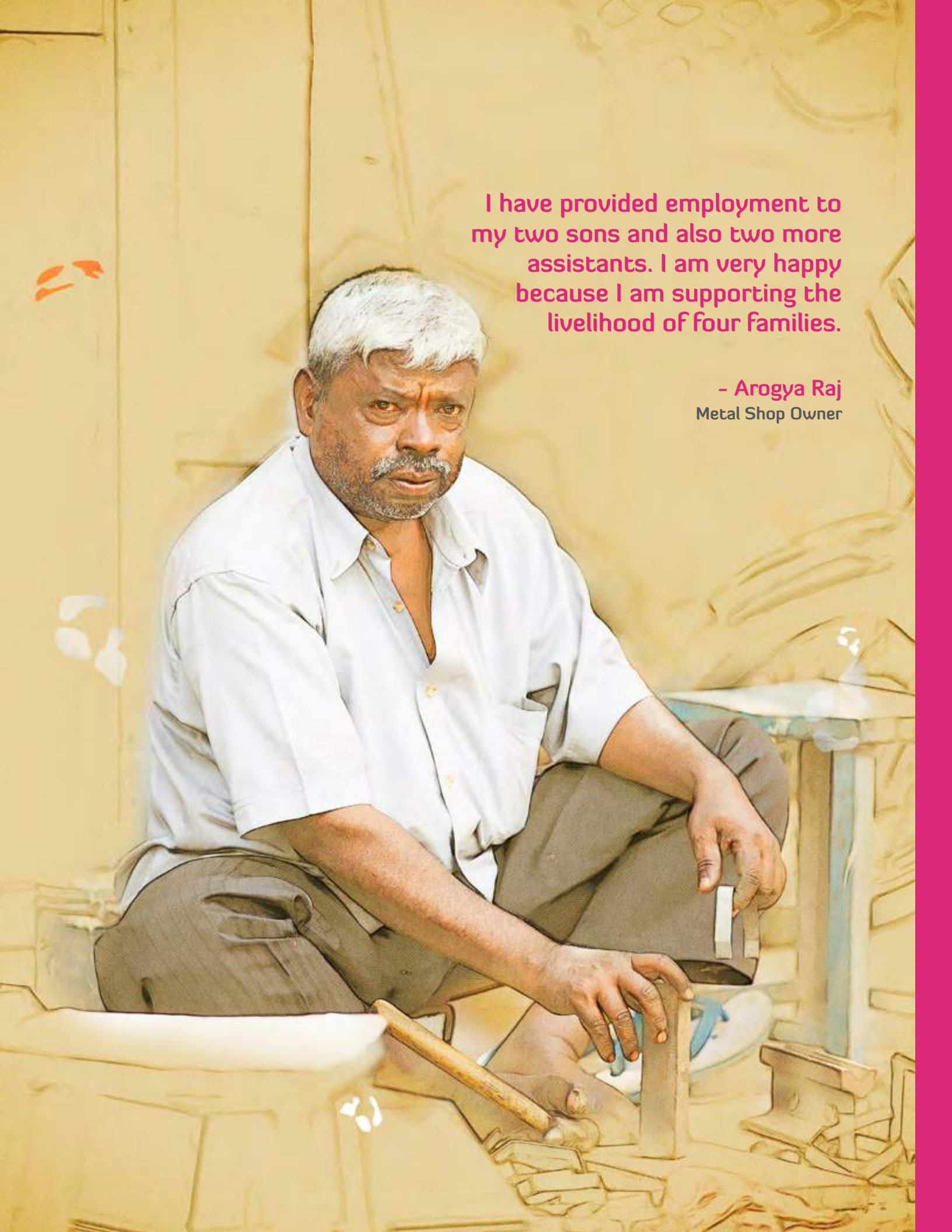
Underpinning all our work is the abiding belief that nothing of long-term value can ever be built without uncompromising ethics and the highest levels of corporate governance. We will continue to create

alignment between our words and our actions, and hold ourselves accountable to our board, our investors and our larger community of stakeholders.

We are grateful to you for your continued support, and your active engagement with us on so many fronts, to help realise our shared vision!



**MR. RAMESH RAMANATHAN**  
Chairman



I have provided employment to  
my two sons and also two more  
assistants. I am very happy  
because I am supporting the  
livelihood of four families.

- Arogya Raj  
Metal Shop Owner

# BOARD OF DIRECTORS

<b>Ramesh Ramanathan</b>	<i>Chairman</i>
<b>Raghunath Srinivasan</b>	<i>Executive Vice Chairman</i>
<b>V S Radhakrishnan</b>	<i>Managing Director &amp; CEO</i>
<b>Narayan Ramachandran</b>	<i>Independent Director</i>
<b>Vijayalatha Reddy</b>	<i>Independent Director</i>
<b>Sunil Behari Mathur</b>	<i>Independent Director</i>
<b>Uday Madhav Chitale</b>	<i>Independent Director</i>
<b>Vikram Gandhi</b>	<i>Independent Director</i>
<b>Viswanatha Prasad</b>	<i>Director</i>
<b>Zaheer Abbas Sitabkhan</b>	<i>Director</i>
<b>T S Sivashankar</b>	<i>Director</i>
<b>Akhil Shriprakash Awasthi</b>	<i>Director</i>
<b>Anil Rai Gupta</b>	<i>Director</i>
<b>Ling Wei Ong</b>	<i>Director</i>
<b>Aluri Srinivasa Rao</b>	<i>Alternate Director for Ling Wei Ong</i>
<b>Badrinarayan Pilinja</b>	<i>Alternate Director for Zaheer Abbas Sitabkhan</i>
<b>Puneet Bhatia</b>	<i>Director</i>
<b>V Narayanamurthy</b>	<i>Nominee Director (IDBI)</i>

# BOARD COMMITTEES

## ASSET LIABILITY MANAGEMENT(ALCO) COMMITTEE

Narayan Ramachandran (Chairman)  
Ramesh Ramanathan  
V S Radhakrishnan  
Sunil Behari Mathur  
T S Sivashankar  
Vikram Gandhi  
Zaheer Abbas Sitabkhan/Badrinarayan Piliinja  
Akhil Shriprakash Awasthi  
Ling Wei Ong/Aluri Srinivasa Rao

## CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Vijayalatha Reddy (Chairperson)  
Ramesh Ramanathan  
Vikram Gandhi  
Zaheer Abbas Sitabkhan/Badrinarayan Piliinja  
Puneet Bhatia

## RISK & CREDIT COMMITTEE

Vikram Gandhi (Chairman)  
Ramesh Ramanathan  
V S Radhakrishnan  
Narayan Ramachandran  
Uday Madhav Chitale  
Sunil Behari Mathur  
Viswanatha Prasad  
T S Sivashankar  
Zaheer Abbas Sitabkhan/Badrinarayan Piliinja  
Akhil Shriprakash Awasthi  
Ling Wei Ong/Aluri Srinivasa Rao  
Puneet Bhatia

## BORROWING COMMITTEE

Raghunath Srinivasan (Chairman)  
Ramesh Ramanathan  
Narayan Ramachandran  
T S Sivashankar  
V S Radhakrishnan  
Vijayalatha Reddy

## NOMINATION & REMUNERATION COMMITTEE

Uday Madhav Chitale (Chairman)  
Sunil Behari Mathur  
Vijayalatha Reddy  
Anil Rai Gupta  
Akhil Shriprakash Awasthi  
Ling Wei Ong/Aluri Srinivasa Rao

## AUDIT COMMITTEE

Sunil Behari Mathur (Chairman)  
Uday Madhav Chitale  
Narayan Ramachandran  
Vikram Gandhi  
Puneet Bhatia  
Raghunath Srinivasan\*  
*\*Permanent Invitee*

## MANAGEMENT TEAM

### Chief Operating Officer

Bidhan Chaudhuri

### CEO – Retail Financial Services

Rahul Mallick

### Chief Innovation & Strategy Officer

Santanu Mukherjee

### CEO – Enterprise Financial Services

N. S. Rajan

### Sr. Vice President : Special Projects

C. P. Rangarajan

### Chief Human Capital Officer

Sumit Sharma

### Chief Financial Officer

S. Gopalakrishnan

### Company Secretary

Richa Saxena

## STATUTORY AUDITORS

### Deloitte Haskins & Sells

Deloitte Centre  
Anchorage II , 100/2, Richmond Road  
Bangalore – 560 025

## SECRETARIAL AUDITOR

### Nagendra D. Rao

Practising Company Secretary  
543/A, 7th Main, 3rd Cross,  
Hanumanthanagar, Bangalore - 560 019.

## REGISTRAR & TRANSFER AGENTS

### Karvy Computershare Pvt. Ltd.

17 -24 Vithal Rao Nagar,  
Madhapur,  
Hyderabad 500 081

# BANKERS & NON BANKERS

## PUBLIC SECTOR BANKS

Allahabad Bank  
Andhra Bank  
Bank of Baroda  
Bank of India  
Bank Of Maharashtra  
Bharatiya Mahila Bank  
Canara Bank  
Central Bank of India  
Dena Bank  
IDBI  
Indian Overseas Bank  
Oriental Bank of Commerce  
Punjab and Sind Bank  
SIDBI  
State Bank of Hyderabad  
State Bank of India  
State Bank of Patiala  
UCO Bank  
Union Bank  
Vijaya Bank

## PRIVATE SECTOR BANKS

Axis Bank  
Catholic Syrian Bank  
City Union Bank  
Development Credit Bank  
Dhanalakshmi Bank  
Federal Bank  
HDFC  
ICICI Bank  
IndusInd Bank  
ING Vysya Bank  
Kotak Mahindra Bank  
South Indian Bank  
Yes Bank

## NBFC

Capital First Ltd.  
IDFC Ltd.  
IFMR  
L & T Finance Ltd  
L & T FinCorp Ltd.  
MAS Financial Services  
Reliance Capital  
Tata Capital Financial Services Ltd.  
Maanaveeya Holding and  
Investments Pvt Ltd

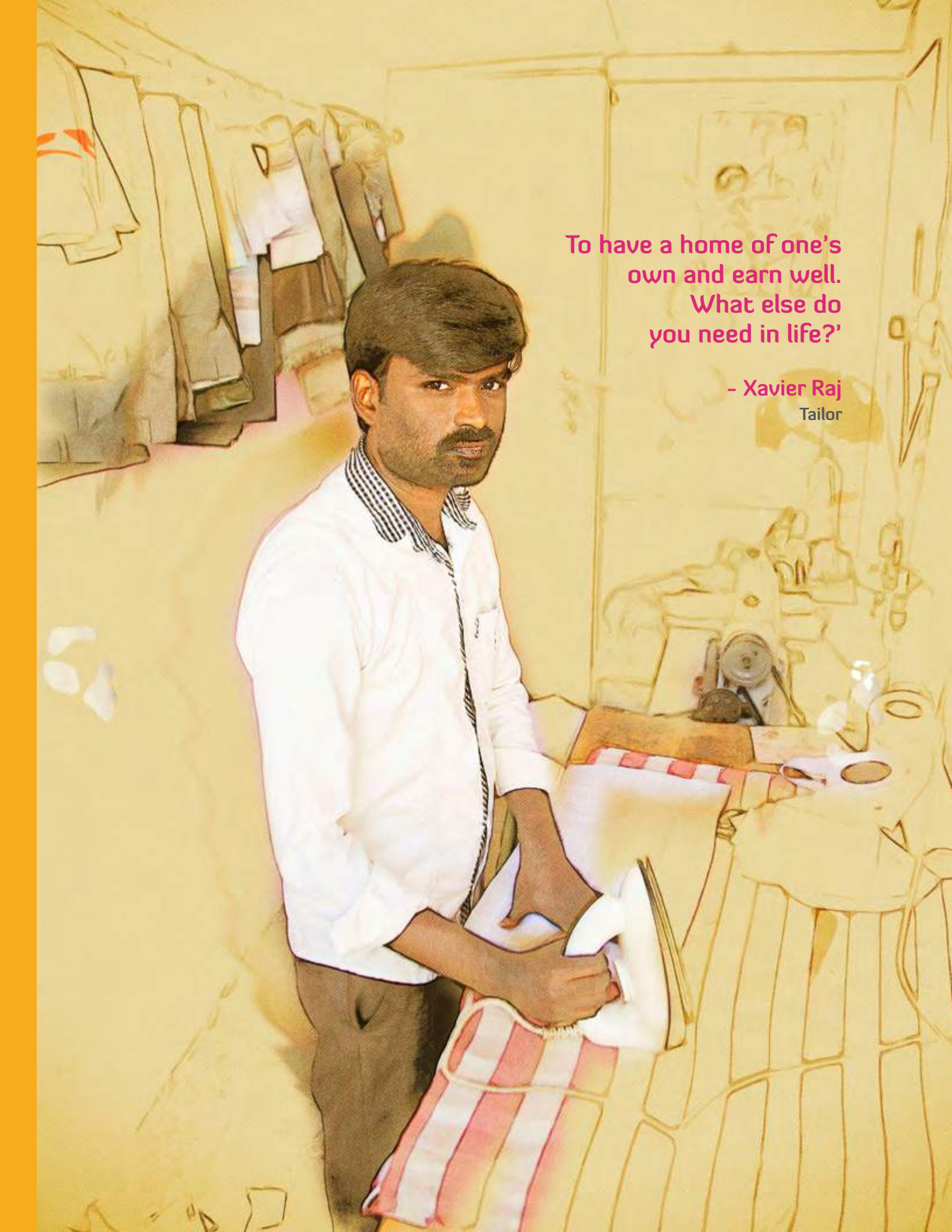
## FOREIGN BANKS

BNP Paribas  
Citi Bank  
Credit Agricole  
HSBC  
Societe Generale  
Standard Chartered Bank  
State Bank of Mauritius

## DEBENTURES

Debentures - Blue Orchard  
Debentures - Deutsche Bank  
Debentures - ResponsAbility  
Debentures - Oikocredit  
Debentures - IFC  
Debentures - FMO  
Debentures - Domestic NCD- Series 1  
Debentures - Domestic NCD- Series 2  
Debentures - Domestic NCD- Series 3



A man with a mustache, wearing a white long-sleeved shirt and brown trousers, is standing in a cluttered room. He is holding a piece of white fabric and appears to be working on a sewing machine. The room is filled with various items, including clothes hanging on the wall and a sewing machine on a table. The overall tone of the image is warm and yellowish.

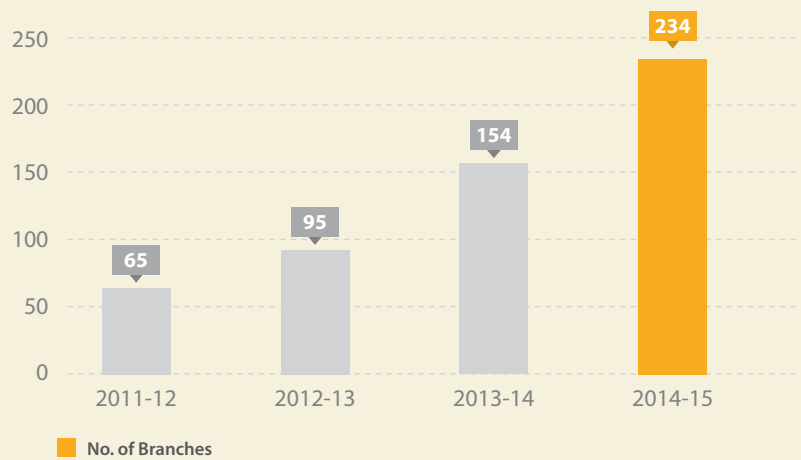
To have a home of one's  
own and earn well.  
What else do  
you need in life?'

- Xavier Raj  
Tailor

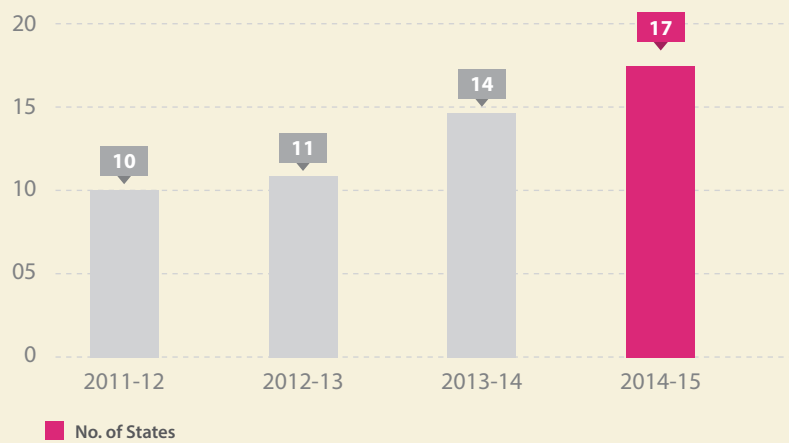


# OUR GROWTH

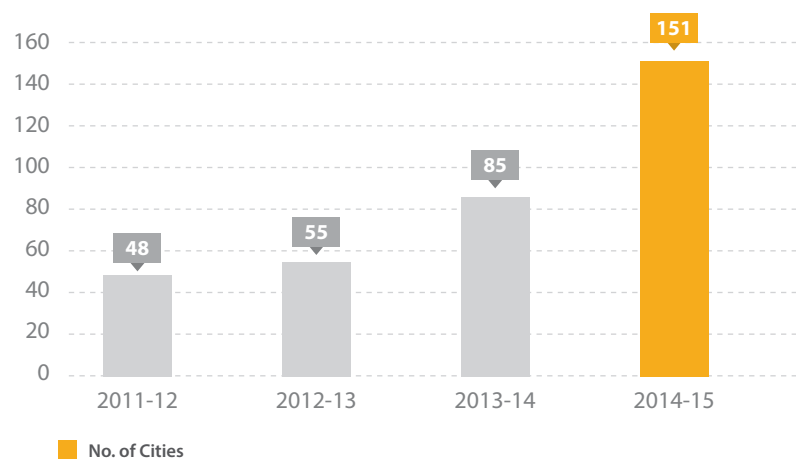
## Growth of Jana Centers / Branches across the years



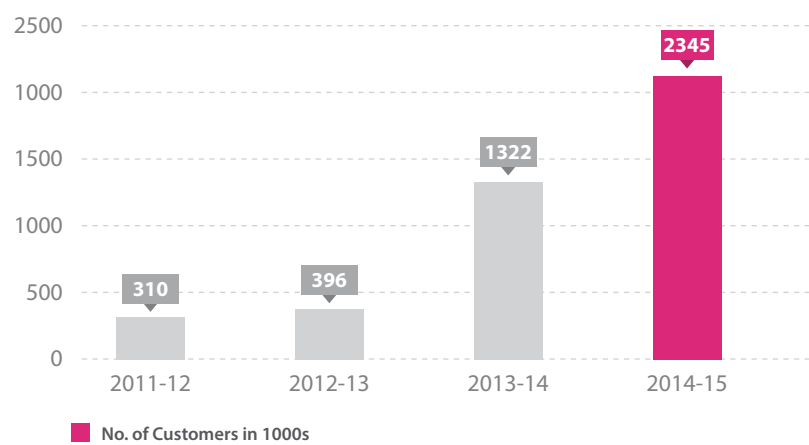
## Reach of Jana Centers across states



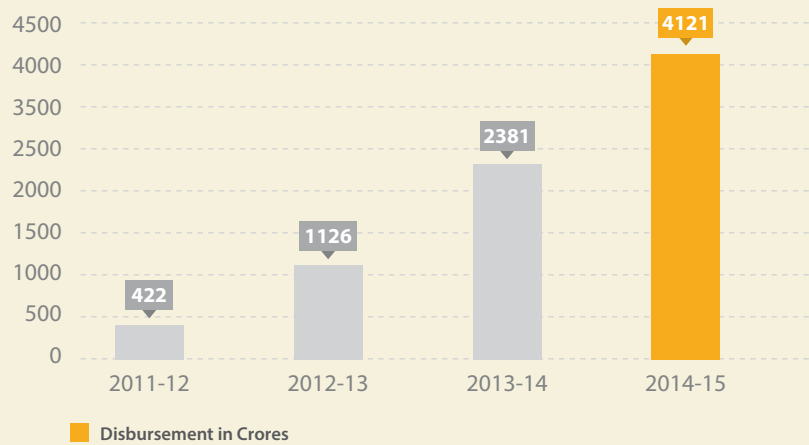
### No. of Cities across the years



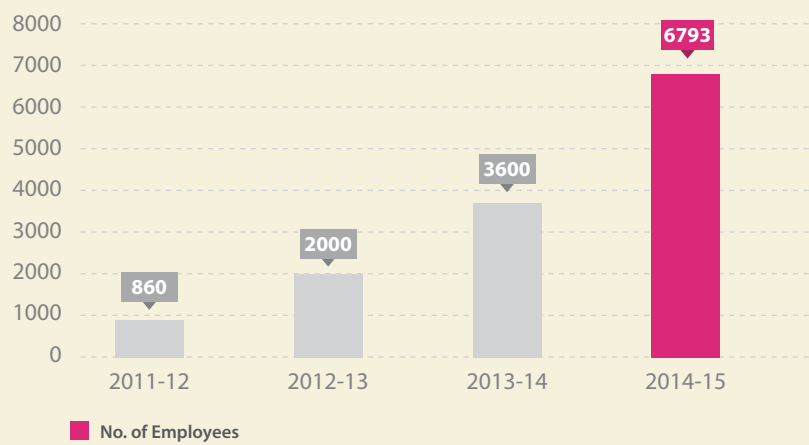
### Number of Customers (in '000)



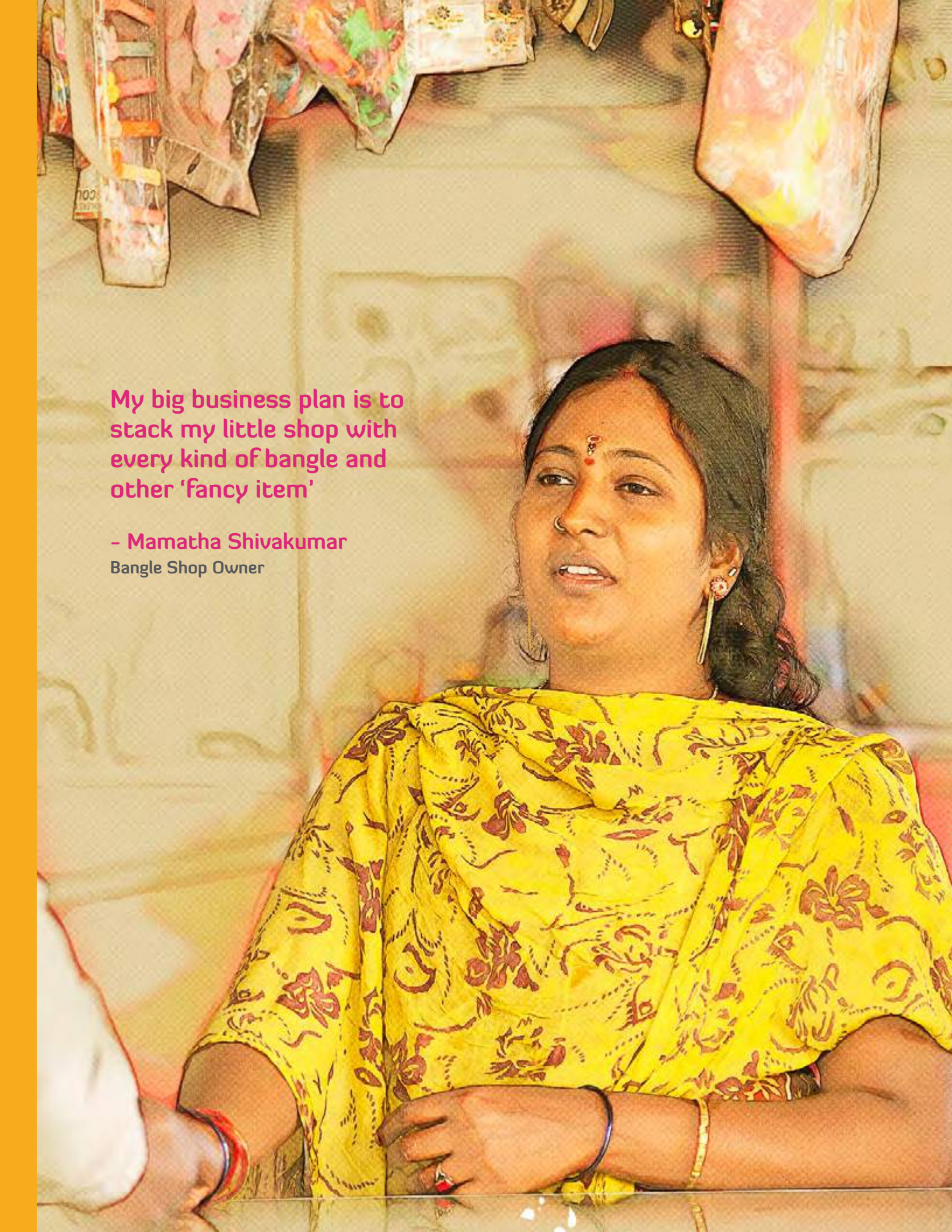
## Disbursement in Crores



## Number of Employees





A woman with dark hair, wearing a yellow sari with a red floral pattern, is seated and looking slightly to her left. She has a bindi on her forehead and is wearing a nose ring, a large earring, and several bangles on her wrists. The background shows a shop interior with various items hanging on the wall, including what appears to be a wooden ladder-like structure and some fabric items.

My big business plan is to  
stack my little shop with  
every kind of bangle and  
other 'fancy item'

- Mamatha Shivakumar  
Bangle Shop Owner



# OUR CUSTOMERS

At Janalakshmi, we aim to understand and connect with our customers and their immediate families in a holistic manner.

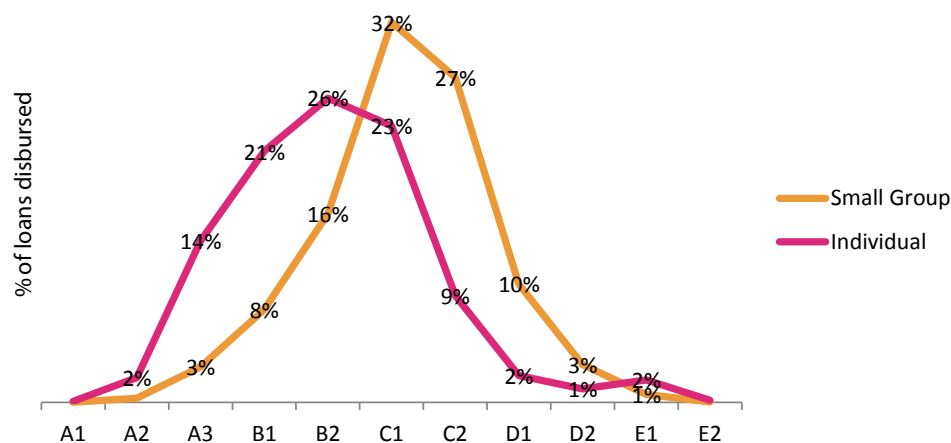
Much of this work is curated by and nested in the holding company, Jana Urban Foundation (Jana Foundation), a Section-8 not-for-profit entity. Going forward, many of the customer-centred analytics, advisory and community connect activities will be moved into Jana Foundation's recently formed wholly-owned subsidiary, Jana Urban Services for Transformation (JUST). Jana Foundation will continue to host all the research and policy advocacy initiatives, as well as certain philanthropic activities. Throughout this year, Jana Foundation undertook several activities aimed at improving our understanding of the over 2.3 million active Janalakshmi customers across all asset classes.

A majority of our customers are women. Their financial needs are typically met by starting from a group loan,

graduating to an individual loan, transitioning to a larger or super-nano individual loan, and eventually to an enterprise loan. On an average, our customers are aged between 35 – 40 years, educated mostly to middle school levels and are self-employed, budding entrepreneurs. Most of the women are engaged in occupations such as running provision and grocery stores, tailoring, house-keeping and sari business.

Small group loans continue to dominate the loans portfolio. During FY 2014-15 alone, 1,764,544 loans were disbursed. According to the Socio Economic Classification (SEC), which is derived using the education of the chief wage earner and the number of durables owned, over 80% of the borrowers are in the range from B2 to D1. (For clarity, the SEC codes range from a high of A1 to a low of E3). Whereas, in

**Comparison of percentage of loans disbursed by SEC for both Small Group and Individual loan borrowers (Source: SFDC, FY 2014-15)**



the individual loan segment where 12,342 loans were disbursed, this range is from A3 to C1. This suggests that the customers in the individual loan segment have made some progress in their socio economic status. The individual loan segment has seen over a 33% rise in loans disbursed between 2014-15 and 2013-14.

Nearly all our customers have access to basic durables like gas connections and ceiling fans. While 85% claim ownership of residence, very few are able to confirm ownership with documentation. Where we see variances between individual and small group loan customers are in the ownership of: Colour TV – 94% versus 71%, Fridge – 72% versus 35%, Two-wheeler – 56% versus 34%; these variations can be attributed to the higher surplus income and additional sources of income of an individual loan customer, which provide a relatively better economic condition and lifestyle as compared to a small group customer.

Right from inception, Janalakshmi has tried to have a nuanced understanding of the customers at the bottom of the pyramid through customer segmentation. As such, we have clustered them into three segments, namely: “Include”, “Nurture” and “Accelerate”. These segments are different from each other in terms of the financial capacities, aspirations and needs of the people who fall in those segments. We also recognize that these segments are not static pools and that customers do move across segments during their lifetimes with us. For instance, 12,342 customers have graduated from “Nurture” to “Accelerate” as of March 2015. Further, even among “Accelerators” sub-segments exist which can drive and influence product development and positioning. Through customer immersions we have been able to learn more about

the “Accelerator” customers and the differences that exist with respect to their income levels, spending patterns and attitudes towards savings.

#### **Some of the salient characteristics observed are:**

- Most of the customers have higher surplus incomes, with greater ability to build assets through savings but are not saving up to the available capacity. A significant number of them pursue multiple occupations to maximise their earnings and mitigate income continuation risks.
- A lesser, but not insignificant segment is that of customers who are fairly adept in managing incomes and expenses and are also able to save substantially. This group also shows higher signs of formalization, i.e., access to formal banking channels.
- Customers express a desire for qualified advice to save and grow their assets. Many of them tend to take recourse to saving in higher risk chit funds swayed by ease of availability and peer influence, without fully understanding the implications.

On the topic of financial advice, the Financial Advisory Services (FAS), provided by Jana Foundation, has reached out to over 12,000 families and offered financial literacy during 2014-15. Furthermore, it has developed and piloted innovative modules such as: record keeping, budgeting and savings under the header “Arthika Nakshe”. Customers have wholeheartedly welcomed these initiatives. The impact felt by the customers is best illustrated through one such testimonial:

*Right from inception, Janalakshmi has tried to have a nuanced understanding of the customers at the bottom of the pyramid through customer segmentation.*

*"I have learnt how to maintain documents in a safe manner because of the inputs given by Janalakshmi. Understood about the importance of savings. Now I have started tracking both income and expenses. Started avoiding unwanted expenditure.*

*Since 3 months, I have cut down on unwanted expenditure like eating outside and watching movies and started saving. I have saved Rs.12,000/- and purchased gold.*

*In addition I have also learnt how to check expiry date of gas cylinder and am teaching the same to my friends too. I have learnt about how to identify veg and non-veg in packed foods."*

**MS. JEEVA**

Cloth Business, Vinayak Nagar, Bangalore  
Customer Since 2012

Through these interventions, we have learnt that our customers' primary goals are to develop their businesses further and to provide their children a good education. Following regular interactions with our customers' families, we saw a need to encourage higher secondary education among children. An initial step was taken to address this by providing scholarships through the "Jana Vidya Sethu" (JVS) program.

Training the youth on various vocational skills to enhance their employability is another pilot initiative which has been undertaken. So far, 210 graduates from customer communities have been hired across 5 cities by Janalakshmi.

In addition to this, some of the other social activities which have had a high participation rate are :

- Raising awareness on health, hygiene, fire safety, goal setting for youth and mehendi training.
- Enlisting Jana Champions with the aim to involve the more engaged customers in the planning,

implementation and monitoring of community activities.

- Recruitment drives, known as Jana Udyog Mela in customer communities. 219 candidates were successfully recruited by Janalakshmi across Bangalore and Chennai.

In addition to the focus on our customers, we are also learning about the larger landscape of urban poor through an analytical lens.

Since the last five years, in association with a renowned US university, we have undertaken a study of urban poverty, slum settlements and migration which is titled 'Pathways to Prosperity (P2P)'. As an outcome of the

study so far, we have been able to spatially identify the wide spectrum of slums comprising of 'Blue Polygons' which consist of the newest migrant settlements to 'White Polygons' which are the established slums in the city. We have learnt that the financial capabilities and needs tend to vary across the spectrum. For example, in the early stages of a migrant's life, there is a need for access to remittance and this need is

*Through these interventions, we have learnt that our customers' primary goals are to develop their businesses further and to provide their children a good education.*





*Participants at a mehendi training session*

highly underserved by financial institutions. There is an opportunity to innovate products to cater to the financial needs of these segments.

While urban lending is our forte, we are starting to learn, on a daily basis, about rural lending. Loans are being offered for dairy production and maintenance, cultivation of vegetables in semi-urban areas, sericulture and so on. Given our expertise in understanding the last mile connectivity vis-à-vis fruit and vegetable sellers, we intend to understand the supply chain link starting right from the source-the farm.

In conclusion, we are taking steps to understand those we serve, their families and their lives. Putting these insights to work, will set the wheels in motion, to realize Jana 4.0!

*Since the last five years, in association with a renowned US university, we have undertaken a study of urban poverty, slum settlements and migration which is titled 'Pathways to Prosperity (P2P)'*



*A yoga session in progress*



*Candidates at a Jana Udyog Mela*

# OUR REACH

CENTRAL	EAST	WEST
CHHATTISGARH	BIHAR	GUJARAT
Bhilai-Durg Bilaspur Korba Raigarh Raipur*	Begusarai Bhagalpur Dharbanga Gaya Muzaffarpur Patna-1-Dhanapur Patna-2-Machhuatoli	Ahmedabad* Amreli Bhavnagar Bhuj Dahegum Gandhinagar- Ahmedabad Gatlodiya Godhra Himmatnagar Jadeshwar (Bharuch) Jamnagar Jetpur Junagadh Mavdi
MADHYA PRADESH	JHARKHAND	Mehasana Modasa Nadiad Naroda Palanpur Patan Porbandar Rajkot Surat* Surendranagar Vadodara* Valsad Varacha Veraval
Bhopal* BHOPAL-3 (Mandideep) Bhopal-Bittan Market Burhanpur Dewas Guna Gwalior HOSHANGABAD Indore* INDORE-3-Kalani Jabalpur Jabalpur-2 (Panagar) Katni Khandwa Ratlam Rau SAGAR Ujjain Vidisha	Dhanbad Hazaribagh Jamshedpur Ranchi	MAHARASHTRA
	ORISSA	Ahmednagar Ambernath (E) Andheri Aurangabad* Barshi Bhandup Chembur Ghatkoper Hadapsar Ichalkaranji Jalgaon Kalewadi Kalyan Kholapur 2 Kolhapur(Sambhaji Nagar)*
	WEST BENGAL	Lattur Mumbai Nallasopara Nanded Nashik Nigadi Osmanabad Pune* Sangli Satara Shrirampur Sion* Solapur Thane* Udgir
MAHARASHTRA		
Akola Amravati Buttibori Gondiya Mankapur Nagpur* Pavnar Yavatmal	Asansol Burdwan Durgapur Howrah Kolkata-1-Behala Kolkata-2-Dunlop Kolkata-3-Laketown* Siliguri	

\*EFS business also offered in these Jana Centers

NORTH	
DELHI	
East Delhi	Noida*
Mangolpuri*	South Delhi
Narela	Uttamnagar
HARYANA	
Ambala	Nunamajra
Ballabhgarh	Panipat
Faridabad*	Rohtak
Gurgaon2	Sonipat
Karnal	Yamunanagar
PUNJAB	
Amritsar*	Ludhiana*
BATHINDA	Patiala
Jalandhar*	
RAJASTHAN	
Ajmer	Jhotwara
Alwar	Jobner
Beawar	Jodhpur
Bheelwara	Jodhpur 2*
Jaipur*	Udaipur*
UTTAR PRADESH	
Agra*	Meerut 2
Aligarh	Mirzapur
Allahabad	Moradabad
Bareilly	Mugulsarai
Behat	Padrauna
Chhutmalpur	Rajpur(Agra-2)
Deoria	Rampur
Ghaziabad	Saharanapur
Gorakhpur	Salempur
Hapur-Ghaziabad Br	Sarsawa
Jaunpur	Tundla
Mathura	Varanasi
Meerut*	
UTTARAKHAND	
Dehradun	Roorkee

SOUTH	
KARNATAKA	
Bagalkote	Hubli*
Bannerghatta	K B SANDRA
Belgaum*	K R PURAM
Bellary	Kamakshipalya
Bidar	Konanakunte
Bijapur	Mallathahalli
Chamarajnagar	Maralakunte
Channadevi Agrahara	Mathikere
Chapparadakallu	Mysore*
Davanagere	Peenya
Dharwad	Raichur
Electronic City	S.R.NAGAR (CBD)*
Frazer town	Sathyavara
Gulbarga	Shivamogga
H S R Layout	Tumkur
Hassan	Varthur
Hoskote	Yelahanka New Town
Hosur*	
PUDUCHERRY	
Pondicherry*	
TAMIL NADU	
Alandur	Pollachi
Ambattur	Porur*
Arumbakkam	Punjal Pulliampatti
Chengalpattu	Royapuram*
Dindigul	Saibaba Colony*
Erode*	Salem*
Kumbakonam	Singanallur
Madurai	Thanjavur
Mandavelli	Theni
Nagercoil	Thiruchengode
Nallagundanapalyam	Tirunelveli
Narasimanayakan palayam	Tiruverumbur
Omalur	Trichy*
Pallikaranai	Urapakkam
Perambur	

\*EFS business also offered in these Jana Centers

# PRODUCTS & SERVICES

Retail Financial Services is divided into Retail Assets, Retail Savings (Liabilities) products and Insurance products.

## 1. RETAIL ASSETS

### SMALL BATCH LOAN

Small Batch Loans is our core product through which we meet the credit needs of several lakhs of underserved households. A small batch loan is provided to individuals in a group comprising a minimum of five and a maximum of 25 women, where each guarantees the other. After completion of each, a customer can borrow the same amount or move to the next level. The loan amount ranges from Rs. 15,000 to Rs. 50,000.

JFS employs technology led solutions such as Aadhar enabled biometric front-end, Salesforce CRM platform, Core Banking system and pre-paid cards to service customers in an efficient and cost-effective manner.

### EDUCATION LOAN

The education loan product is designed to fund the school-going child's tuition fee; admission fee, exam and library fees, purchase of text books, uniforms and other school-related material. This product is offered to all existing small batch loan members and ranges to up to Rs. 50,000 for a period of up to 24 months.

### HOUSING LOAN

Janalakshmi's housing loan product is intended to finance purchase of dwelling units in the affordable

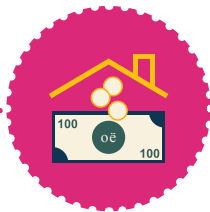
housing segment, primarily in the EWS and LIG category for both salaried and self-employed customers. It is primarily designed for the customers in the informal income category who are buying a house for self dwelling.

### HOME IMPROVEMENT LOAN

Many of our customers construct homes slowly and 'incrementally' over time, in keeping with their needs and the availability of resources. The home improvement loan speeds up this process of minor improvements, extensions, repairs and renovations. The product is offered to customers with a proven credit history after they have completed two years in a small batch loan structure. The loan quantum ranges from Rs. 50,000 to Rs. 100,000 for a tenure of up to 36 months.

### NANO LOANS

Nano Loan is our individual business loan offering, which allows budding entrepreneurs to finance working capital and to invest in equipment. The Nano loan is offered to customers with a proven credit history after they have completed two years in a small batch loan structure. The loan quantum ranges from Rs. 60,000 to Rs. 2,00,000 for tenure of up to 36 months.



1. RETAIL ASSETS



2. RETAIL LIABILITIES



3. INSURANCE PRODUCTS

## 2. RETAIL LIABILITIES PRODUCTS

### MICRO PENSION

Micro pension is a long term savings product which enables customers in the informal income segment to save for their old age. Janalakshmi has partnered with Invest India Micro Pension Services (IIMPS) to enable customers to contribute towards the UTI- Retirement Benefit Pension Fund. Under this scheme customers can save Rs. 100, Rs. 200 or Rs. 500 every month.

### DCB JANAJEEVAN CARD

The DCB Janajeevan co-branded Prepaid Cards is issued based on an agreement between DCB & Jana Urban Foundation. These are “open-loop” pre paid cards.

The initial load on the card is the disbursal of the microfinance loan by Janalakshmi Financial Services to their customers. Incremental loads are by way of customer reloads.

Card kit also contains the PIN required for usage of card in the ATM & POS.

### BADHTI BACHAT (BB)

Badhti Bachat is a robust goal-based savings plan aimed at inculcating the habit of saving among those (in the unorganised sector) who do not have access to traditional savings products. Our team helps customers to define short-term goals and save for these in a systematic way. These goals include saving for a daughter's wedding, children's' education, a family function, purchase of property, or money for a small business expansion. The product is designed for ease and convenience and to suit the needs of a wide variety of people: from small businessmen and traders to daily wage earners and housewives.

#### The main features of Badhti Bachat is

- Doorstep collection
- Maturity is after one or two years
- Weekly or daily saving
- No penalty if a depositor is unable to pay an installment
- A minimum saving per day of Rs. 100 and a maximum of Rs. 500



### 3. INSURANCE PRODUCTS

#### LIFE INSURANCE FOR LOANS

This product secures the lives of the loan customers during the term of the loan.

The coverage is against death due to natural or accidental reasons during the period of loan. This is compulsory for all borrowers and co borrowers who have availed of any loan product from Janalakshmi. The insurance amount received is equal (or more than loan amount in some cases) to the loan amount, which means it pays off the outstanding balance and also provides the remaining amount to the borrower's family. These insurance products are provided in partnership with Bajaj Allianz Life Insurance Company, HDFC Life Insurance and Kotak Life Insurance.

JFS is the Master Policy Holder and loan customers are enrolled as members of the Master policy.

#### PROPERTY INSURANCE FOR HOUSING LOANS

Royal Sundaram Alliance (RSA) provides group property insurance plan for customers of Janalakshmi housing finance product. All housing loan customers of Janalakshmi are required to participate in this group property insurance plan. A one-time premium is routed through Janalakshmi to RSA. The term of insurance is up to 20 years.

#### LIVESTOCK INSURANCE FOR LIVESTOCK LOANS

Maintaining livestock as a productive economic activity can often be a heavy financial burden for families. Cattle also tend to be associated with high mortality rates. In case an animal dies, livestock insurance (for a livestock loan) secures the loan. The claim amount pays off the outstanding balance and

also provides some extra funds, which can partly offset the cost of purchasing a second animal. This insurance product is offered, with simplified processes, in partnership with Royal Sundaram Alliance Insurance Company.

#### ENTERPRISE FINANCIAL SERVICES

Currently, we extend six types of loans to qualifying MSMEs:

**Micro Small Medium Enterprises:** Under Micro Small Medium Enterprises (MSME) loan we have Working capital demand loans with 12 months to 36 month tenors. In case of composite loans, both for working capital and equipment purchase. It may go up from 48 to 60 months and term loans with 36 months to 60 month tenors. Typical loan ticket sizes range from Rs. 200,000 to Rs. 5,000,000.

**Long Term Business Loan:** we provide Long term business loan (LTBL), loans ranging from Rs. 500,000 to Rs. 5,000,000 and periods ranging from 1 year to 10 years and are given for long term business requirement of the firms, like expansion of business, additional construction, long term capital infusion to strengthen promoter's margin requirements, acquisition of new assets, etc. The underlying security would be the self occupied property of the applicant.

**Machinery Loan:** We provide Machinery loan (ML) period ranging from 12 to 60 months. Typical loan ticket sizes range from Rs. 200,000 to Rs. 5,000,000.

**Super Nano:** Under the Super Nano (SN) product we have graduated Nano Loan customers, who have completed their Nano loan cycle and also provide loans to open market customers.



All EFS loans, except LTBLs are covered under the life insurance policy of Kotak Life Insurance Policy (KLI), with cover taken on the life of the principal promoter/ man/ woman. For all the EFS products repayment is

via ECS for the EMI amount. We take a security interest in the underlying assets financed by us, as well as some form of tangible collateral security.

## FUNDING & TREASURY MANAGEMENT

The Company has successfully raised Rs. 250 Cr from the Domestic NCD Market which has further diversified the various sources of funding to meet its growth needs. The company has existing funding relationship with 49 Lenders, which includes 20 Public Sector Banks, 13 Private Sector Banks, 7 Foreign Banks and 9 NBFCs. The company has been able to also raise funds from Domestic and International NCD

Markets at regular intervals. During the FY 14-15 the company obtained a credit rating of A- which has further reinforced its credit standing in the market. Total Funds raised during FY 14-15 from lending institutions and through securitization is nearly Rs. 3,500 Cr. In addition to this the company has further raised Rs. 462 Cr through fresh equity infusion during FY 14-15.

# HUMAN CAPITAL

The number of Janalakshmi employees has grown exponentially in the last couple of years.

The number of Janalakshmi employees has grown exponentially in the last couple of years. In March 2010, we had approximately 300 people and in March 2015 the count was 6,257. To keep pace with fast changing needs of the organization, the Human Capital function was revamped and its scope substantially enlarged during the financial year. The Human Capital function is now working towards preparing the organization for the expected growth and expansion, as well as to simplify and standardise policies and procedures. The Human Capital priorities include activities across the continuum of operations and strategic priorities.

With the aim of standardising job roles across businesses and functions, the organisation was restructured. Internal benchmarks and best practices of other organisations formed the basis of this new structure. While a few new policies were introduced, several existing ones were significantly revised. The latter includes simplified compensation and benefits, as well as a new incentive scheme.

The focus has been on building and strengthening the foundation upon which the company will grow. The HC team addressed gaps in manpower and talent and established a framework for recruitment.

It was the first time we hired large numbers from tier 1 and 2 business schools. Leadership and development programs were conducted across the country for our Jana Centre heads and cluster managers. New programmes were designed for management and executive trainees. Principles for employee engagement and EVP were laid down.

Over the last year, HC has reviewed existing policies and processes and significantly tightened controls, addressing gaps and weaknesses.

The process within Human Capital continues as the organisation is further strengthened to meet the challenges of further growth.

## CSR INITIATIVES

The newly introduced Companies Act 2013 makes India the only country with a legislated CSR. The Act requires companies to spend at least 2% of their average net profit of the previous three years on CSR activities and lists a set of thematic areas which are eligible under it. Janalakshmi wanted to integrate the CSR regulatory guidelines into its business operations and invest its CSR monies in socially and

environmentally beneficial outcomes. So the first year of the CSR initiatives was kick started by reaching out to partner organizations which comprised of NGOs and Foundations in Bangalore, where our headquarters are located. The team at Jana Urban Foundation carried out the various steps before the disbursement of the funds which comprised of selection of beneficiaries, identification of eligible

programs, budgeting, periodic monitoring and assessment. Janalakshmi decided to work in the fields of **Women Empowerment and Child Development**. Under this broad area of development, we tried to work with our partner organizations on different social issues which persist across gender, class, caste and religion.

With the help of APSA (Association for Promoting Social Action), Janalakshmi tried to work towards

reducing malnutrition among young children. Provision of nutritious foods such as green leafy vegetables, fruits, sprouts, milk and eggs to 150 children has resulted in the improvement of their health status. Some of the common health related problems which the children suffered from earlier were anemia, undernourishment, indigestion and skin problems and now there has been a decline in this.



Grace aims at providing early care child education to the children coming from poor families like rag pickers, waste collectors etc. along with recreation, nutritious food and health check-up facilities. Janalakshmi tried to engage with this organization by helping it run 4 crèches for 60 children ranging from 2-5 years. It has been noticed that through this kind of an intervention there is not only a behavioral change among the children who have shown enthusiasm to attend the centers everyday but their parents also feel more carefree and secure on realizing that their children are in safe hands and are spending their time productively. This set up is helping break the nexus of promoting child labor.

SVVS (Shamala Vidya Vardhak Sangh) is trying to make sure that children residing in nearby areas receive quality education. It works for children who belong to the BPL and minority families. Most of the students here are Muslims and another interesting aspect about this school is that girls outnumber boys. Janalakshmi is trying to work towards the same mission with this organization and it has provided school fees, uniforms, books and study trips for 70 children. Provision of different facilities like examinations, extracurricular activities, excursion tours, computer training and parent-teacher meetings are taking place. Due to this exposure and constant monitoring mechanisms, the number of children who drop out is reducing. The girl children are particularly benefitting from this. The parents are also happy due to the affordability of the education at SVVS.



The fourth organization in Bangalore, Vidyaniketan, has the most vulnerable children residing within its shelters. Nearly 40% of the children ranging anywhere between 8-12 years of age have been victims of child sexual abuse and most of the times their offenders are known to them. The organization maintains individual files of every child and provides counseling to help them get out of their trauma. Due to the sensitivity of the issue and to provide further protection, Vidyanikethan maintains local police links. Most of the parents of these children are sex

workers and due to this they are not able go back and visit their homes during holidays. In order to make sure these children feel at home, the organization provides food, education, sports facilities, awareness on personal hygiene and healthy diet among other things. Janalakshmi is very fortunate to be able to work with an organization like this and learn from it. We support the hostel of 40 children here which includes food, uniform, excursions, medical expenses and staff salaries.



We want to reach out to more number of people who are facing difficult situations and try to do our bit. For this Janalakshmi plans to now identify non-profit organizations across different locations in India

who are working on today's pressing issues to reduce inequality. This step will help the company expand in the sector of social development by engaging with grass root organizations.



I have visited many temples in  
Karnataka and Tamil Nadu. But  
my dream is to go to Singapore.

- Meenakshi

Onion and tender coconut vendor



# BOARD'S REPORT

## To the Members,

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

## 1. FINANCIAL SUMMARY/HIGHLIGHTS, OPERATIONS, STATE OF AFFAIRS

Particulars	2014 - 2015	2013 - 2014
Gross Income	7,591,631,630	4,089,919,303
Profit Before Interest and Depreciation	4,428,228,437	2,420,498,516
Finance Charges	3,194,679,881	1,603,967,045
Gross Profit	1,233,548,556	816,531,471
Depreciation	148,592,570	76,921,552
Profit Before Tax	1,084,955,986	739,609,919
Provision for Tax net of Deferred Tax	330,858,145	233,333,780
Profit After Tax	754,097,841	506,276,139
Profit brought forward from previous year	334,861,853	16,536,007
Profit available for appropriation	1,088,959,694	522,812,146
Proposed Dividend	32,371,710	30,828,195
Equity Shares	840	30,827,590
Preference shares	-	605
Tax on Dividend	6,472,606	5,239,252
Transfer to Statutory Reserve	150,819,568	101,255,228
Transfer to General Reserve	75,409,784	50,627,614
Surplus carried to Balance Sheet	823,885,186	334,861,857

### **Note on huge cash balance at the end of the year 31.3.2015:**

The company had a closing bank and cash balance of Rs. 1081.08 Cr as against Rs. 486.54 Cr as on 31 March 2014. This is because the company was successful in concluding several bank funding transactions towards the financial year end. The company is also making efforts to manage its Treasury more efficiently by diversifying its source of funding.

General Information about the Company, the Board's perception of the future considering market competition, production constraints, government policies etc.,

#### a) Industry structure and developments

During the past, India's Micro-Finance Sector demonstrated significant growth albeit from a small base as compared to the rest of financial services industries. The industry data from MFIN shows total customers at 3.05 Cr and gross loan portfolio at Rs. 40,138 Cr on March 31, 2015. This represents growth of 51% yoy in gross loan portfolio and 23% yoy in client acquisitions.

The industry is also diversifying into Pension distribution, with the implementation of National Pension Scheme by PFRDA which is being changed to 'Atal Yojna'. Over 15 lakh micro pension customers have been sourced through the industry network. The recent developments from IRDA allows Micro Finance institutions to tie up with Insurance companies and insurance certificates up to Rs. 2 lakhs, insured value, can be issued by institutions themselves, simplifying the process for customers.

#### b) Opportunities and Threats.

Debt funding to the sector is primarily through Commercial Banks at 77% of total funding and remaining through other Financial Institutions and instruments. The sector enjoyed healthy supply of bank funding that was growing at above 150% on yoy basis and the dependence on bank remains high. The sector also used Securitization as a method to raise funds for on-lending.

RBI has decided to revise upwards the limit relating to total indebtedness of the borrower; eligible rural and semi-urban household annual incomes and

loan amounts that can be disbursed in the first cycle and in subsequent cycles. The revision is as follows:-

- Total indebtedness of a borrower, excluding educational/ medical expenses, not to exceed Rs. 1,00,000 (raised from the current limit of Rs. 50,000).
- Loan disbursed to a borrower with rural household annual income not exceeding Rs. 100,000 (enhanced from Rs. 60,000) or urban and semi-urban household income not exceeding Rs. 1,60,000 (enhanced from Rs. 1,20,000).
- Disbursement of the loan amount not to exceed Rs. 60,000 (enhanced from Rs. 35,000) in the first cycle and Rs. 100,000 (enhanced from Rs. 50,000) in subsequent cycles.

The Government has proposed to set up Micro Units Development and Refinance Agency (MUDRA) Bank through legislative enactment, possibly a regulating and refinancing authority for all Micro-finance Institutions (MFI) engaged in lending to manufacturing, trading and services activities.

It is proposed that NBFCs registered with RBI and having asset size of Rs. 500 crore and above will be considered for notification as 'Financial Institution' in terms of the SARFESI Act, which will be a major boost for the sector.

Changes are also being proposed in the Priority Sector lending. For the first time a separate sub limit of 7.5% of ANBC is being created for the Micro



Enterprises. Additionally, introduction of Priority Sector Lending Certificate (PSLCs) will guide market driven motivation for efficiency and hence, shall enable the banks to sell their surplus lending and thus earn a premium for their efficiency and market reach.

The competitiveness in the sector is increasing with a number of MFIs trying to target the same customer. The Credit Bureaus have been effective in reducing the challenge of that multiple lending and hence the rejections of loans have increased for MFIs including JFS. However, given that overall penetration of micro-finance is low pan India, the loan rejections are not a near term challenge and have helped to improve the quality of portfolio.

#### c) Segment-wise or product-wise performance.

As compared to industry, JFS offers a range of products from Group loans, Individual loans, Home Improvement loans, Micro and Small Enterprise loans along with fee based products like Pensions, Insurance and Pre-paid cards. Being an NBFC MFI, greater than 85% of JFS assets are from Group Loans portfolio.

During the last financial year, JFS started and added more than 1 million pre-paid card customers which is one of the fastest implementation of its kind across the country.

#### d) Outlook

Given the recent regulatory changes as mentioned above and with Reserve bank lowering the policy rate and CRR, the outlook for the industry remains positive.

JFS is hopeful of capitalizing on industry opportunities and growing the portfolio at industry leading growth rates, while keeping the portfolio quality intact.

#### e) Risks and concerns.

Geo-political risks and local economy/industry failures remain the biggest risk for JFS. JFS has attempted to mitigate this risk by diversifying its 234 Jana Centers in 151 cities across pan India in 17 states. The overall portfolio of JFS is well balanced between East, West, North and South zones.

In terms of operational risks, the growth of company requires training and orientation of staff to perform the job efficiently and ensure fair customer treatment. JFS has strengthened its training team and tied with Manipal Training Institute for providing training to staff. The attrition of the staff remains a key challenge at junior level.

Given that JFS has invested in Technology, scaling up also requires simultaneous upgrade of technology systems. JFS signed a six-year technology outsourcing agreement in August 2014 with IBM to address this.

#### f) Internal control systems and their adequacy.

JFS employs three levels of controls – the first level of controls are built through the operations processes; the second level of controls are ensured through a risk and fraud monitoring framework and third level of controls through the Internal Audit department.

JFS has centralized the loan processing and sanctioning process at CPC which ensures effective controls on these key operations with a maker-checker concept at every stage. JFS has strengthened the collections and Fraud Prevention department for local implementation at Jana Centers and has a proactive process of monitoring risks centrally through dashboard reviews. The Audit department conducts quarterly audit of Jana Centers and surprise audits at a more frequent basis. The various Jana Centers activities including sales, customer collections, branch operations including cash, system, admin etc are audited and the Audit reports are monitored for

closure of action items. The Audit rating also forms a part of Jana Centers heads performance rating and incentives.

JFS has also initiated an exercise of validating and strengthening the controls over financial reporting which provide assurance in respect of its integrity of MIS reports and financial statements.

While JFS has developed a robust internal control system, we believe that continuous improvement in the process is key to success.

#### g) Discussion on financial performance with respect to operational performance.

During FY15, JFS disbursed loans of Rs. 4,121 Cr recording a growth of 73% over FY14 disbursements of Rs. 2,382 Crs. The total portfolio has increased from Rs. 2,054 Cr to Rs. 3,774 Cr.

The company opened 79 new Jana Centers in FY15 taking the total of Jana Centre to 234. The staff headcount of company has increased from 3,678 on 1st Apr 2014 to 6,257 on 31st Mar 2015. The growth in Jana centers and headcount has enabled JFS to add close to 20 lakhs customers in FY15.

JFS made a profit Rs. 75.40 Cr in FY15

#### h) Material developments in Human Resources / Industrial Relations front, including number of people employed.

Given the growth aspiration of JFS, Human Capital and Training departments have been strengthened with a new management teams at both Head office and Zonal offices. New Employee Value proposition and HR strategy was launched in employee sessions, 'JanaNayak events' around the country.

## 2) EVENTS SUBSEQUENT TO THE DATE OF FINANCIAL STATEMENTS

There were no material changes subsequent to the date of Financial Statements.

## 3) CHANGE IN THE NATURE OF BUSINESS, IF ANY

The Company continued to carry on its Business as Micro Finance Enterprise within the RBI regulated NBFC organisational framework.

## 4) DIVIDEND AND RESERVE

The Board of Directors recommend the payment of Dividend at the rate of 75% for the year 2014-15. Further an amount of Rs. 75,409,784 has been transferred to General Reserve.

## 5) BOARD MEETINGS

The Board of Directors met 16 times during this financial year. In addition to the quarterly meetings to consider the unaudited financials, the Board also met several times at shorter notice to transact business pertaining to statutory requirements of approvals for issue and allotment of securities. The quarterly Board meetings were held on 2-May-2014; 5-Aug-2014; 10-Nov-2014; 11-Nov-2014 and 11-Feb-2015.

Additional meetings convened at shorter notice, were held on 2-Jul-2014; 9-Jul-2014; 16-Sep-2014; 28-Oct-2014; 11-Nov-2014; 7-Jan-2015; 23-Jan-2015; 3-Feb-2015; 5-Feb-2015; 27-Feb-2015; 2-Mar-2015 and 20-Mar-2015.

## 6) DIRECTORS AND KEY MANAGERIAL PERSONNEL

The following directors were appointed on the Board during the Financial year :

1. Mr. Puneet Bhatia as a Director on 10-Nov-2014
2. Mr. Badrinarayan Pilinja as an Alternate Director to Mr. Zaheer Sitabkhan on 5-Aug-2014
3. Mr. Munish Mohan as a Nominee Director (IDBI) on 5-Aug-2014 and
4. Mr. V. Narayanamurthy as Nominee Director on 11-Nov-2014 in place of Mr. Munish Mohan
5. Ms. Rama Bijapurkar has resigned from the Board w.e.f 17-Jul-2014, to enable her to work with Jana Urban Foundation (promoter company) on customer centricity projects that are relevant to the company. Since her involvement might lead to conflict of interest, she took a decision to resign from the Board Seat.

The members of the Company at the AGM held on 20-Jun-2014 approved the re-appointment of Mr. V. S. Radhakrishnan as CEO & Managing Director for a period of five years

Further during the year, the following Independent Directors were also appointed for a period of five years pursuant to the provisions of Section 149 of the Companies Act, 2013

Mr. Sunil Mathur, Mr. Uday Chitale, Mr. Narayan Ramachandran, and Ms. Vijayalatha Reddy

## 7) DECLARATION FROM INDEPENDENT DIRECTORS ON ANNUAL BASIS

The Company has received declarations from all the Independent Directors of the Company under Section 149(7) of the Companies Act, 2013 that they meet with the criteria of their Independence laid down in Section 149(6).

## 8) COMPOSITION OF AUDIT COMMITTEE AND NOMINATION & REMUNERATION COMMITTEE

The composition of Audit Committee as on 31st March 2015 is as follows:

Mr. Sunil Mathur (Committee Chairman)  
 Mr. Uday Chitale  
 Mr. Narayan Ramachandran  
 Mr. Vikram Gandhi  
 Mr. Puneet Bhatia  
 Mr. R. Srinivasan (Permanent Invitee)

The terms of reference of the Audit Committee are as per the provisions of Section 177 of the Companies Act.

The Audit committee met four times in the financial year. The meeting dates are 2-May-2014; 4-Aug-2014; 10-Nov-2014 and 10-Feb-2015.

The composition of Nomination and Remuneration Committee as on 31st March 2015 is as follows :

Mr. Uday Chitale(Committee Chairman)  
 Mr. Sunil Mathur  
 Mr. Akhil Shriprakash Awasthi  
 Mr. Ling Wei Ong/Mr. Aluri Srinivasa Rao  
 Mr. Anil Rai Gupta  
 Ms. Vijayalatha Reddy

The scope of activities / terms of reference of the Nomination and Remuneration Committee are as per the provisions of Section 178 of the Companies Act, 2013.

The committee met three times in the financial year. The meeting dates are 4-Aug-2014; 10-Nov-2014 and 10-Feb-2015.

The company has laid down a Remuneration Policy, approved by the Nomination & Remuneration committee for remuneration of Directors, Key Managerial Personnel and other employees. The policy also covers the criteria for determining

qualifications and other attributes for appointment of directors including independent directors.

## 9) VIGIL MECHANISM

Pursuant to the provisions of section 177(9) & (10) of the Companies Act, 2013, the Company has established vigil mechanism for directors and employees to report genuine concerns. Vigil Mechanism forms part of Whistle Blower Policy, which has been approved by the Board of Directors in their meeting held on 5th August 2014. The Policy is also hosted on the Company's website.

JFS also has an Anti Sexual Harassment Policy to promote a workplace that is free of sexual harassment. A committee to investigate and redress any relevant grievances has been formed and meets at least on a quarterly basis.

## 10) DIRECTOR'S RESPONSIBILITY STATEMENT

**In pursuance of section 134 (5) of the Companies Act, 2013, the Directors hereby confirm that:**

(a) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

(b) the directors have 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 the end of the financial year and of the profit and loss of the company for that period;

(c) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this

Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) the directors have prepared the annual accounts on a going concern basis;

(e) Based on the framework of internal financial controls established by the Company and audits reviews performed by the Internal Auditors, Statutory Auditors, Secretarial Auditors and also a reputed firm of External Consultants, together with reviews performed by management which are duly reported to the relevant board committees, the Board is of the opinion that the Company's internal financial controls were adequate and operated fairly effectively during the financial year 2014-15. Certain control weaknesses and gaps observed during various audits and reviews are being addressed by the management and the corrective actions taken wherever necessary;

(f) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## 11) INFORMATION ABOUT THE FINANCIAL PERFORMANCE / FINANCIAL POSITION OF THE SUBSIDIARIES / ASSOCIATES/ JV

The Company does not have any Subsidiary or Associate Company.

## 12) EXTRACT OF ANNUAL RETURN

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

### 13) AUDITORS

The Auditors, M/s Deloitte Haskins & Sells, Chartered Accountants, retire at the ensuing Annual General Meeting and, being eligible, offer themselves for reappointment in terms of Section 139 of the Companies Act, 2013 as a statutory auditor for a period of two years from the conclusion of this Annual General Meeting [AGM] till the conclusion of the AGM to be held in the calendar year 2017

### 14) SECRETARIAL AUDIT

Secretarial audit report as issued by Mr. Nagendra D Rao, Practising Company Secretary is annexed to this Report as **ANNEXURE VI**

### QUALIFICATIONS IN AUDIT REPORTS

Explanations or comments by the Board on every qualification, reservation or adverse remark or disclaimer made—

- (a) by the statutory auditor in his report; and
- (b) by the company secretary in practice in his secretarial audit report;

Under the Listing Agreement entered with BSE - The Company has not complied with the Provisions of Clause 15 – [Filing of Balance Sheet, Profit and Loss Account with BSE], Clause 19(h) – Intimation of Date of the Meeting of the Board of Directors - 2 days in advance – declaration of Issue of Debt Securities], Clause – 29 [Furnishing of Half Yearly financial Results as per the prescribed Format].

- The Board of Directors have noted and henceforth the Company is in compliance with these clauses. Further, we would like to state that no prejudice was caused to any stakeholders due to non disclosure to Stock Exchange. The Company is a Private Limited Company and it is categorised as a Listed company under the provisions of Companies Act, 2013 as our debt securities are listed on Bombay

Stock Exchange. Our equity capital is not listed on any stock exchange. The compliance of the above clauses of Listing agreement was erroneously not complied with as we believed that these compliance are only for equity listed companies.

State Stamp Acts – It has been observed that in a number of cases, the company has paid deficient stamp duty in respect of Lending Agreement.

- The Board of Directors have noted and due care and caution is now being exercised in case of calculation of payment of Stamp duty on Loan agreements. These are the Loan Agreements of the Enterprise Financial Services (EFS) with its customers.

### 15) CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO

- (A) **Conservation of energy: Not applicable**
- (B) **Technology absorption: Not Applicable**
- (C) **Foreign exchange earnings and Outgo :**

Foreign exchange earnings : NIL and Foreign exchange expenditure :  
Rs. 46,075,190/-

### 16) DETAILS OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH RESPECT TO THE FINANCIAL STATEMENTS

The Board has adopted policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the Companies policies, the safeguard 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 disclosures.

## 17) RISK MANAGEMENT POLICY

JFS is governed by a Risk Management Policy, which has been approved by the Board on 11th November 2014. The key risks that we are subject to and the mechanisms to mitigate are tabulated below.

KEY RISKS	CHARACTERISTICS	STEPS FOR MITIGATION
Credit Risk	<ul style="list-style-type: none"> <li>Failure of Borrower's Business</li> <li>Use of loan for speculative activities</li> <li>Wilful default</li> <li>Default due to over-borrowing</li> </ul>	<ul style="list-style-type: none"> <li>Comprehensive Credit check is done at multiple levels for all borrowers.</li> <li>Complemented by strong internal control and MIS system to ensure compliance to credit and risk guidelines.</li> <li>JFS also does a bureau check with CIBIL, Equifax and High Mark.</li> </ul>
Operational Risk	<ul style="list-style-type: none"> <li>Failure of the IT infrastructure can impact business operations</li> </ul>	<ul style="list-style-type: none"> <li>Data back-up is maintained on mirror servers located in different geographical areas for disaster recovery.</li> </ul>
Market Risk	<ul style="list-style-type: none"> <li>Evolving market needs can lead to a product redundancy.</li> <li>Natural calamities can lead to loan defaults.</li> <li>Geographic concentration</li> </ul>	<ul style="list-style-type: none"> <li>Ongoing review of products keeping in view the customer needs.</li> <li>Compulsory life insurance to hedge against natural calamities.</li> <li>JFS' pan India presence mitigates geographic concentration risk.</li> </ul>
Liquidity Risk	<ul style="list-style-type: none"> <li>Market funding risk</li> <li>Mismatch in maturity pattern of assets &amp; liabilities</li> </ul>	<ul style="list-style-type: none"> <li>Funding to be met by Debt instruments</li> <li>Will ensure funding at appropriate tenors to balance business requirements.</li> </ul>
Interest Rate Risk	<ul style="list-style-type: none"> <li>Mismatch in cost of funds vis-à-vis return on assets can affect the Net Interest Margin.</li> </ul>	<ul style="list-style-type: none"> <li>We will retain flexibility in our product pricing to respond to Interest Rate fluctuations.</li> </ul>
Compliance Risk	<p>Failures to comply with laws, regulations, standards leading to</p> <ul style="list-style-type: none"> <li>Legal or regulatory sanctions</li> <li>Financial loss</li> <li>Damage to our reputation value erosion</li> </ul>	<ul style="list-style-type: none"> <li>Independent compliance function to handle compliance.</li> <li>Timely dissemination of laws, regulations, standards for compliance.</li> <li>Periodic compliance confirmations from the relevant stakeholders.</li> </ul>

A quarterly update on the risks and the mitigating actions taken to manage them is placed to the Risk Management Committee.



## 18) CORPORATE SOCIAL RESPONSIBILITY POLICY

Pursuant to the provisions of section 135 and schedule VII of the Companies Act, 2013, CSR Committee of the Board of Directors was formed to recommend (a) the policy on Corporate Social Responsibility (CSR) and (b) implementation of the CSR Projects or Programs to be undertaken by the Company as per CSR Policy. The CSR policy is duly approved by the Board of Directors.

**REASON FOR NOT SPENDING :** The unspent amount of Rs. 1,938 is insignificant .The 2% of the Average Net Profits of three preceding financial years of JFS was Rs. 4,660,758. The amount allocated to the four implementing agencies was Rs. 4,658,820.

### ANNUAL REPORT ON CSR

Annual Report on CSR in the prescribed format is enclosed **ANNEXURE - II**

## 19) RELATED PARTY TRANSACTIONS

Particulars of Contracts or Arrangements with Related parties referred to in Section 188(1) in Form AOC- 2 as **ANNEXURE – III is attached.**



**R. SRINIVASAN**  
Executive Vice Chairman

## 20) FORMAL ANNUAL EVALUATION

The Board of Directors in its meeting held on 11th February 2015, took note of the evaluation report of all the directors performance including its own performance and its committees.

## 21) RATIO OF REMUNERATION TO EACH DIRECTOR

Details / Disclosures of Ratio of Remuneration to each Director to the median employee's remuneration as **ANNEXURE - IV is attached.**

## 22) LISTING WITH STOCK EXCHANGES

The Company has listed its debt securities (i.e non-convertible debentures) on BSE and confirms that it has paid annual listing fees for the year 2015-16.

## 23) CORPORATE GOVERNANCE AND SHAREHOLDERS INFORMATION

A report on Corporate Governance as applicable to the company is included as a part of this Annual Report (**ANNEXURE - V**)



**V. S. RADHAKRISHNAN**  
CEO & Managing Director



Our next plan is to  
set up a shop. It's  
my son's idea.

- Vasantha  
Vegetable Vendor

# ANNEXURE - I

## FORM NO. MGT 9 EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2015

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

### I. REGISTRATION & OTHER DETAILS

1.	CIN	U65923KA2006PTC040028
2.	Registration Date	24-Jul-2006
3.	Name of the Company	Janalakshmi Financial Services Private Limited
4.	Category/Sub-category of the Company	Private Limited Company by Shares
5.	Address of the Registered office & contact details	'Rajashree Saroja Plaza,' No. 34/1, Andree Road, Shanthinagar, Bangalore – 560 027 Ph no. : 080 - 4259 5700
6.	Whether listed company	No, but debt securities are listed on Bombay Stock Exchanges
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Karvy Computershare Pvt. Ltd. Plot No.17 - 24, Vithal Rao Nagar, Madhapur Hyderabad - 500 081 Ph: +91 040 4465 5208

### 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)

S. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Small Batch Loans	64,920	91.59%

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and Address of the Company	CIN/ GLN	Holding /Subsidiary/ Associate	%of shares held	Applicable Section
1					
2			Not Applicable		
3					

## IV. SHARE HOLDING PATTERN

### (Equity Share Capital Breakup as percentage of Total Equity)

Category-wise Share Holding

#### A. PROMOTERS

##### (1) INDIAN

Category of Shareholders	No. of Shares held at the beginning of the year[As on 31-March-2014]				No. of Shares held at the end of the year[As on 31-March-2015]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	674,040	674,040	21.86%	674,040	101,910	775,950	17.98%	3.88%
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
<b>Total shareholding of Promoter (A)</b>	<b>-</b>	<b>674,040</b>	<b>674,040</b>	<b>21.86%</b>	<b>674,040</b>	<b>101,910</b>	<b>775,950</b>	<b>17.98%</b>	<b>3.88%</b>

#### B. PUBLIC SHAREHOLDING

##### 1. INSTITUTIONS

Category of Shareholders	No. of Shares held at the beginning of the year[As on 31-March-2014]				No. of Shares held at the end of the year [As on 31-March-2015]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs/Foreign Companies	1,204,904	918,085	2,122,989	68.87%	1,420,184	1,669,362	3,089,546	71.58%	-2.71%

h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify) Private Equity Fund	-	120,088	120,088	3.90%	-	154,662	154,662	3.58%	0.31%-
<b>Sub-total (B)(1)</b>	<b>1,204,904</b>	<b>1,038,173</b>	<b>2,243,077</b>	<b>72.76%</b>	<b>1,420,184</b>	<b>1,824,024</b>	<b>3,244,208</b>	<b>75.165</b>	<b>-2.40%</b>

## 2. NON-INSTITUTIONS

Category of Shareholders	No. of Shares held at the beginning of the year[As on 31-March-2014]				No. of Shares held at the end of the year[As on 31-March-2015]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
a) Bodies Corp.									
i) Indian	400	57,528	57,928	1.88%	400	224,857	225,257	5.22%	-3.34%
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	36,901	70,813	107,714	3.49%	0	70,813	70,813	1.64%	1.85%
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Non Resident Indians	-	-	-	-	-	-	-	-	-
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-

Clearing Members	-	-	-	-	-	-	-	-	-
Trusts	-	-	-	-	-	-	-	-	-
Foreign Bodies - D R	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(2)</b>	<b>37,301</b>	<b>128,341</b>	<b>165,642</b>	<b>5.37%</b>	<b>400</b>	<b>295,670</b>	<b>296,070</b>	<b>6.86%</b>	<b>-0.015%</b>
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>1,242,205</b>	<b>1,166,514</b>	<b>2,408,719</b>	<b>78.14%</b>	<b>1,420,584</b>	<b>2,119,694</b>	<b>3,540,278</b>	<b>82.02%</b>	<b>-0.039%</b>
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	<b>1,242,205</b>	<b>1,840,554</b>	<b>3,082,759</b>	<b>100.00%</b>	<b>2,094,624</b>	<b>2,221,604</b>	<b>4,316,228</b>	<b>100.00%</b>	<b>-</b>

## B. SHAREHOLDING OF PROMOTER

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding 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	Jana Urban Foundation	674,040	21.86%	NA	775,950	17.98%	NA	3.88%

## C. CHANGE IN PROMOTERS' SHAREHOLDING (PLEASE SPECIFY, IF THERE IS NO CHANGE)

SN	Particulars	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
1	At the beginning of the year	674,040	21.86%	674,040	21.86%
2	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc.):	101,910	NA	101,910 (right issue on 11-Nov-2014)	NA
3	At the end of the year	775,950	17.98%	775,950	17.98%



#### D. SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS

(Other than Directors, Promoters and Holders of GDRs and ADRs)

SN	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1	At the beginning of the year	Refer Attachment A			
2	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
3	At the end of the year				

#### V. SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

SN	Shareholding of each Directors and each 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
1	At the beginning of the year	Refer Attachment B			
2	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
3	At the end of the year				

## VI. INDEBTEDNESS

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

Particulars	Secured Loans excluding deposits	Unsecured Loans	Total Indebtedness
Indebtedness at the beginning of the financial year	18,841,032,586	64,000,000	18,905,032,586
i) Principal Amount	0	0	0
ii) Interest due but not paid	95,803,426	0	95,803,426
iii) Interest accrued but not Due			
<b>Total (i+ii+iii)</b>	<b>18,936,836,012</b>	<b>64,000,000</b>	<b>19,000,836,012</b>
Change in Indebtedness during the financial year	33,892,000,000	233,757,800	34,125,757,800
• Addition	15,210,529,415	0	15,210,529,415
• Reduction			
<b>Net Change</b>	<b>18,681,470,585</b>	<b>233,757,800</b>	<b>18,915,228,385</b>
Indebtedness at the end of the financial year	37,522,503,171	297,757,800	37,820,260,971
i) Principal Amount	0	0	0
ii) Interest due but not paid	201,498,765	0	201,498,765
iii) Interest accrued but not due			
<b>Total (i+ii+iii)</b>	<b>37,724,001,936</b>	<b>297,757,800</b>	<b>38,021,759,736</b>

## VII. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. REMUNERATION TO MANAGING DIRECTOR, WHOLE-TIME DIRECTORS AND/OR MANAGER

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
	R. Srinivasan (Executive Vice Chairman)	V. S. Radhakrishnan (Managing Director & CEO)	
	Gross salary	7,415,858	8,500,000
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-
1	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission - as % of profit - others, specify...	-	-
5	Others, please specify		
	<b>Total (A)</b>	<b>7,415,858</b>	<b>8,500,000</b>
	<b>Ceiling as per the Act</b>	<b>--</b>	<b>-</b>

## B. REMUNERATION TO OTHER DIRECTORS

SN.	Particulars of Remuneration	Name of Directors					Total Amount
		Narayan Ramachandran	Uday Chitale	Sunil Mathur	Vijayalatha Reddy	Vikram Gandhi	
1	Independent Directors						
	Fee for attending board committee meetings	330,000	330,000	240,000	360,000	100,000	1,360,000
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	Total (1)	330,000	330,000	240,000	360,000	100,000	1,360,000
2	Other Non-Executive Directors Munish Mohan (Nominee Director of IDBI)		-	-	-	-	-
	Fee for attending board committee meetings	60,000	-	-	-	-	60,000
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	Total (2)	60,000	-	-	-	-	60,000
Total (B)=(1+2)		390,000	330,000	240,000	360,000	100,000	1,420,000
Total Managerial Remuneration		390,000	330,000	240,000	360,000	100,000	1,420,000
Overall Ceiling as per the Act		NA	NA	NA	NA	NA	NA

## C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

[\*Please note that the salary of CEO is already provided under section VII A and in our company MD holds the position of CEO also]

SN.	Particulars of Remuneration	Key Managerial Personnel			
		CEO *	CS	CFO	Total
1	Gross salary	-	2,203,877	4,017,759	6,221,636
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	-others, specify	-	-	-	-
5	Others, please specify	-	-	-	-
Total		-	2,203,877	4,017,759	6,221,636

## VIII. 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)
<b>A. COMPANY - NIL</b>					
Penalty					
Punishment					
Compounding					
<b>B. DIRECTORS – NIL</b>					
Penalty					
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT – NIL</b>					
Penalty					
Punishment					
Compounding					

## ATTACHMENT A

Sr No.	Shareholder	No of Shares (31-Mar-2014)	% holding	Allotment on 10-Nov-2014	Transfer on 13-Nov-2014 & 31-Mar-2015	Conversion of CCD to Equity Shares (28-Oct-2014)	No of Shares (31-Mar-2015)	% holding
1	MSPEA Platinum Pte. Ltd.	580,373	18.83%	78,379	-		758,752	17.58%
2	TPG Asia VI SF Pte. Ltd	-	0.00%	621,617	73,101		694,718	16.10%
3	Client Rosehill Limited	519,676	16.86%	-	-		519,676	12.04%
4	Alpha TC Holdings Pte Ltd	302,803	9.82%	129,660	(36,200)		396,263	9.18%
5	CVCI GP II Employee Rosehill Limited	291,049	9.44%	-	-		291,049	6.74%
6	Treeline Asia Master Fund (Singapore) Pte. Ltd.	216,088	7.01%	-	-		216,088	5.01%
7	India Financial Inclusion Fund (IFIF)	213,000	6.91%	-	-		213,000	4.93%
8	QRG Enterprises Limited	29,646	0.96%	100	-	167,229	196,975	4.56%
9	GAWA Microfinance Fund I	120,088	3.90%	-	-		120,088	2.78%
10	Vallabh Bhanshali	47,764	1.55%	-	-		47,764	1.11%

## ATTACHMENT B

Name of Director/ KMP	Designation	No. of Shares (31-Mar-2014)	% of total shares of the Company	No. of Shares (31-Mar-2015)	% of total shares of the Company
R. Srinivasan	Director & Executive Vice Chairman	9	0.00,029%	9	0.00,021%
V.S. Radhakrishnan	CEO & Managing Director	1	0.00,003%	1	0.00,002%
S. Gopalakrishnan	Chief Financial Officer	-	-	-	-
Richa Saxena	Company Secretary	-	-	-	-

## ANNEXURE - II

### THE ANNUAL REPORT ON CSR ACTIVITIES TO BE INCLUDED IN THE BOARD'S REPORT

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.

#### **Brief Outline of Janalakshmi Financial Services Private Limited (JFS's) CSR Policy:**

JFS aspires to further its social and environmental commitment by incorporating the vision of CSR laid out by the government in Companies Act, 2013. Janalakshmi intends to integrate the CSR guidelines in its business operations as well as outline a strategy to invest its CSR monies in socially and environmentally beneficial outcomes. JFS will invest CSR monies in programs run by partner organizations. This shall exclude the activities undertaken in the pursuance of its normal course of business and any programs run by the holding company (JUF-Jana Urban Foundation). JFS will, therefore, partner with a diverse range of stakeholders including well-established NGOs, government bodies and community representatives for its CSR activities.

JFS' CSR monies will not be used for programs run by JUF though they fall under the purview of the activities approved in Schedule VII of the Companies Act. This arrangement has been envisaged to ensure all the eligible CSR monies are channeled towards impactful social activities of JFS partners.

JFS will also encourage employee engagement and volunteerism, where JFS and other Jana group employees can directly participate in development activities.

**Overview of Projects:** JFS has invested CSR monies in projects involving Women's Empowerment and Child Development that focus on achieving specific, measurable impact. Considering these parameters JFS has channelized its CSR funds in the following programs:-

- I. Provision of Food & Nutrition for Rescued Children in APSA's Dream School & Namma Mane (Implementing Agency – APSA)
- II. Early Care Child Education (Implementing Agency – GRACE)
- III. Sponsorship of formal education for 70 children (Implementing Agency – SVVS)
- IV. Protection and Safety of Exploited Children of Female Sex workers[PSEC] (Implementing Agency – Vidyanikethan)

#### **Implementation and Initiatives taken by the Company**

JFS has focused on investing CSR monies in partner organizations operating in Bangalore or in the rest of Karnataka. Partner organizations will include, but are not limited to the NGOs Janalakshmi has been involved with since its inception.



**Stages involved in allocating the CSR funds are as following :**

**Stage 1 :** Request for Proposals

**Stage 2 :** Pre-grant evaluation of models

**Stage 3 :** Identifying projects for funding

**Stage 4 :** Signing of contract/MoU

**Stage 5 :** Disbursal of CSR funds

**Stage 6 :** Monitoring of metrics

**Stage 7 :** Year-end evaluation

**Stage 8 :** Stakeholder meeting to share project outcomes and strategize for year ahead

Web link: [http://www.janalakshmi.com/templates/janalakshmi/download/csr\\_policy.pdf](http://www.janalakshmi.com/templates/janalakshmi/download/csr_policy.pdf)

#### **The Composition of the CSR Committee.**

The CSR Committee has been formed to carry out some of the aspects like developing the CSR strategy, detailed planning on the CSR activities, making decisions on their expenditure and the monitoring and evaluation mechanisms. The Committee comprises of the following members:-

1. Ms. Vijayalatha Reddy (Chairperson)
2. Mr. Ramesh Ramanathan

3. Mr. Vikram Gandhi

4. Mr. Zaheer Sitabkhan

5. Mr. Puneet Bhatia

#### **Average net profit of the company for last three financial years**

Financial Years	Net profit after Tax (Amt in Rs.)
2011-12	12,217,811
2012-13	180,619,815
2013-14	506,276,139
Average net profit	23,3,037,922

#### **Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above)**

2% of the Avg. Net Profits of three preceding financial years is Rs. 4,660,758/-

#### **Details of CSR spent during the financial year**

Refer the details under the head "Manner in which the amount spent during the financial year is detailed below"

**Total amount to be spent for the financial year:**  
Rs. 4,658,820

**Amount unspent, if any:** Rs. 1,938

## MANNER IN WHICH THE AMOUNT SPENT DURING THE FINANCIAL YEAR IS DETAILED BELOW

(1)	(2)	(3)	(4)
S. No	CSR project or Activity identified	Sector in which the Project is covered	<b>Projects or programs</b> <b>(1)Local area or other</b>  <b>(2) Specify the State and district where projects or programs was undertaken</b>
1	Provision of Food & Nutrition for Rescued Children in APSA's Dream School & Namma mane	1. Promotion of education 2. Employment enhancing vocational skills 3. Eradicating extreme hunger and poverty	<b>1. Local Area Program:</b> 34, Annasandrapalya, Vimanapura Post, Bangalore – 560017  <b>2. State :</b> Karnataka, District : Bangalore
2	Early Care Child Education	1. Eradicating extreme hunger and poverty 2. Promotion of education	<b>1. Local Area Program:</b> No. 32, 1st Main, 3rd Cross, Rama Tent Road, Venkateshpuram, Bangalore-45  <b>2. State:</b> Karnataka, District: Bangalore
3	Sponsorship of formal education for 70 children	1. Promotion of education	<b>1. Local Area Program:</b> K.G.Halli, A.C. Post, Bangalore -560045  <b>2. State:</b> Karnataka, District: Bangalore
4	Protection and Safety of Exploited Children of Female Sex workers[PSEC]	1. Eradicating extreme hunger and poverty 2. Promotion of education 3. Promoting gender equality and empowering women	<b>1. Other Area Program:</b> 7/14, Old Mathigiri, TVS Road, Behind RTO Office, Hosur – 635110  <b>2. State :</b> Tamil Nadu, District : Krishnagiri
<b>TOTAL</b>			

(5)	(6)	(7)	(8)
Amount outlay (budget) project or programs wise (Amount in Rs.)	Amount spent on the projects or Programs Sub- heads: 1. Direct expenditure on projects or programs 2. Overheads	Cumulative expenditure upto to the reporting period (Amount in Rs.)	Amount spent: Direct or through implementing agency *
2,250,000	1. Direct Expenditure: 1,638,079  2. Overheads: NA	1,638,079	Amount Spent: Rs. 1,638,079  Implementing Agency: APSA (Association for Promoting Social Action)
544,000	1. Direct Expenditure: 532,370  2. Overheads: NA	532,370	Amount Spent: Rs. 532,370  Implementing Agency: GRACE (Grass Root Action for Community Empowerment)
707,000	1. Direct Expenditure: 707,000  2. Overheads: NA	707,000	Amount Spent: Rs. 707,000  Implementing Agency: SVVS (Shamala Vidya Vardhak Sangh)
1,157,820	1. Direct Expenditure: 1,156,503  2. Overheads: NA	1,156,503	Amount Spent: Rs. 1,156,503  Implementing Agency: Vidyanikethan
4,658,820		4,033,952	4,033,952

## 1. APSA :

**Year of Establishment:** 1981

**Date of Registration:** 4th June 1981

**Mission and Vision:** APSA's mission is to catalyze the process by which underprivileged and deprived communities participate in their own development and use their own strengths and efforts for problem solving and to improve the quality of their lives.

The vision of APSA is development without exploitation

**Thematic sectors of operation:** Child rights; alcohol, drug and tobacco de-addiction; gender and youth empowerment

**Geographical working area(s):** 100 slums in 4 Assembly Constituencies of Bangalore City (Karnataka)

### Activities carried out so far:

- Child Rights Advocacy which includes education for drop-out children, eradication of child labour, shelter for street children and implementation of RTE Act 2009
- Gender Empowerment and Advocacy which includes formation of SHGs and women's federation, addressing gender based violence in urban slums and sexual health education for adolescent girls
- Alcohol, Drugs and Development which includes de-addiction modules for target groups and awareness on ADD in slums
- Empowerment and Development of Young People which includes vocational training for youth with job placements and follow-ups

\* **Amount unspent, if any:** Considering the current run rate the remaining balance of Rs. 611,921 will be fully utilized by the end of July 2015 on our approved programs.

## 2. GRACE

**Year of Establishment:** 2005

**Date of Registration:** 3rd March 2005

**Mission and Vision:** Its mission is to work for child development by linking different stakeholders like the urban poor, the urban citizen groups and the government. Grace's vision is to help the poor by promoting accountability of the different stakeholders involved by providing a platform where various officials get to interact with the people coming from disadvantaged backgrounds

**Thematic sectors of operation:** Provision of day schools (crèches) for underprivileged children whose parents are mostly rag pickers, waste collectors, coolie workers, etc; reduction of malnourishment and promotion of basic education

**Geographical working area(s):** Urban slums in Bangalore – East Zone: PK Colony, Nagawara, KM Nagar, Banaswadi, Frazer Town, Desia Nagar  
Yelahanka Zone: K Narayanpuram, HBR Layout

### Activities carried out so far:

- Distribution of identity cards which have been authorised by BBMP to the rag pickers and waste collectors
- Promotion of early education to slum children
- Provision of nutritious food for children who attend the crèches

\* **Amount unspent, if any:** The remaining balance of Rs. 11,630 has already been accounted for in April 2015.

### 3. SVVS (SHAMALA VIDYA VARDHAK SANGH)

**Year of Establishment:** 1979

**Date of Registration:** 4th November 1982

**Mission:** 'For every child an education, for every adult the dignity of self-reliance'

**Vision:** To regenerate the rhythm of life of the disadvantaged

**Thematic sectors of operation:** Formal and non-formal education, community organization and income generation activities, need-based training in sector-specific areas

**Geographical working area(s):** Bangalore urban and rural districts, Tumkur district and Chitradurga districts

**Activities carried out so far:**

- Formal education for poor students who are especially from minority communities
- Retaining drop-out children in formal education
- Provision of computer training
- Health check-ups for school going children

### 4. VIDYANIKETHAN

**Year of Establishment:** 1988

**Date of Registration:** 24th May 1988

**Mission:** Its mission is to ensure that every child enjoys his/her childhood and avails the rights of a child

**Vision:** "Exploitation free and environmentally sustainable society"

**Thematic sectors of operation:** Target group comprises of neglected and exploited children who have been victims of sexual, physical and emotional abuse

**Geographical working area(s):** Urban, peri-urban and rural areas of Bangalore south, Mandya district of Karnataka and Hosur, Mathagondapally in Tamil Nadu. It works in over 218 villages/slums

**Activities carried out so far:**

- Preventing, protecting and prosecuting children from different types of abuses
- Promoting health, education and socio-economic programs for the disadvantaged people
- Conducts formal school programs for children
- Conducts skill training for rural women
- Conducts poverty alleviation programs in the urban slums

\* In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.

The 2% of the Average Net Profits of three preceding financial years of JFS was Rs. 4,660,758. The amount allocated to the four implementing agencies was Rs. 4,658,820. The unspent amount of Rs. 1,938 is insignificant.

\* A responsibility statement of the CSR committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company

## ANNEXURE - III

### FORM NO. AOC.2

Form for disclosure of particulars of contracts/ arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto (Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. Details of contracts or arrangements or transactions not at arm's length basis : All Related Party Transactions are at arm's length.
2. Details of material contracts or arrangement or transactions at arm's length basis

(i)

- a) Name(s) of the related party and nature of relationship : Jana Urban Foundation ; Promoter Company
- (b) Nature of contracts/arrangements/transactions : Management Service Agreement
- (c) Duration of the contracts/arrangements/ transactions : One year (i.e for the financial year 2014-2015)
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any

The agreement covers the following activities :

Financial Advisory Services

Community Mobilization Services

Business Correspondent Services (BC) : availed till September 2014. From October 2014, the Company entered BC agreement with DCB Bank Limited in

line with RBI circular, which allowed NBFC-MFI to act as a BC.

Actionable Customer Insights and Analytics

Spatial analysis and geographic information system

(e) date(s) of approval by the Board : 2nd May 2014 and investors approval were also taken pursuant to the Shareholders Agreement dated 1st August 2013.

(g) Amount paid as advances, if any: Nil

(ii)

(a) Name(s) of the related party and nature of relationship : Crossdomain Solutions Pvt Ltd and Mr. Ramesh Ramanathan, Chairman of the Board is also a Director in that Company.

(b) Nature of contracts/arrangements/transactions : Service Agreement

(c) Duration of the contracts/arrangements/ transactions : For three years, Starts from 1st April 2014 to 31st March 2017

(d) Salient terms of the contracts or arrangements or transactions including the value, if any:

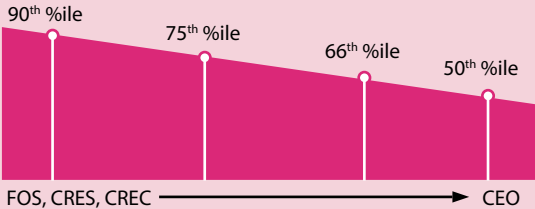
The agreement is for payroll processing; Full & final Settlement of resigned employees; Year-end processing Vouching; Filing of 24Q. They also provide statutory and non-statutory report. Charges for the services is elaborately mentioned in the Agreement dated 11th Jul 2014 – Schedule A

(e) Date(s) of approval by the Board, if any: 2nd May 2014 and 5th August 2014

(f) Amount paid as advances, if any: Nil



## ANNEXURE - IV

(i) the ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year;	EVC – Rs. 7,415,858 / Rs. 150,000 MD&CEO – Rs. 8,500,000 / Rs. 150,000 All Employee Median – (Rs. 150,000)
(ii) the percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;	EVC – 147% MD&CEO – 42% CFO – 26% CS – 16%
(iii) the percentage increase in the median remuneration of employees in the financial year;	Rs. 145,000 / Rs. 150,000 = 3.5%
(iv) the number of permanent employees on the rolls of company;	6,257 (as on 31st March 2015)
(v) the explanation on the relationship between average increase in remuneration and company performance;	50% increase in PAT from 2013-14 to 2014-15. Head count increased from ~3678 to 6257.
(vi) comparison of the remuneration of the Key Managerial Personnel against the performance of the company;	As above
(vii) variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the company as at the close of the current financial year and previous financial year;	Non listed company – Net worth of the company increased from 556 Cr in FY 2013-14 to 1089 Cr in FY 2014-15.
(viii) average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;	<p>A survey was conducted last year and a formal compensation policy was formalised based on the following principles.</p> <ul style="list-style-type: none"> <li>• A – Market data was collected for all jobs in the company through a reputed external agency.</li> <li>• B – Compensation philosophy was defined under which, percentile positioning of junior staff was fixed on the top most quartile, and with the target percentile reducing to the median at the more senior level employees.</li> </ul>
<p>Differentiated positioning targeted at different levels</p>  <p>90<sup>th</sup> %ile      75<sup>th</sup> %ile      66<sup>th</sup> %ile      50<sup>th</sup> %ile</p> <p>FOS, CRES, CREC → CEO</p>	

(ix) comparison of the each remuneration of the Key Managerial Personnel against the performance of the company	<ul style="list-style-type: none"> <li>Defined above on the PAT and % increase for Key Managerial Personnel.</li> </ul>
(x) the key parameters for any variable component of remuneration availed by the directors;	Key Performance Indicator on the four prospective of Balance Score Card / (financial performance, Customer & market , Internal Process & operations and Learning & Development).
(xi) the ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year;	Rs. 130,000/ Rs. 8,500,000
(xii) affirmation that the remuneration is as per the remuneration policy of the company.	Yes

## STATEMENT SHOWING DETAILS OF EMPLOYEES OF THE COMPANY

EXECUTIVE VICE CHAIRMAN	
(i) designation of the employee;	Executive Vice Chairman
(ii) remuneration received;	Rs. 7,415,858
(iii) nature of employment, whether contractual or otherwise;	Permanent
(iv) qualifications and experience of the employee;	MA – Economics, 45+ years
(v) date of commencement of employment;	15-Oct-05
(vi) the age of such employee;	72
(vii) the last employment held by such employee before joining the company;	JP Morgan
(viii) the percentage of equity shares held by the employee in the company within the meaning of clause (iii) of sub-rule (2) above; and	9 shares
(ix) whether any such employee is a relative of any director or manager of the company and if so, name of such director or manager:	NA
The employee, if employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than sixty lakh rupees;	Yes
The employee, if employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than five lakh rupees per month;	NA
The employee, if employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company.	No

### CEO & MANAGING DIRECTOR

(i) designation of the employee;	CEO & Managing Director
(ii) remuneration received;	Rs. 9,501,951
(iii) nature of employment, whether contractual or otherwise;	Permanent
(iv) qualifications and experience of the employee;	PGDM, CAIIB, 40+ years
(v) date of commencement of employment;	16-Aug-07
(vi) the age of such employee;	61
(vii) the last employment held by such employee before joining the company;	ING Vysya Bank Ltd
(viii) the percentage of equity shares held by the employee in the company within the meaning of clause (iii) of sub-rule (2) above; and	1 share
(ix) whether any such employee is a relative of any director or manager of the company and if so, name of such director or manager:	NA
The employee, if employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than sixty lakh rupees;	Yes
The employee, if employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than five lakh rupees per month;	NA
The employee, if employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company.	No

### CHIEF TECHNOLOGY OFFICER

(i) designation of the employee;	Chief Technology Officer
(ii) remuneration received;	Rs. 3,683,333
(iii) nature of employment, whether contractual or otherwise;	Permanent
(iv) qualifications and experience of the employee;	Ph.D.
(v) date of commencement of employment;	21-Jul-14
(vi) the age of such employee;	46
(vii) the last employment held by such employee before joining the company;	IBM
(viii) the percentage of equity shares held by the employee in the company within the meaning of clause (iii) of sub-rule (2) above; and	NA
(ix) whether any such employee is a relative of any director or manager of the company and if so, name of such director or manager:	No
The employee, if employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than sixty lakh rupees;	No

#### CHIEF TECHNOLOGY OFFICER

The employee, if employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than five lakh rupees per month; Yes

The employee, if employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company. No

#### HEAD – PRODUCT & MARKETING

(i) designation of the employee; Head – Product & Marketing

(ii) remuneration received; Rs. 3,566,667

(iii) nature of employment, whether contractual or otherwise; Permanent

(iv) qualifications and experience of the employee; B.Tech, PGDM

(v) date of commencement of employment; 28-Jul-2014

(vi) the age of such employee; 56

(vii) the last employment held by such employee before joining the company; V P Bank, Vietnam

(viii) the percentage of equity shares held by the employee in the company within the meaning of clause (iii) of sub-rule (2) above; and NA

(ix) whether any such employee is a relative of any director or manager of the company and if so, name of such director or manager: No

The employee, if employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than sixty lakh rupees; No

The employee, if employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than five lakh rupees per month; Yes

The employee, if employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company. No

## CEO – RETAIL FINANCIAL SERVICES

(i) designation of the employee;	CEO – Retail Financial Services
(ii) remuneration received;	Rs. 5,695,000
(iii) nature of employment, whether contractual or otherwise;	Permanent
(iv) qualifications and experience of the employee;	MBA, 25+ years
(v) date of commencement of employment;	6-Sep-2014
(vi) the age of such employee;	51
(vii) the last employment held by such employee before joining the company;	Gateway Ventures Ltd
(viii) the percentage of equity shares held by the employee in the company within the meaning of clause (iii) of sub-rule (2) above; and	NA
(ix) whether any such employee is a relative of any director or manager of the company and if so, name of such director or manager:	No
The employee, if employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than sixty lakh rupees;	No
The employee, if employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than five lakh rupees per month;	Yes
The employee, if employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company.	No

# ANNEXURE - V

## REPORT ON CORPORATE GOVERNANCE

### CORPORATE GOVERNANCE PHILOSOPHY

The company is committed to ensure high standards of transparency and accountability in all its activities. The best management practices and high levels of integrity in decision making are followed to ensure sustained wealth generation and creation of value for all the stakeholders. The company follows all the principles of corporate governance in its true spirit and at all times.

### BOARD OF DIRECTORS

#### Composition

The Board consists of 16 Directors as on 31st March 2015. All independent directors possess the requisite qualifications and are very experienced in their own fields. Necessary disclosures have been obtained from all the directors regarding their directorship and have been taken on record by the Board.

The names of the Directors and the details of other committee membership of each Director as on 31st March 2015 is given below:

#### Board Meetings and Attendance at Board Meetings

The Board met 16 times during the financial year 2014-2015. The Board of Directors of the Company had met with a gap not exceeding the maximum gap of one hundred and twenty days, as per the provisions of the Companies Act, 2013.

The dates for the board meetings are fixed after taking into account the convenience of all the directors and sufficient notice is given to them. Detailed agenda notes are sent to the directors. All the information required for decision making are incorporated in the agenda. Those that cannot be included in the agenda are tabled at the meeting. The chairman and the CEO & Managing Director appraise the Board on the overall performance of the company at every board meeting. The Board reviews performance, approves capital expenditures, sets the strategy the company should follow and ensures financial stability. The Board takes on record the actions taken by the company on all its decisions periodically.

The Board also takes on record the declaration made by all the functional heads regarding compliances of all laws on a half yearly basis.

## ATTENDANCE OF EACH DIRECTOR AT BOARD MEETINGS

Sr.No	Name	No. of Board Meetings held	No. of Board Meetings attended
1	Ramesh Ramanathan	5	5
2	Raghunath Srinivasan	5	5
3	V. S. Radhakrishnan	5	5
4	Narayan Ramachandran	5	5
5	Sunil Behari Mathur	5	3
6	Uday Madhav Chitale	5	5



Sr.No	Name	No. of Board Meetings held	No. of Board Meetings attended
7	Viswanatha Prasad	5	5
8	Zaheer Abbas Sitabkhan/Badrinarayan Piliinja	5	1
9	T S Sivashankar	5	5
10	Vikram Gandhi	5	3
11	Akhil Shriprakash Awasthi	5	4
12	Anil Rai Gupta	5	1
13	Ling Wei Ong/Aluri Srinivasa Rao	5	4
14	Vijayalatha Reddy	5	5
15	Puneet Bhatia (wef 10-Nov-2014)	5	1
16	V Narayanamurthy(wef 11-Nov-2014)	5	0

### ATTENDANCE OF EACH DIRECTOR AT BOARD MEETINGS (at shorter notice)

Sr.No	Name	No. of Board Meetings held	No. of Board Meetings attended
1	Ramesh Ramanathan	11	11
2	Raghunath Srinivasan	11	11
3	V. S. Radhakrishnan	11	11
4	Narayan Ramachandran	11	11
5	Sunil Behari Mathur	11	0
6	Uday Madhav Chitale	11	0
7	Viswanatha Prasad	11	10
8	Zaheer Abbas Sitabkhan/Badrinarayan Piliinja	11	0
9	T S Sivashankar	11	2
10	Vikram Gandhi	11	0
11	Akhil Shriprakash Awasthi	11	0
12	Anil Rai Gupta	11	0
13	Ling Wei Ong/Aluri Srinivasa Rao	11	0
14	Vijayalatha Reddy	11	7
15	Puneet Bhatia (wef 10-Nov-2014)	11	0
16	V Narayanamurthy(wef 11-Nov-2014)	11	0

## AUDIT COMMITTEE

### AUDIT COMMITTEE

The audit committee assists the board in the dissemination of financial information and in overseeing the financial and accounting processes in the company. The terms of reference of the audit committee covers all matters specified in section 177 of the Companies Act 2013. The terms of reference broadly include review of internal audit reports and action taken reports, assessment of the efficacy of the internal control systems/ financial reporting systems and reviewing the adequacy of the financial policies and practices followed by the company. The audit committee reviews the compliance with legal and statutory requirements, the quarterly, half yearly and annual financial statements and related party transactions and reports its findings to the Board. The committee also recommends the appointment of internal auditor and statutory auditor. The committee also looks into those matters specifically referred to it by the Board. The statutory auditors were present at audit committee meetings held on 10th November 2014 and 19th May 2015. The audit committee comprised of the following directors for the year ended 31st March 2015:

1. Mr. Sunil Behari Mathur – Committee Chairman
2. Mr. Uday Madhav Chitale - Member
3. Mr. Narayan Ramachandran - Member
4. Mr. Vikram Gandhi – Member
5. Mr. Puneet Bhatia – Member
6. Mr. Raghunath Srinivasan – Permanent Invitee

### NOMINATION AND REMUNERATION COMMITTEE

Brief description of terms of reference is for :

- (A) appointment of the directors, and key managerial personnel of the Company; and
- (B) fixation of the remuneration of the directors,

key managerial personnel and other employees of the Company.

This committee recommends the appointment/ reappointment of executive directors and the appointments of employees from the level of vice-president and above along with the remuneration to be paid to them. The remuneration is fixed keeping in mind the persons track record, his/her potential individual performance, the market trends and scales prevailing in the similar industry. The Committee comprises of the following Directors for the year ended 31st March 2015:

1. Mr. Uday Madhav Chitale - Committee Chairman
2. Mr. Sunil Behari Mathur – Member
3. Ms. Vijayalatha Reddy - Member
4. Mr. Akhil Shriprakash Awasthi - Member
5. Mr. Ling Wei Ong/Mr. Aluri Srinivasa Rao- Member
6. Mr. Anil Rai Gupta- Member

### MEETING OF INDEPENDENT DIRECTORS:

The Independent Directors of the Company had met during the year on 11th February 2015 to review the performance of non- Independent Directors and the Board as a whole, review the performance of the Chairperson of the Company and had accessed the quality, quantity and timeliness of flow of information between the company management and the Board. There was no pecuniary relationship or transactions of the non-executive directors vis-à-vis the company during the Financial Year ended 31st March, 2015.

### ANNUAL GENERAL MEETINGS AND EXTRAORDINARY GENERAL MEETING

The details of the Annual General Meetings / Extraordinary General Meeting held in the last three years are as follows:

General Body Meeting	Date, Time & Venue	No. of Special Resolution passed
Extra – Ordinary General Meeting	8-May-2015 at 11:30 a.m. at the registered office address: "Rajashree Saroja Plaza", #34/1, Andree Road, Shanthinagar, Bangalore – 560 024	3
Extra – Ordinary General Meeting	25-Mar-2015 at 11:30 a.m. at the registered office address: "Rajashree Saroja Plaza", #34/1, Andree Road, Shanthinagar, Bangalore – 560 024	2
Extra – Ordinary General Meeting	10-Nov-2014 at 06:00 p.m. at the registered office address: "Rajashree Saroja Plaza", #34/1, Andree Road, Shanthinagar, Bangalore – 560 024	2
Extra – Ordinary General Meeting	28-Oct-2014 at 05:00 p.m. at the registered office address : "Rajashree Saroja Plaza", #34/1, Andree Road, Shanthinagar, Bangalore – 560 024	1
Extra – Ordinary General Meeting	5-Sep-2014 at 10:30 a.m. at the registered office address : "Rajashree Saroja Plaza", #34/1, Andree Road, Shanthinagar, Bangalore – 560 024	1
8th Annual General Meeting	20-Jun-2014 at 11:00 a.m. at the registered office address : "Rajashree Saroja Plaza", #34/1, Andree Road, Shanthinagar, Bangalore – 560 024	3
Extra – Ordinary General Meeting	24-Dec-2013 at 09:30 a.m. at the registered office address : "Rajashree Saroja Plaza", #34/1, Andree Road, Shanthinagar, Bangalore – 560 024	3
Extra – Ordinary General Meeting	14-Aug-2013 at 2:00 p.m. at the registered office address : "Rajashree Saroja Plaza", #34/1, Andree Road, Shanthinagar, Bangalore – 560 024	2
Extra – Ordinary General Meeting	12-Aug-2013 at 10:30 a.m. at the registered office address : "Rajashree Saroja Plaza", #34/1, Andree Road, Shanthinagar, Bangalore – 560 024	2
Extra – Ordinary General Meeting	10-Aug-2013 at 10:30 a.m. at the registered office address : "Rajashree Saroja Plaza", #34/1, Andree Road, Shanthinagar, Bangalore – 560 024	Nil
Extra – Ordinary General Meeting	2-Aug-2013 at 10:30 a.m. at the registered office address : "Rajashree Saroja Plaza", #34/1, Andree Road, Shanthinagar, Bangalore – 560 024	2
7th Annual General Meeting	7-Jun-2013 at 12:00 p.m. at the registered office address : "Rajashree Saroja Plaza", #34/1, Andree Road, Shanthinagar, Bangalore – 560 024	Nil
Extra – Ordinary General Meeting	7-Jul-2012 at 10:00 a.m. at the registered office address : "Rajashree Saroja Plaza", #34/1, Andree Road, Shanthinagar, Bangalore – 560 024	3
6th Annual General Meeting	15-Jun-2012 at 5:00 p.m. at the registered office address : "Rajashree Saroja Plaza", #34/1, Andree Road, Shanthinagar, Bangalore – 560 024	Nil

### RISK & CREDIT COMMITTEE:

The company has constituted a Risk & Credit Committee with the following directors:

1. Mr. Vikram Gandhi – Committee Chairman
2. Mr. Narayan Ramachandran
3. Mr. Ramesh Ramanathan
4. Mr. V S Radhakrishnan
5. Mr. Viswanatha Prasad
6. Mr. Uday Madhav Chitale
7. Mr. Sunil Behari Mathur
8. Mr. T S Sivashankar
9. Mr. Zaheer Sitabkhan/ Mr. Badrinarayan Piliinja
10. Mr. Akhil Shriprakash Awasthi
11. Mr. Ling Wei ong/Aluri Srinivasa Rao
12. Mr. Puneet Bhatia

#### Roles & Responsibilities of the Committee:

- The Committee would oversee the establishment and operation of the risk management system, including reviewing the adequacy of risk management practices for the material risks, such as credit, market, liquidity, legal compliance regulatory and operational risks, on a regular basis.
- formulate policy on risk assessment and minimisation procedures and to ensure that executive management controls risk through means of a properly defined framework.
- determine the policy on specific risks associated with the Company covering all the areas in relation to market risk, competition risk, credit risk, interest rate risk, human resource risk, operation risk, economic risk.
- report to the Board of Directors/ Audit Committee at regular intervals the progress made in putting in place a progressive risk management system, and risk management policy and strategy followed, and conform

to corporate governance standards relating to risk associated with the Company so as to protect the interest of stakeholders.

- To review at half yearly intervals the overall composition and quality of the credit portfolio in terms of risk profile based on internal customer risk rating system, sectoral deployment of funds and lending to sensitive sectors as defined by the Regulators.

### WHISTLE BLOWER POLICY

The Company has a whistle blower policy, which has been approved by the Board on 05 August 2014. The policy provides a whistle blowing route to employees, including part time, temporary and contract employees and directors of the organisation. Summary of the policy:

- The policy defines the incidents that are required to be reported by a whistle blower, the concerns and safeguards to the whistle blower.
- The procedure for raising an issue under the policy as well as the investigation process and reporting of the whistle blowing incidents are detailed in the policy.

### COMPLIANCES:

There have been no instances of non-compliance by the company on any matters related to the capital markets, nor have any penalty/strictures been imposed on the company by the Registrar of Companies, Reserve Bank of India, Stock Exchanges or SEBI or any other statutory authority on such matters.

### GENERAL SHAREHOLDER INFORMATION

#### Annual General Meeting

**Date and time :** 29<sup>th</sup> June 2015 at 11:00 a.m.

**Venue :** "Rajashree Saroja Plaza", No. 34/1, Andree Road, Shanthinagar, Bangalore – 560 027

## SHAREHOLDING PATTERN AS ON 31<sup>ST</sup> MARCH 2015

Sr.No	Name of the holder	Class	No. of Shares	% holding
1	Jana Urban Foundation	Class A	775,950	17.98%
2	MSPEA Platinum Pte. Ltd.	Class A	758,752	17.58%
3	TPG Asia VI SF Pte. Ltd	Class A	694,718	16.10%
4	Client Rosehill Limited	Class A	519,676	12.04%
5	Alpha TC Holdings Pte Ltd	Class A	396,263	9.18%
6	CVCI GP II Employee Rosehill Limited	Class A	291,049	6.74%
7	Treeline Asia Master Fund (Singapore) Pte. Ltd.	Class A	216,088	5.01%
8	India Financial Inclusion Fund (IFIF)	Class A	213,000	4.93%
9	QRG Enterprises Limited	Class A	196,975	4.56%
10	GAWA Microfinance Fund I	Class A	120,088	2.78%
11	Vallabh Bhanshali	Class A	47,764	1.11%
12	Global Financial Inclusion Fund	Class A	34,574	0.80%
13	Enam Shares & Securities Private Limited	Class A	27,292	0.63%
14	Badrinarayan Pulinja	Class A	23,039	0.53%
15	Growth Partnership II Shiv Shankar Co-investment Trust	Class A	693	0.02%
16	Growth Partnership II Ajay Tandon Co-investment Trust	Class A	297	0.01%
17	R. Srinivasan	Class A	9	0.00021%
18	V S Radhakrishnan	Class A	1	0.00002%
<b>Total</b>			<b>4,316,228</b>	<b>100.00%</b>

## COMPULSORILY CONVERTIBLE PREFERENCE SHARE CAPITAL (CCPS)

Sr.No	Name of the holder	Class	No. of Shares	% holding
1	TPG Asia VI SF Pte. Ltd	Class K	39,002,120	32.23%
2	MSPEA Platinum Pte. Ltd.	Class B	24,729,130	20.43%
3	Alpha TC Holding Pte Ltd	Class C	17,467,430	14.43%
4	MSPEA Platinum Pte. Ltd.	Class H	11,192,030	9.25%
5	Client Rosehill Limited	Class D	9,672,741	7.99%
6	Alpha TC Holdings Pte. Ltd.	Class I	8,135,260	6.72%
7	CVCI GP II Employee Rosehill Ltd	Class E	5,417,339	4.48%
8	India Financial Inclusion Fund	Class A	3,143,830	2.60%
9	Global Financial Inclusion Fund	Class G	2,169,280	1.79%
10	QRG Enterprises Limited	Class F	50,000	0.04%
11	QRG Enterprises Limited	Class J	40,000	0.03%
<b>Total</b>			<b>121,019,160</b>	<b>100.00%</b>

## COMPULSORILY CONVERTIBLE DEBENTURES

Sr.No	Name of the holder	Class	No. of Shares	% holding
1	QRG Enterprises Limited	NA	15,975,780	100.00%
<b>Total</b>			<b>15,975,780</b>	<b>100.00%</b>



# SECRETARIAL AUDIT REPORT

## SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2015

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

### TO THE MEMBERS

#### JANALAKSHMI FINANCIAL SERVICES PRIVATE LIMITED,

I have conducted the secretarial audit of the compliance of the applicable statutory provisions and the adherence to good corporate practices by **Janalakshmi Financial Services Private Limited** (hereinafter called the company). Secretarial Audit was conducted in the manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Janalakshmi Financial Services Private Limited books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of the secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on **31st March 2015** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by **Janalakshmi Financial Services Private Limited** ("the Company") for the financial year ended on **31st March 2015** according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contracts (Regulation) act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 [**Not Applicable**];
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 [**Not Applicable**];
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 [**Not Applicable**];

(d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 **[Not Applicable]**;

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with clients **[Not Applicable]**;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **[Not Applicable]**; and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 **[Not Applicable]**;

(vi) The Laws as are applicable specifically to the Company are as under,

a) The Reserve Bank of India (RBI) Act, 1934;

b) The Non-Banking Financial Company -Micro Finance Institutions (Reserve Bank) Directions, 2011 and other applicable Directions and rules issued by RBI from time to time.

c) Prevention of Money-Laundering Act (PMLA), 2002 and The Prevention of Money- Laundering (Maintenance of Records, etc) Rules, 2005;

d) FEMA Rules, Regulations and notifications issued from time to time;

e) Indian Stamp Act, 1899 and State Stamp Acts.

f) The Employees' Provident Fund and Miscellaneous Provisions Act, 1952

g) The Child labour [Prohibition and Regulation] Act, 1986,

h) Shops and Establishments Act applicable under various states and

i) The Sexual Harassment of Women at Workplace [Prevention, Prohibition and Redressal] Act, 2013.

I have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India **[Not Applicable as not notified during the period under review]**.

(ii) The Listing Agreements entered into by the Company with **BSE Limited [BSE]**;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

**1. Under the Listing Agreement entered with BSE - The Company has not complied the Provisions of Clause 15 – [Filing of Balance Sheet, Profit and Loss Account with BSE], Clause 19(h) – [Intimation of Date of the Meeting of the Board of Directors - 2 days in advance – declaration of Issue of Debt Securities], Clause – 29 [Furnishing of Half Yearly financial Results as per the prescribed Format].**

**2. State Stamp Acts – It has been observed that in number of cases, the company has paid deficient stamp duty in respect of Lending Agreement.**

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on

agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the Minutes of the Board of Directors duly recorded and signed by the Chairman, the decisions were Unanimous and no dissenting views have been recorded.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the company has **in compliance with the Act:**

i. Issued Secured, Rated, Listed, Redeemable Non Convertible Debentures on a Private Placement basis during the period under review.

ii. Issued Rights issue of Equity Shares to Class A Equity Shareholder, after considering the renouncing rights exercised by the Shareholders of the Company.

iii. Issued compulsorily convertible Preference Shares and Compulsorily convertible Debentures.

iv. Converted Compulsorily convertible Debentures in to Equity Shares and

v. Altered its Articles of Association.

vi. Increased the Borrowing Limits under Section 180(1)(c) and enhanced the Security created on the Assets of the Company under Section 180(1) (a), of the Companies Act, 2013.

**Place :** Bangalore  
**Date :** May 19, 2015

Sd/-  
**NAGENDRA D. RAO**  
Practicing Company Secretary  
Membership No. : FCS – 5553  
Certificate of Practice No. : 7731

**Note :** My report of even date is to be read along with my letter of even date which is annexed as Annexure – 1 and forms an integral part of this report.

## TO THE MEMBERS

JANALAKSHMI FINANCIAL SERVICES PRIVATE LIMITED,

My report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the further viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**Place :** Bangalore  
**Date :** May 19, 2015

Sd/-  
**NAGENDRA D. RAO**  
Practicing Company Secretary  
Membership No. : FCS – 5553  
Certificate of Practice No. : 7731



# AUDITORS' REPORT

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF JANALAKSHMI FINANCIAL SERVICES PRIVATE LIMITED

#### SIGNIFICANT ACCOUNT POLICIES

##### 1.0 Report on the Financial Statements

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

##### 2.0 Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent;

and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

##### 3.0 Auditor's Responsibility

- 3.1. Our responsibility is to express an opinion on these financial statements based on our audit.
- 3.2. 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.
- 3.3. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
- 3.4. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The

procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

#### 4.0 Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and

give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2015, and its profits and its cash flows for the year ended on that date.

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

5.1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.

5.2. As required by Section 143 (3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by

this Report are in agreement with the books of account.

- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on March 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in

our opinion and to the best of our information and according to the explanations given to us:

- (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 27.b to the financial statements.
- (ii) The Company does not have any material foreseeable losses in respect of any long-term contracts including derivative contracts, which have not been provided for.
- (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**FOR DELOITTE HASKINS & SELLS**

Chartered Accountants

Firm's Registration No: 008072S

**Place :** Bangalore

**Date :** May 19, 2015

Sd/-

**S. GANESH**

Partner

Membership No. 204108

## ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 5.1 of our report of even date)

### TO THE MEMBERS OF JANALAKSHMI FINANCIAL SERVICES PRIVATE LIMITED

#### SIGNIFICANT ACCOUNT POLICIES

- (i) Having regard to the nature of the Company's business / activities / results during the year, clauses ii, v and vi of paragraph 3 of the Order are not applicable to the Company.
- (ii) In respect of its fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, the Company is in the process of completing the reconciliation of the assets verified with the fixed assets records and discrepancies, if any, identified on such reconciliation will be dealt with in the books of account on completion of the reconciliation. As per information and explanation given to us, there will not be any material impact on the financial statements.
- (iii) According to the information and explanations given to us, the Company has granted loans, secured or unsecured, to Companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013. In respect of such loans:
  - (a) The receipts of principal amounts and interest have been regular/as per stipulations.
  - (b) In respect of overdue amounts of over Rs. 1 lakh remaining outstanding as at the year-end, as explained to us, Management has taken reasonable steps for recovery of the principal amounts and interest.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase fixed assets and for the sale of services. During the course of our audit we have not observed any continuing failure to correct major weaknesses in such internal control system. There are no transactions with respect to purchase of inventories and sale of goods.
- (v) According to the information and explanations given to us, in respect of statutory dues:
  - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, , Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrears as at March 31, 2015 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty , Value Added Tax and Cess which have not been deposited as on March 31, 2015 on account of disputes are given below:

Name of statute	Nature of dues	Forum where Dispute is pending	Period to which the amount relates	Amount involved (Rs.)
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	Assessment Year 2012-13	8,044,717

(d) There are no amounts that are due to be transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder.

(vi) The Company does not have accumulated losses at the end of the financial year and the Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.

(vii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to financial institutions, banks and debenture holders.

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

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

(x) To the best of our knowledge and according to the information and explanations given to us, the management has identified fraud relating to misappropriation of funds by certain employees/others which is estimated at Rs. 5,437,602 /- of which Rs. 1,055,272 /- has been recovered on the Balance Sheet date and management is taking necessary steps for recovery of the balance amount and no fraud by the Company has been noticed or reported during the year.

**FOR DELOITTE HASKINS & SELLS**

Chartered Accountants

Firm's Registration No: 0080725

Sd/-

**S. GANESH**

Partner

Membership No. 204108

**Place :** Bangalore

**Date :** May 19, 2015

# AUDITED FINANCIALS 2014-15



## BALANCE SHEET AS AT 31 MARCH 2015

Particulars	Note No.	As at 31 March 2015	As at 31 March 2014
<b>I. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' funds</b>			
(a) Share capital	3	1,253,353,880	635,632,290
(b) Reserves and surplus	4	9,479,959,287	4,504,016,294
<b>Total</b>		<b>10,733,313,167</b>	<b>5,139,648,584</b>
<b>2. Non-current liabilities</b>			
(a) Long - term borrowings	5	18,689,357,076	6,897,034,033
(b) Other Long term liabilities	6	-	13,933,636
(c) Long - term provisions	7	139,783,676	62,374,821
<b>Total</b>		<b>18,829,140,752</b>	<b>6,973,342,490</b>
<b>3. Current liabilities</b>			
(a) Short - term borrowings	8	187,935,201	265,822,689
(b) Trade payables	9	268,867,961	158,157,631
(c) Other current liabilities	10	19,659,736,322	12,355,431,756
(d) Short - term provisions	11	330,459,926	218,931,198
<b>Total</b>		<b>20,446,999,410</b>	<b>12,998,343,274</b>
<b>TOTAL</b>		<b>50,009,453,329</b>	<b>25,111,334,348</b>
<b>II. ASSETS</b>			
<b>1. Non-current assets</b>			
(a) Fixed Assets			
(i) Tangible assets	12	533,265,311	289,101,327
(ii) Intangible assets	13	107,381,231	21,283,529
(iii) Intangible assets under development		132,833,864	-

Particulars	Note No.	As at 31 March 2015	As at 31 March 2014
(b) Non-current investments	14	1,000,000	1,000,000
(c) Deferred tax asset	38	109,137,539	68,584,302
(d) Long-term loans and advances	15	10,434,117,730	4,602,900,187
(e) Other non-current assets	16	1,027,323,426	860,669,387
<b>Total</b>		<b>12,345,059,101</b>	<b>5,843,538,732</b>
<b>2. Current assets</b>			
(a) Cash and cash equivalents	17	10,810,817,741	4,865,354,573
(b) Short-term loans and advances	18	45,693,399	38,469,835
(c) Other current assets	19	26,807,883,088	14,363,971,208
		37,664,394,228	19,267,795,616
<b>TOTAL</b>		<b>50,009,453,329</b>	<b>25,111,334,348</b>

See accompanying notes forming part of the financial statements 1 to 57

In terms of our report attached

**FOR DELOITTE HASKINS & SELLS**

Chartered Accountants

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS**

Sd/-

**S. GANESH**

Partner

Sd/-

**R. SRINIVASAN**

Executive Vice Chairman

Sd/-

**V.S. RADHAKRISHNAN**

Managing Director & CEO

Sd/-

**RICHA SAXENA**

Company Secretary

Sd/-

**S. GOPALAKRISHNAN**

Chief Financial Officer

**Place :** Bangalore

**Date :** May 19, 2015

**Place :** Bangalore

**Date :** May 19, 2015

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

	Particulars	Note.no.	For the year ended 31 March 2015	For the year ended 31 March 2014
I.	Revenue from operations	20	6,901,445,874	3,833,096,482
II.	Other income	21	690,185,756	256,822,821
<b>III.</b>	<b>Total Revenue</b>		<b>7,591,631,630</b>	<b>4,089,919,303</b>
IV.	Expenses:			
	Employee benefits expense	22	1,230,173,992	676,213,770
	Finance costs	23	3,194,679,881	1,603,967,045
	Depreciation and amortization expense	<b>12&amp;13</b>	162,097,504	76,921,552
	Other expenses	24	1,933,229,200	993,207,018
	<b>Total expenses</b>		<b>6,520,180,577</b>	<b>3,350,309,385</b>
<b>V</b>	<b>Profit for the year before Exceptional Items and Tax</b>		<b>1,071,451,053</b>	<b>739,609,918</b>
<b>VI</b>	<b>Exceptional items</b>	31	(13,504,934)	-
<b>VII</b>	<b>Profit for the year before Tax</b>		<b>1,084,955,987</b>	<b>739,609,918</b>
<b>VIII</b>	<b>Tax expense:</b>			
	(1) Current tax		371,400,000	276,700,000
	(2) Deferred tax (Refer Note 38)		(40,553,237)	(43,366,220)
<b>IX</b>	<b>Profit for the year after Tax</b>		<b>754,109,224</b>	<b>506,276,138</b>
<b>X</b>	<b>Earnings per equity share (Face value of Rs. 10/- each):</b>			
	(1) Basic		211.89	200.11
	(2) Diluted		211.15	192.13

(Refer Note 37)

See accompanying notes forming part of the financial statements 1 to 57

In terms of our report attached

**FOR DELOITTE HASKINS & SELLS**

Chartered Accountants

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS**

Sd/-

**R. SRINIVASAN**

Executive Vice Chairman

Sd/-

**V.S. RADHAKRISHNAN**

Managing Director & CEO

Sd/-

**S. GANESH**

Partner

Sd/-

**RICHA SAXENA**

Company Secretary

Sd/-

**S. GOPALAKRISHNAN**

Chief Financial Officer

**Place :** Bangalore

**Date :** May 19, 2015

**Place :** Bangalore

**Date :** May 19, 2015

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2015

Particulars	31 March 2015	31 March 2014
<b>(A) Cash flow from Operating activities</b>		
Net Profit before exceptional items & tax	1,071,451,053	739,609,918
Add: Depreciation and amortisation	162,097,504	76,921,552
Add: Provision in respect of standard assets	175,578,362	145,698,695
Add: Provision/(Reversal) for non performing assets	1,967,852	(7,820,531)
Add: Provision/(Reversal) for credit enhancement	(8,135,800)	11,931,718
Add: Loss on sale of asset	-	800,443
Less: Profit on sale of asset	(79,201)	-
Less: Earnings from bank interest	(236,331,564)	(107,648,212)
Less: Dividend from mutual funds	(121,426,387)	(63,421,628)
Less: Profit from sale of mutual funds	-	(385,149)
<b>Operating profit before working capital changes</b>	<b>1,045,121,819</b>	<b>795,686,806</b>
<b>Changes in working capital</b>		
(Increase) / Decrease in receivables under financing activity	(17,962,630,925)	(10,429,521,124)
(Increase) / Decrease in long term loans and advances	(75,464,835)	(26,232,723)
(Increase) / Decrease in short term loans and advances	(7,223,564)	34,108,715
(Increase) / Decrease in other current assets	(176,134,097)	(90,556,950)
(Increase) / Decrease in other non-current assets	(87,557,612)	(27,464,542)
(Increase) / Decrease in balances held as margin money	(400,913,981)	(641,338,621)
Increase /(Decrease) in trade payables	110,710,330	42,497,008
Increase / (Decrease) in other current liabilities	103,511,736	320,530,456
Increase / (Decrease) in other non current liabilities	(13,933,636)	13,933,636
Increase/(Decrease) in provisions	27,399,460	7,391,055
<b>Net change in working capital</b>	<b>(18,482,237,124)</b>	<b>(10,796,653,090)</b>
Cash generated from operations	(17,437,115,305)	(10,000,966,284)
Direct taxes paid / (refund received)	386,995,353	265,322,889

Particulars		31 March 2015	31 March 2014
<b>Net cash from / (used in) operating activities</b>	<b>(A)</b>	<b>(17,824,110,658)</b>	<b>(10,266,289,173)</b>
<b>(B) Cash flow from investing activities</b>			
Purchase of fixed assets		(611,865,728)	(296,486,369)
Sale of fixed assets		256,810	123,648
PTCs - Series A2 - Investment in Trust		-	16,744,905
Proceeds from investments in mutual funds (Net)		-	385,149
Earnings from bank interest		168,141,878	60,394,478
Dividend from mutual fund		121,426,387	63,421,628
<b>Net cash from / (used in) investing activities</b>	<b>(B)</b>	<b>(322,040,653)</b>	<b>(155,416,561)</b>
<b>(C) Cash flow from financing activities</b>			
Proceeds from issue of share capital		617,721,590	561,483,420
Share premium received		4,270,983,320	2,267,910,520
Share issue expenses		(10,304,395)	(66,905,760)
Proceeds from long term borrowings		33,185,757,800	17,813,820,001
(Repayment) of long term borrowings		(14,270,529,416)	(7,177,293,122)
Proceeds of short term borrowings		940,000,000	695,000,000
(Repayment) of short term borrowings		(940,000,000)	(695,000,000)
Dividends paid		(30,828,195)	(15,993,969)
Tax on dividend		(5,239,252)	(2,594,622)
<b>Net cash from / (used in) financing activities</b>	<b>(C)</b>	<b>23,757,561,452</b>	<b>13,380,426,468</b>
<b>Net Increase/(Decrease) in cash and cash equivalents during the year</b>	<b>(A) + (B) + (C)</b>	<b>5,611,410,141</b>	<b>2,958,720,734</b>
Cash and cash equivalents at the beginning of the year		4,388,320,229	1,429,599,495
<b>Cash and cash equivalents at the end of the year</b>		<b>9,999,730,370</b>	<b>4,388,320,229</b>
<b>Reconciliation of Cash and cash equivalents with the Balance Sheet:</b>			
Cash and cash equivalents as per Balance Sheet (Refer Note 17)		10,810,817,741	4,865,354,573
Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements		811,087,371	477,034,344

Particulars	31 March 2015	31 March 2014
<b>Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) included in Note 17</b>	<b>9,999,730,370</b>	<b>4,388,320,229</b>
<b>Cash and cash equivalents at the end of the year*</b>	9,999,730,370	4,388,320,229
* Comprises:		
(a) Cash on hand	49,684,323	168,808,664
(b) Balances with banks		
(i) In current accounts	1,401,046,048	1,095,460,270
(ii) In deposit accounts with original maturity of less than 3 months	8,548,999,999	3,124,051,295

See accompanying notes forming part of the financial statements 1 to 57

**Note:**

The above cash flow statement has been prepared under the indirect method as prescribed in Accounting Standard 3 on Cash Flow Statements.

In terms of our report attached

**FOR DELOITTE HASKINS & SELLS**  
Chartered Accountants

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS**

Sd/-

**S. GANESH**  
Partner

Sd/-

**R. SRINIVASAN**  
Executive Vice Chairman

Sd/-

**V.S. RADHAKRISHNAN**  
Managing Director & CEO

Sd/-

**RICHA SAXENA**  
Company Secretary

Sd/-

**S. GOPALAKRISHNAN**  
Chief Financial Officer

**Place :** Bangalore  
**Date :** May 19, 2015

**Place :** Bangalore  
**Date :** May 19, 2015

## NOTE 1

### CORPORATE INFORMATION

The Company was incorporated on July 24, 2006 to carry on the business of providing financial services including granting loans, advances, trade credits, etc as may be permitted by the Reserve Bank of India, and the other related activities. The Company has been registered as a Non-Banking Financial Company with the Reserve Bank of India from 4th March 2008. The Company has been registered as a NBFC-MFI effective 5 September 2013.

## NOTE 2

### SIGNIFICANT ACCOUNT POLICIES

#### 1. Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the 1956 Act/ 2013 Companies Act, as applicable 1956. The financial statements have been prepared on accrual basis under the historical cost convention and accounting policies followed are consistent with those followed in the previous year. During the year the Company has changed the accounting policy for depreciation which is explained in note 31

The Company follows the prudential norms for income recognition, asset classification and provisioning as prescribed by the Reserve Bank of India for Systemically Important Non-deposit taking Non-Banking Finance Companies - MFI (NBFC-ND-SI-MFI).

#### 2. Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities on the date of the financial statements and the reported amounts of income and expenditure during the year reported. Actual results could differ from those estimates. Any provision to accounting estimates is recognized prospectively in the current and future periods.

#### 3. Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

#### 4. Tangible assets and depreciation

Tangible assets are carried at cost less depreciation. Cost includes purchase price and other costs incurred towards acquisition and installation of the asset. Specific grant received for acquisition of fixed assets are reduced from the cost of the asset.



In respect of fixed assets acquired during the period, depreciation/ amortisation is charged on a straight line basis after retaining a residual value of 5%, so as to write off the cost of the assets over the useful lives other than leasehold improvements and software, and for the assets acquired prior to April 1, 2014, the carrying amount as on April 1, 2014, after retaining a residual value of 5%, is depreciated over the remaining useful life other than leasehold improvements and software, as given in Part C of the Schedule II to Companies Act, 2013.

Type of Asset	Period
Leasehold improvements	Primary leasehold period or 3 years whichever is earlier
Computers including desktops	3 Years
Servers & Networks	6 Years
Furnitures & fixtures	10 Years
Electrical equipment	10 Years
Office equipments	5 Years

## 5. Intangibles and amortisation

Acquired intangibles are capitalized and amortised as follows. (Intangible assets are amortised over their estimated useful life on straight line method as follows:)

Marketing and Distribution Network – 5 years

Software - 3 years

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

## 6. Revenue recognition

Interest on loans granted: Interest income from Loan for Financial Assistance granted to Small Batch (Formerly Self Help Groups (SHGs)), Small Group (Formerly Mutual Guarantee Groups (MGGs)), Individuals and others including income arising out of securitization, are recognized on accrual basis. Interest income included in the Equated Monthly Installments from Self Help Groups and Individuals (Family Loans) is determined on Monthly rest based on the principal outstanding. Interest income is not recognized on loan accounts that are overdue for more than 90 days in view of the uncertainty in recovering the sums and are recognized in the year of receipt of such income. Loan Processing & Registration Charges: Loan processing and registration charges are recognized on registration of the Groups and Individuals with the Company.

Interest on Fixed Deposits: Interest income on fixed deposits with banks is recognized on a time proportionate basis at the applicable interest rates.

## 7. Investments

Long-term Investments are carried at cost. Provision for diminution in value of long term investments is made to recognize a decline, which is other than temporary. Current investments are carried at lower of cost and fair value. Any reduction in the carrying amount and any reversals of such reductions are charged or credited to the Statement of Profit and Loss.

## 8. Employee benefits

### Defined contribution plan

Contributions to the Regional Provident Fund Commissioner to secure retiral benefits in respect of Employees' Provident Fund and Employees Family Pension Fund, based on the statutory provisions as per the Employee Provident Fund Scheme, are charged to revenue.

### Defined benefit plan & long term compensated absences

Expenditure for defined benefit gratuity plan and long term accumulated compensated absences is calculated as at the balance sheet date in a manner that distributes expenses over the employees' working lives. These commitments are valued at the present value of expected future payments and with consideration for calculated future salary increases.

The Company accounts for its liability for long term unfunded compensated absences and funded gratuity based on actuarial valuation, as at the Balance Sheet date, determined every year by an independent actuary using the Projected Unit Credit Method.

Actuarial gains and losses are recognized in full in the Statement of Profit and Loss for the period in which they occur. Past Service Cost is recognized immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight line basis over the average period until the benefits become vested.

The retirement benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the scheme.

### Short term employee benefits

Short – term employee benefits expected to be paid in exchange for the services rendered by the employees is recognized during the period when the employee renders service.

## 9. Accounting for lease

Finance Lease : Assets under finance lease are capitalized at fair market value or present value of minimum lease payments, whichever is lower. Finance lease payments are apportioned between finance charges and reduction of the lease liability, so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as an expense in the Statement of Profit and Loss.

Operating Lease : Lease rentals on assets under operating lease is charged off to the Statement of Profit and Loss for the year.

## 10. Earnings per share

Basic earnings per share is calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares.

## 11. Taxes

### Direct Taxes

Income tax comprises the current tax provision and the net change in the deferred tax asset or liability during the year. Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised.

However, if there are unabsorbed depreciation and carry forward of losses and items relating capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

### Indirect Taxes

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

## 12. 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 exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognised.

### 13. Foreign currency transactions

Foreign currency transactions are recorded at the rate of exchange prevailing, on the date of the transaction. Outstanding foreign currency monetary assets and liabilities are restated at year end rates. Gains/Losses arising on restatement / settlement are adjusted to the Statement of profit and loss as applicable.

### 14. Provisions, contingent liabilities and contingent assets

A provision is recognized when the Company has a present legal or constructive obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balances sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent liabilities are not recognised and, if any, are adequately disclosed in the notes to accounts.

Contingent assets are not recognized in the financial statements since they may result in the recognition of income that may never be realized.

### 15. Provisioning norms for loans

The aggregate loan provision to be maintained by the Company at any point of time shall not be less than the higher of

- 1% of the outstanding loan portfolio OR
- 50% of the aggregate loan instalments which are overdue for more than 90 days and less than 180 days and 100% of the aggregate loan instalments which are overdue for 180 days or more.

### 16. Loan processing and syndication charges

Prepaid Loan Processing and Syndication charges represent ancillary costs incurred in connection with the arrangement of borrowings and is amortized on straight line basis over the tenure of respective borrowings. Unamortised borrowing cost, if any, is fully expensed off as and when the related borrowing is prepaid / cancelled.


### 17. Borrowing costs

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan.

### 18. `Grants

Grants are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants will be received. The grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis.



An illustration of a woman with a bindi, wearing a grey shirt and a patterned sari with a green and blue striped shawl. She is standing in a kitchen, looking towards the viewer with a slight smile. To her right is a large, multi-tiered metal cooking pot (dabba) with a yellow plastic bowl on top. The background shows a doorway decorated with a string of colorful beads and a small yellow object hanging from it.

My dream is to start a  
small hotel and get off  
the street. I want to buy  
my own land and build  
my own house one day.

- Mamatha Byataraja  
Street food vendor

**NOTE 3****SHARE CAPITAL**

Particulars	As at 31 March 2015	As at 31 March 2014
<b>Authorised Equity</b>		
5,000,000 (31 March 2014: 5,000,000) Class 'A' Equity Shares of Rs. 10/- each with voting rights	50,000,000	50,000,000
<b>Preference</b>		
1,220,000,000 (31 March 2014: 70,000,000) Preference Shares of Rs. 10 each	1,220,000,000	700,000,000
<b>Issued, Subscribed and Fully Paid- up</b>		
4,316,228 (31 March 2014: 3,082,759) Class 'A' Equity Shares of Rs. 10 each fully paid up with voting rights	43,162,280	30,827,590
<b>Total Equity share capital</b>	43,162,280	30,827,590
3,143,830 (31 March 2014: 3,143,830) 0.0001% Class A Compulsorily Convertible Preference Shares of Rs. 10/- each	31,438,300	31,438,300
24,729,130 (31 March 2014: 24,729,130) 0.0001% Class B Compulsorily Convertible Preference Shares of Rs. 10/- each	247,291,300	247,291,300
17,467,430 (31 March 2014: 17,467,430) 0.0001% Class C Compulsorily Convertible Preference Shares of Rs. 10/- each	174,674,300	174,674,300
9,672,741 (31 March 2014: 9,672,741) 0.0001% Class D Compulsorily Convertible Preference Shares of Rs. 10/- each	96,727,410	96,727,410
5,417,339 (31 March 2014: 5,417,339) 0.0001% Class E Compulsorily Convertible Preference Shares of Rs. 10/- each	54,173,390	54,173,390
50,000 (31 March 2014: 50,000) 0.0001% Class F Compulsorily Convertible Preference Shares of Rs. 10/- each	500,000	500,000
2,169,280 (31 March 2014: Nil) 0.0001% Class G Compulsorily Convertible Preference Shares of Rs. 10/- each	21,692,800	-
11,192,030 (31 March 2014: Nil) 0.0001% Class H Compulsorily Convertible Preference Shares of Rs. 10/- each	111,920,300	-
8,135,260 (31 March 2014: Nil) 0.0001% Class I Compulsorily Convertible Preference Shares of Rs. 10/- each	81,352,600	-
40,000 (31 March 2014: Nil) 0.0001% Class J Compulsorily Convertible Preference Shares of Rs. 10/- each	400,000	-
39,002,120 (31 March 2014: Nil) 0.0001% Class K Compulsorily Convertible Preference Shares of Rs. 10/- each	390,021,200	-
<b>Total 0.0001% Compulsorily Convertible Preference Shares</b>	<b>1,210,191,600</b>	<b>604,804,700</b>
<b>TOTAL</b>	<b>1,253,353,880</b>	<b>635,632,290</b>



**NOTE (a)**

Reconciliation of the no. of shares outstanding at the beginning and at the end of the year

Particulars	As at 31 March 2015	As at 31 March 2014
<b>Equity shares of Rs. 10 each fully paid up</b>		
No. of Shares as at the beginning of the year		
Class A	3,082,759	1,599,355
Class B	-	-
Class C	-	-
Converted to Class 'A' Equity shares of Rs. 10 each fully paid up		
Class A*	167,229	18,422
Class B	-	-
Class C	-	-
Add: Issued during the year		
Class A	1,066,240	1,464,982
Class B	-	-
Class C	-	-
No. of shares as at the end of the year		
Class A	4,316,228	3,082,759
Class B	-	-
Class C	-	-
<b>Preference shares of Rs. 10 each fully paid up</b>		
No. of Shares as at the beginning of the year	60,480,470	5,815,532
Less: converted to equity during the year*	-	(5,815,532)
Add: Issued during the year	60,538,690	60,480,470
No. of Shares as at the end of the year	121,019,160	60,480,470

\* During the current year 2014-15, 42,431,000 Compulsorily Convertible Debentures of Rs. 10/- each were converted into 167,229 Class A Equity Shares. During previous year 2013-14, 5,815,532 Preference Shares of Rs. 10/- each were converted into 18,422 Class A Equity Shares.



**NOTE (b)**

Number of Equity shares held by each shareholder holding more than 5% shares in the company are as follows

**As at 31 March 2015**

Shareholder	Class A	Total	% of Holding
Jana Urban Foundation	775,950	775,950	17.98%
MSPEA Platinum Pte. Ltd.	758,752	758,752	17.58%
TPG Asia VI SF Pte. Ltd	694,718	694,718	16.10%
Client Rosehill Limited	519,676	519,676	12.04%
Alpha TC Holdings Pte Ltd	396,263	396,263	9.18%
CVCI GP II Employee Rosehill Limited	291,049	291,049	6.74%
Treeline Asia Master Fund (Singapore) Pte. Ltd.	216,088	216,088	5.01%

**As at 31 March 2014**

Shareholder	Class A	Total	% of Holding
Jana Urban Foundation (Formerly Janalakshmi Social Services)	674,040	674,040	21.86%
MSPEA Platinum Pte Ltd	580,373	580,373	18.83%
CVCI GP II Client Rosehill Limited	519,676	519,676	16.86%
CVCI GP II Employee Rosehill Limited	291,049	291,049	9.44%
Alpha TC Holding Pte Ltd	302,803	302,803	9.82%
Treeline Asia Master Fund (Singapore) Pte. Ltd.	216,088	216,088	7.01%
India Financial Inclusion Fund	213,000	213,000	6.91%

**NOTE (c)**

Key Terms / rights attached to Equity Shares

Particulars	Class A Shares
Voting Rights	One voting right per share held
Dividend	Same rights and preferences with respect to receipt of dividend
Bonus Shares	Equal bonus rights

## Key Terms / rights attached to Preference Shares

Class of Preference Shares	Rank	Voting	Conversion
Class A	The Preference Shares shall rank pari passu with Class A Equity Shares of the Company without any preference or priority over them except in respect of dividends.	Preference Shares shall carry no voting rights	Refer Note C(1) Below
Class B			
Class C			
Class D			
Class E			
Class F			
Class G			
Class H			
Class I			
Class J			
Class K			

## NOTE C1

<b>Class A</b>	The Class A Preference Shares shall carry no voting rights
	Class A Preference Shares shall unless converted earlier into Class A Equity Shares be compulsorily converted, upon the tenth anniversary of Completion
	The holders of the Class A Preference Shares shall have the right to convert the Class A Preference Shares into Class A Equity Shares without any additional payment to the Company for such conversion
	at any time (but within the Class A Preference Shares Conversion Date) in which case all the Class A Preference Shares shall convert to 1 (One) Class A Equity Share
	on the occurrence of a Dilutive Issuance, in which case the Class A Preference Shares would convert into Class A Equity Shares based on the formula prescribed in shareholders agreement, subject to a maximum of 16,993 Class A Equity Shares
<b>Class B</b>	The Class B Preference Shares shall carry no voting rights
	The Class B Preference Shares shall unless converted earlier into Class A Equity Shares be compulsorily converted, upon the tenth anniversary of Completion
	The holders of the Class B Preference Shares shall have the right to convert the Class B Preference Shares into Class A Equity Shares without any additional payment to the Company for such conversion
	at any time (but within the Class B Preference Shares Conversion Date) in which case all the Class B Preference Shares shall convert to 1 (One) Class A Equity Share
	on the occurrence of a Liquidity Event, in which case all the Class B Preference Shares shall convert to 1 (One) Class A Equity Share.
	on the occurrence of a Dilutive Issuance, in which case the Class B Preference Shares would convert into Class A Equity Shares based on the formula prescribed in shareholders agreement, subject to a maximum of 133,670 Class A Equity Shares

The Class C Preference Shares shall carry no voting rights

The Class C Preference Shares shall unless converted earlier into Class A Equity Shares be compulsorily converted, upon the tenth anniversary of Completion

The holders of the Class C Preference Shares shall have the right to convert the Class C Preference Shares into Class A Equity Shares without any additional payment to the Company for such conversion

**Class C**

at any time (but within the Class C Preference Shares Conversion Date) in which case all the Class C Preference Shares shall convert to 1 (One) Class A Equity Share

on the occurrence of a Liquidity Event, in which case all the Class C Preference Shares shall convert to 1 (One) Class A Equity Share.

on the occurrence of a Dilutive Issuance, in which case the Class C Preference Shares would convert into Class A Equity Shares based on the formula prescribed in shareholders agreement, subject to a maximum of 94,418 Class A Equity Shares

The Class D Preference Shares shall carry no voting rights

The Class D Preference Shares shall unless converted earlier into Class A Equity Shares be compulsorily converted, upon the tenth anniversary of Completion

The holders of the Class D Preference Shares shall have the right to convert the Class D Preference Shares into Class A Equity Shares without any additional payment to the Company for such conversion

**Class D**

at any time (but within the Class D Preference Shares Conversion Date) in which case all the Class D Preference Shares shall convert to 1 (One) Class A Equity Share

on the occurrence of a Liquidity Event, in which case all the Class D Preference Shares shall convert to 1 (One) Class A Equity Share.

on the occurrence of a Dilutive Issuance, in which case the Class D Preference Shares would convert into Class A Equity Shares based on the formula prescribed in shareholders agreement, subject to a maximum of 52,285 Class A Equity Shares

The Class E Preference Shares shall carry no voting rights

The Class E Preference Shares shall unless converted earlier into Class A Equity Shares be compulsorily converted, upon the tenth anniversary of Completion

The holders of the Class E Preference Shares shall have the right to convert the Class E Preference Shares into Class A Equity Shares without any additional payment to the Company for such conversion

**Class E**

at any time (but within the Class E Preference Shares Conversion Date) in which case all the Class E Preference Shares shall convert to 1 (One) Class A Equity Share

on the occurrence of a Liquidity Event, in which case all the Class E Preference Shares shall convert to 1 (One) Class A Equity Share.

on the occurrence of a Dilutive Issuance, in which case the Class E Preference Shares would convert into Class A Equity Shares based on the formula prescribed in shareholders agreement, subject to a maximum of 29,282 Class A Equity Shares

The Class F Preference Shares shall carry no voting rights

The Class F Preference Shares shall unless converted earlier into Class A Equity Shares be compulsorily converted, upon the tenth anniversary of Completion

**Class F**

at any time (but within the Class F Preference Shares Conversion Date) in which case all the Class F Preference Shares shall convert to 100 Class A Equity Shares

on the occurrence of a Liquidity Event, in which case all the Class F Preference Shares shall convert to 100 Class A Equity Share.

on the occurrence of a Dilutive Issuance, in which case the Class F Preference Shares would convert into Class A Equity Shares based on the formula prescribed in shareholders agreement, subject to a maximum of 50,000 Class A Equity Shares

The Class G Preference Shares shall carry no voting rights

The Class G Preference Shares shall collectively (unless converted earlier into Class A Equity Shares) be compulsorily converted to an aggregate of 2 (Two) Class A Equity Shares, upon the tenth anniversary of Completion

**Class G**

at any time (but within the Class G Preference Shares Conversion Date) in which case all the Class G Preference Shares shall collectively convert to an aggregate of 2 Class A Equity Shares

on the occurrence of a Liquidity Event, in which case all the Class G Preference Shares shall collectively convert to an aggregate of 2 Class A Equity Shares.

on the occurrence of a Dilutive Issuance, in which case the Class G Preference Shares would convert into Class A Equity Shares based on the formula prescribed in shareholders agreement, subject to a maximum of 5,445 Class A Equity Shares

The Class H Preference Shares shall carry no voting rights

The Class H Preference Shares shall collectively (unless converted earlier into Class A Equity Shares) be compulsorily converted to an aggregate of 2 (Two) Class A Equity Shares, upon the tenth anniversary of Completion

**Class H**

at any time (but within the Class H Preference Shares Conversion Date) in which case all the Class H Preference Shares shall collectively convert to an aggregate of 2 Class A Equity Shares

on the occurrence of a Liquidity Event, in which case all the Class H Preference Shares shall collectively convert to an aggregate of 2 Class A Equity Shares.

on the occurrence of a Dilutive Issuance, in which case the Class H Preference Shares would convert into Class A Equity Shares based on the formula prescribed in shareholders agreement, subject to a maximum of 28,094 Class A Equity Shares

The Class I Preference Shares shall carry no voting rights

The Class I Preference Shares shall collectively (unless converted earlier into Class A Equity Shares) be compulsorily converted to an aggregate of 2 (Two) Class A Equity Shares, upon the tenth anniversary of Completion

**Class I**

at any time (but within the Class I Preference Shares Conversion Date) in which case all the Class I Preference Shares shall collectively convert to an aggregate of 2 Class A Equity Shares

on the occurrence of a Liquidity Event, in which case all the Class I Preference Shares shall collectively convert to an aggregate of 2 Class A Equity Shares.

on the occurrence of a Dilutive Issuance, in which case the Class I Preference Shares would convert into Class A Equity Shares based on the formula prescribed in shareholders agreement, subject to a maximum of 20,421 Class A Equity Shares

The Class J Preference Shares shall carry no voting rights

The Class J Preference Shares shall collectively (unless converted earlier into Class A Equity Shares) be compulsorily converted to an aggregate of 100 (One Hundred) Class A Equity Shares, upon the tenth anniversary of Completion

**Class J**

at any time (but within the Class J Preference Shares Conversion Date) in which case all the Class J Preference Shares shall collectively convert to an aggregate of 100 Class A Equity Shares

on the occurrence of a Liquidity Event, in which case all the Class J Preference Shares shall collectively convert to an aggregate of 100 Class A Equity Shares.

on the occurrence of a Dilutive Issuance, in which case the Class J Preference Shares would convert into Class A Equity Shares based on the formula prescribed in shareholders agreement, subject to a maximum of 40,000 Class A Equity Shares

The Class K Preference Shares shall carry no voting rights

The ClassK Preference Shares shall collectively (unless converted earlier into Class A Equity Shares) be compulsorily converted to an aggregate of 2 (Two) Class A Equity Shares, upon the tenth anniversary of Completion

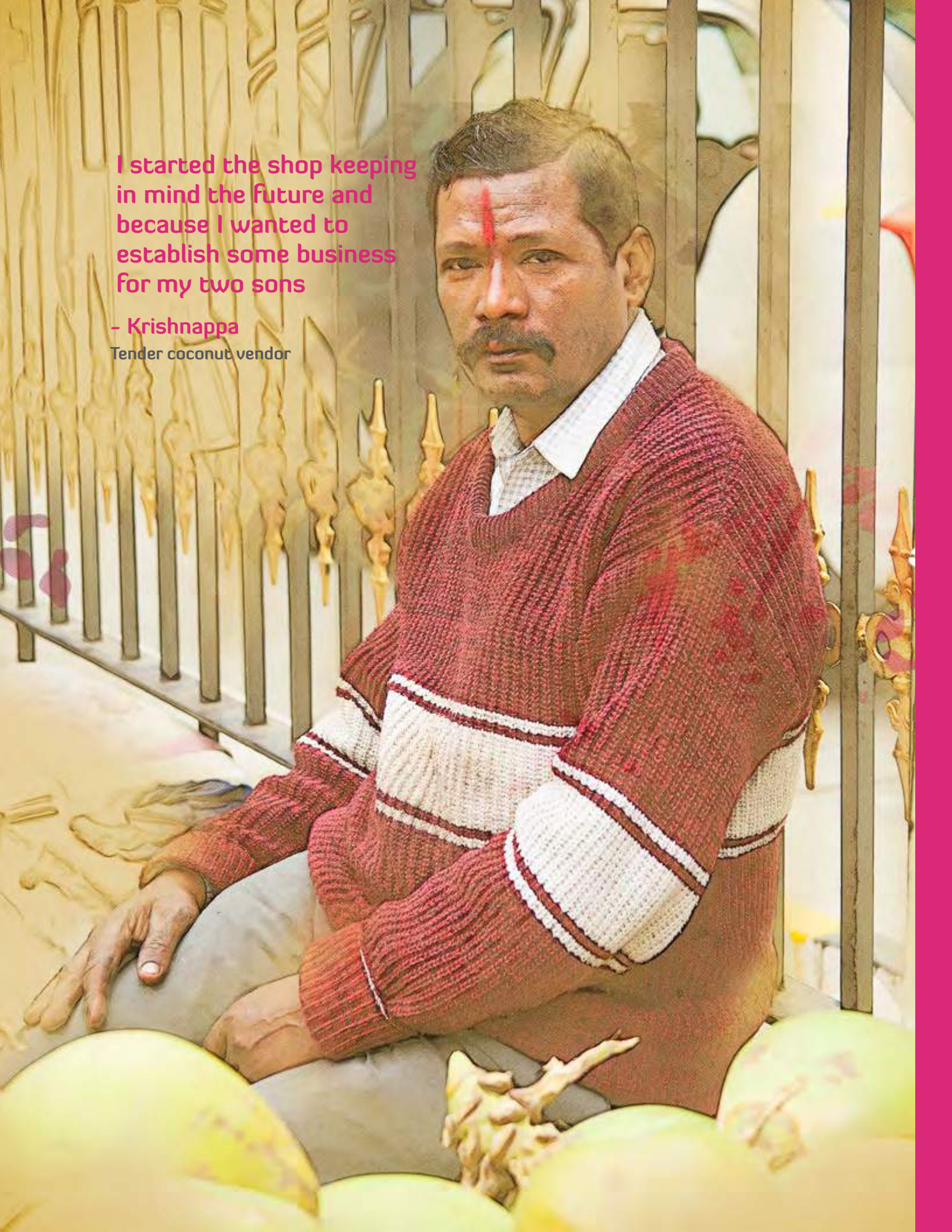
**Class K**

at any time (but within the Class K Preference Shares Conversion Date) in which case all the Class K Preference Shares shall collectively convert to an aggregate of 2 Class A Equity Shares

on the occurrence of a Liquidity Event, in which case all the Class K Preference Shares shall collectively convert to an aggregate of 2 Class A Equity Shares.

on the occurrence of a Dilutive Issuance, in which case the Class K Preference Shares would convert into Class A Equity Shares based on the formula prescribed in shareholders agreement, subject to a maximum of 97,901 Class A Equity Shares





I started the shop keeping  
in mind the future and  
because I wanted to  
establish some business  
for my two sons

- Krishnappa

Tender coconut vendor

**NOTE 4****RESERVES AND SURPLUS**

Particulars	As at 31 March 2015	As at 31 March 2014
<b>Securities premium account</b>		
Opening balance	3,960,642,089	1,759,637,329
Add: Additions during the year	4,270,983,320	2,267,910,520
Less: Utilised for adjustment of share issue expenses during the year **	(10,304,395)	(66,905,760)
<b>Closing balance</b>	<b>8,221,321,014</b>	<b>3,960,642,089</b>
<b>Statutory reserve*</b>		
Opening balance	139,822,753	38,567,525
Add: Transfer from Statement of Profit and Loss	150,821,845	101,255,228
<b>Closing balance</b>	<b>290,644,598</b>	<b>139,822,753</b>
<b>General reserve</b>		
Opening balance	68,689,596	18,061,982
Add: Transfer from Statement of Profit and Loss	75,410,922	50,627,614
<b>Closing balance</b>	<b>144,100,518</b>	<b>68,689,596</b>
<b>Excess/(Deficit) in Statement of Profit and Loss</b>		
Opening balance	334,861,856	16,536,007
Add: Profit during the year	754,109,224	506,276,138
Less: Transfer to Statutory Reserve *	(150,821,845)	(101,255,228)
Less: Dividend to Preference Share holders	(840)	(605)
Less: Dividend proposed to be distributed to equity shareholders - Rs. 7.5/- (31 March 2014: Rs. 10/- per share)	(32,371,710)	(30,827,590)
Less: Dividend distribution tax	(6,472,606)	(5,239,252)
Less: Transfer to General Reserve	(75,410,922)	(50,627,614)
<b>Closing balance</b>	<b>823,893,157</b>	<b>334,861,856</b>
<b>Total</b>	<b>9,479,959,287</b>	<b>4,504,016,294</b>

\* The company has transferred 20% of the profit after tax to statutory reserves in accordance with the provisions of section 451C Reserve Bank of India, 1934.

\*\* Share issue expenses are adjusted against the Securities Premium Account as permissible under Section 52 of the Companies Act, 2013.



**NOTE 5****LONG TERM BORROWINGS**

Particulars	As at 31 March 2015	As at 31 March 2014
<b>Secured</b>		
<b>(a) Non-convertible debentures</b>		
Nil (31 March 2014: 65 Nos) 14.40% Non Convertible Debentures of Rs. 10,000,000/- each redeemable at par in May 2019.	-	650,000,000
Nil (31 March 2014: 50 Nos) 14% Non Convertible Debentures of Rs. 10,000,000/- each redeemable at par in December 2015.	-	500,000,000
Nil (31 March 2014: 27) 14.45% Non Convertible Debentures of Rs. 10,000,000/- each redeemable in 4 equal installments together with the accrued coupon which are due during June 2016, December 2016, June 2017 and December 2017. The Company has option to buy back all the Debentures on the Coupon Reset Date (December 2015) and the Debenture Trustee and/ the Debenture Holders have the option to redeem the Debentures on the Coupon Reset Date.	-	270,000,000
30 Nos, 14.50% (31 March 2014: Nil) Non Convertible Debentures of Rs. 10,000,000/- each redeemable at par during December 2016 or on exercise of Put Option at the exercise date (December, 2014) by the debenture trustee on behalf of debenture holders or on exercise of Call Option at the exercise date by the Company.	300,000,000	-
50 Nos, 13.53% (31 March 2014: Nil) Non Convertible Debentures of Rs. 10,000,000/- each redeemable in July 2020 with a put and call option falling on July 2017.	500,000,000	-
120 Nos, 13.32% (31 March 2014: Nil) Non Convertible Debentures of Rs. 10,000,000 each redeemable at par in December 2019	1,200,000,000	-
200 Nos, 13.60% (31 March 2014: Nil) Non Convertible Debentures of Rs. 10,000,000 each redeemable at par in January 2019	2,000,000,000	-
125 Nos, 13.50% (31 March 2014: Nil) Non Convertible Debentures of Rs. 10,000,000 each redeemable at par in February 2018	1,250,000,000	-
100 Nos, 13.50% (31 March 2014: Nil) Non Convertible Debentures of Rs. 10,000,000 each redeemable at par in February 2018	1,000,000,000	-
25 Nos, 12.87% (31 March 2014: Nil) Non Convertible Debentures of Rs. 10,000,000, redeemable in 4 installements of Rs. 35,714,286 by March 2017	142,857,144	-
Secured by:		
(Secured by first and exclusive charge on receivables)		
<b>(b) Term loans (refer Note below)</b>		
i) From banks	9,805,965,037	4,568,981,283
ii) From others	2,330,777,095	883,052,750

**Note:**

Loans availed from Banks and Others are secured by exclusive charge on receivables arising out of loans disbursed and cash margin of Rs. 787,389,897/- (31 March 2014: Rs. 668,368,004/-)

**NOTE 5 (CONTD)****LONG TERM BORROWINGS (CONTD)**

Particulars	As at 31 March 2015	As at 31 March 2014
<b>Unsecured</b>		
Term Loans from others	-	25,000,000
15,975,780 Nos (31 March 2014: 42,431,000) Compulsorily Convertible Debentures of Rs. 10/- each	159,757,800	-
(Convertible to 32,090 Class A Equity shares at the earlier of expiry of 18 months post completion (10 November 2014) or the occurrence of a liquidity event.		
<b>Total</b>	<b>18,689,357,076</b>	<b>6,897,034,033</b>

**NOTE 6****OTHER LONG TERM LIABILITIES**

Particulars	As at 31 March 2015	As at 31 March 2014
Unamortised Gain on Securitisation (Refer Note 39)	-	13,933,636
<b>Total</b>	<b>-</b>	<b>13,933,636</b>

**NOTE 7****LONG - TERM PROVISIONS**

Particulars	As at 31 March 2015	As at 31 March 2014
<b>(a) Provision for employee benefits</b>		
<b>(Refer Note 33 b)</b>		
Provision for compensated absence	34,829,662	12,300,625
<b>(b) Provision on Portfolio (Refer Note 42)</b>	104,954,014	50,074,196
<b>Total</b>	<b>139,783,676</b>	<b>62,374,821</b>

## NOTE 5

### LONG TERM BORROWINGS

#### TERMS OF REPAYMENT - TERM LOANS AS AT 31 MARCH 2015

Terms of Repayment and Interest			Amount Outstanding (Rs.)	
Rate of Interest	Maturity	Instalments	Current	Non Current
<b>Borrowings From Banks</b>				
<b>Repayable in Monthly Instalments</b>				
Base Rate + (0.5% - 2%)	< 1 year	47	605,687,677	
	1-2 Years	42		534,459,135
	2-3 Years	2		16,666,667
Base Rate + (2% - 3%)	< 1 year	321	4,994,872,355	
	1-2 Years	227		3,414,823,747
	2-3 Years	90		764,677,006
Base Rate+(3%-4%)	< 1 year	258	3,390,309,287	
	1-2 Years	118		1,173,316,997
	2-3 Years	36		147,386,437
	3-4 Years	4		8,333,333
Fixed	< 1 year	106	1,862,527,785	
	1-2 Years	53		500,833,332
	2-3 Years	3		25,000,000
<b>Repayable in Quarterly Instalments</b>				
Base Rate + (0.5% - 2%)	< 1 year	10	340,909,091	
	1-2 Years	10		383,116,883
	2-3 Years	4		54,545,455
Base Rate + (2%- 3%)	< 1 year	36	1,284,703,030	
	1-2 Years	37		1,372,560,603
	2-3 Years	19		755,694,788
Base Rate +(3% - 4%)	< 1 year	26	519,057,060	
	1-2 Years	16		355,857,018
	2-3 Years	7		153,600,000

Terms of Repayment and Interest			Amount Outstanding (Rs.)	
Rate of Interest	Maturity	Instalments	Current	Non Current
Fixed	3-4 Years	1		20,093,635
	< 1 year	14	997,500,000	
	1-2 Years	4		125,000,000
<b>Repayable in Bullet</b>				
Fixed	< 1 year	5	950,000,000	
<b>Total</b>			<b>14,945,566,285</b>	<b>9,805,965,036</b>
<b>Borrowings from Others</b>				
<b>Repayable in Monthly Instalments</b>				
BR + 3.30%	< 1 year	24	467,596,600	
	1-2 Years	24		532,403,401
Fixed	< 1 year	154	2,344,931,486	
	1-2 Years	69		958,878,530
	2-3 Years	19		314,578,386
<b>Repayable in Quarterly Instalments</b>				
Fixed	< 1 year	10	56,666,668	
	1-2 Years	7		191,583,446
	2-3 Years	4		333,333,332
<b>Total</b>			<b>2,869,194,754</b>	<b>2,330,777,095</b>
<b>Grand Total</b>			<b>17,814,761,039</b>	<b>12,136,742,131</b>

## AS AT 31 MARCH 2014

Terms of Repayment and Interest			Amount Outstanding (Rs.)	
Rate of Interest	Maturity	Instalments	Current	Non Current
<b>Borrowings From Banks</b>				
<b>Repayable in Monthly Instalments</b>				
Base Rate + (0.5% - 2%)	< 1 Year	17	116,666,666	
	1-2 Years	1		6,250,000
Base Rate + (2% - 3%)	< 1 Year	83	1,376,333,270	
	1-2 Years	35		472,700,465
Base Rate+(3%-4%)	< 1 Year	292	3,681,036,160	
	1-2 Years	171		1,847,676,697
	2-3 Years	56		365,848,688
	3-4 Years	9		6,750,000
Base Rate +(4%-5%)	< 1 Year	8	63,851,394	
	1-2 Years	-		-
	2-3 Years	-		-
	3-4 Years	-		-
Fixed	< 1 Year	60	1,741,536,046	
	1-2 Years	23		318,750,008
<b>Repayable in Quarterly Instalments</b>				
Base Rate + (2%-3%)	< 1 Year	4	72,727,274	
	1-2 Years	4		72,727,273
	2-3 Years	1		18,181,817
Base Rate +(3%-4%)	< 1 Year	32	813,503,035	
	1-2 Years	26		684,590,502
	2-3 Years	17		479,490,909
Base Rate + (4% to 5%)	< 1 Year	8	165,599,387	
	1-2 Years	4		83,514,924
Fixed	< 1 Year	19	1,130,000,000	
	1-2 Years	6		212,500,000
<b>Repayable in Bullet</b>				
Fixed	< 1 Year	1	300,000,000	
<b>Total</b>			<b>9,461,253,232</b>	<b>4,568,981,283</b>

Terms of Repayment and Interest			Amount Outstanding (Rs.)	
Rate of Interest	Maturity	Instalments	Current	Non Current
<b>Borrowings from Others</b>				
<b>Repayable in Monthly Instalments</b>				
	< 1 year	116	1,710,101,987	
Fixed	1-2 Years	27		826,386,082
	2-3 Years			
<b>Repayable in Quarterly Instalments</b>				
	< 1 year	12	73,333,334	
Fixed	1-2 Years	10		56,666,669
	2-3 Years	5		24,999,999
<b>Total</b>			<b>1,783,435,321</b>	<b>908,052,750</b>
<b>TOTAL</b>			<b>11,244,688,553</b>	<b>5,477,034,033</b>

## NOTE 8

### SHORT TERM BORROWINGS

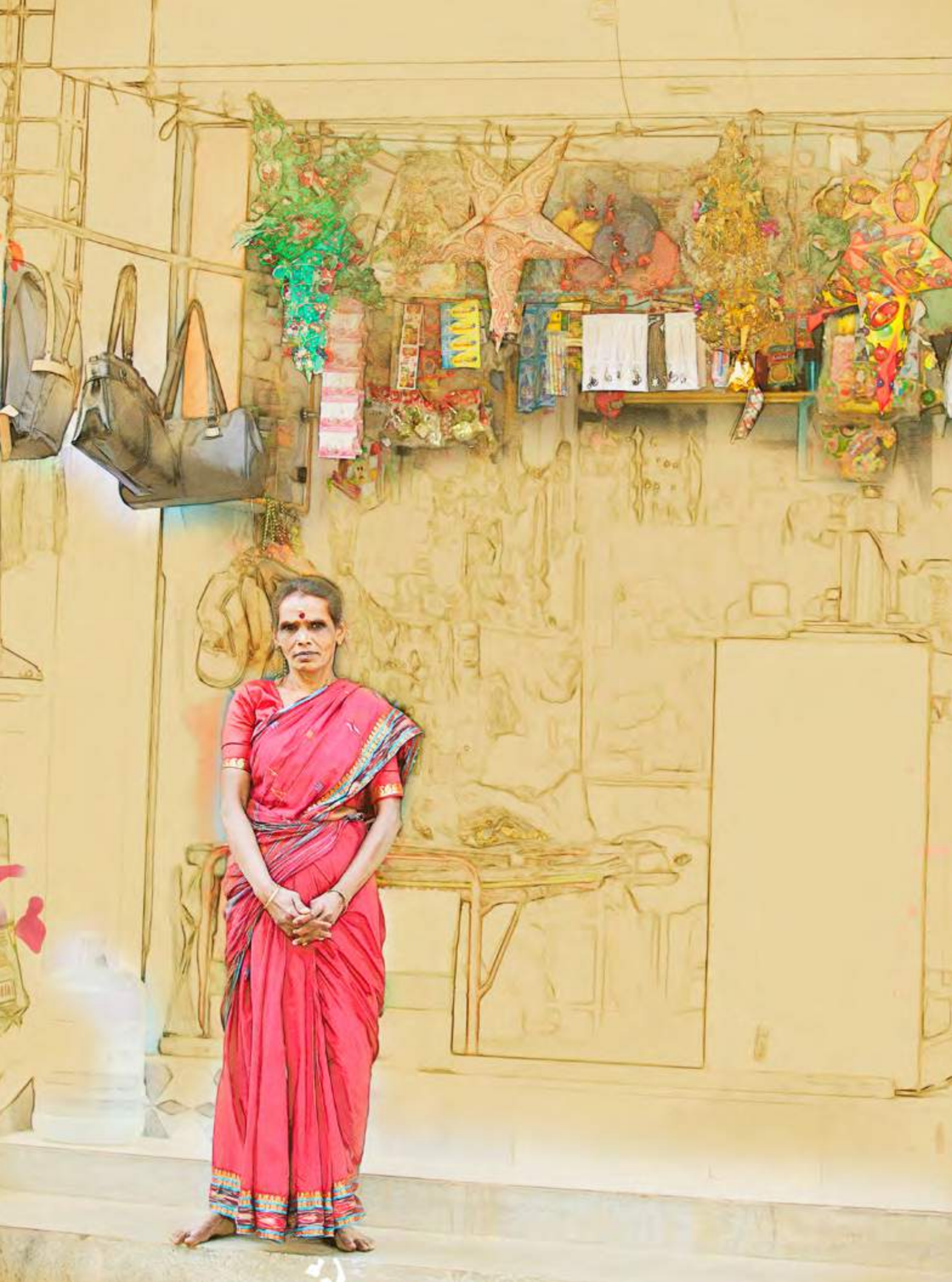
Particulars	As at 31 March 2015	As at 31 March 2014
<b>(a) Loans repayable on demand</b>		
Secured		
From banks	148,935,201	226,822,689
Secured by:		
Loans availed are secured by exclusive charge on receivables arising out of loans disbursed and cash margin.		
<b>(b) Loans and advances from related parties (unsecured)</b>		
(Refer Note 35)		
Persons with significant influence	17,500,000	17,500,000
Relative of Persons with significant influence	21,500,000	21,500,000
Terms of repayment : Payable on demand (Rate of interest : 12%)		
<b>Total</b>	<b>187,935,201</b>	<b>265,822,689</b>

## NOTE 9

### TRADE PAYABLES

Particulars	As at 31 March 2015	As at 31 March 2014
Other than acceptances (Refer Note 25)	268,867,961	158,157,631
<b>Total</b>	<b>268,867,961</b>	<b>158,157,631</b>





**NOTE 10****OTHER CURRENT LIABILITIES**

Particulars	As at 31 March 2015	As at 31 March 2014
<b>(a) Current maturities of long-term debt</b>		
<b>(Secured, Refer Note 5)</b>		
<b>Non-convertible debentures</b>		
Nil (31 March 2014: 30 Nos) 14.50% Non Convertible Debentures of Rs. 10,000,000/- each redeemable at par during December 2016 or on exercise of Put Option at the exercise date (December, 2014) by the debenture trustee on behalf of debenture holders or on exercise of Call Option at the exercise date by the Company.	-	300,000,000
27 Nos, 14.45% (31 March 2014: Nil) Non Convertible Debentures of Rs. 10,000,000/- each redeemable in 4 equal installments together with the accrued coupon which are due during June 2016, December 2016, June 2017 and December 2017. The Company has option to buy back all the Debentures on the Coupon Reset Date (December 2015) and the Debenture Trustee and/ the Debenture Holders have the option to redeem the Debentures on the Coupon Reset Date.	270,000,000	-
65 Nos, 14.40% (31 March 2014: Nil) Non Convertible Debentures of Rs. 10,000,000/- each redeemable at par in May 2019 with Put & Call Option after 24 months (May-2015) & 48 months (May-2017)	650,000,000	-
50 Nos, 14% (31 March 2014: Nil) Non Convertible Debentures of Rs. 10,000,000/- each redeemable at par in December 2015.	250,000,000	-
25 Nos, 12.87% (31 March 2014: Nil) Non Convertible Debentures of Rs. 10,000,000, redeemable in 3 installements of Rs. 35,714,286 by March 2016	107,142,856	-
<b>Term loans</b>		
i) From banks	14,846,566,285	9,461,253,232
ii) From others	2,869,194,754	1,783,435,321
<b>Unsecured</b>		
Term Loans from others	99,000,000	-
Nil (31 March 2014: 42,431,000) Compulsorily Convertible Debentures of Rs. 10/- each	-	424,310,000
(Convertible to 32,090 Class A Equity shares at the earlier of expiry of 18 months post completion (10 November 2014) or the occurrence of a liquidity event.		
<b>Total</b>	<b>19,091,903,895</b>	<b>11,968,998,553</b>



Particulars	As at 31 March 2015	As at 31 March 2014
<b>(b) Interest accrued but not due on borrowings</b>	214,156,775	115,219,480
<b>(c) Other payables</b>		
Statutory remittances	31,873,892	22,126,262
Grant (Refer Note 32)	2,270,659	5,918,632
Amount payable to trust/investors in respect of collections from managed portfolio	194,381,577	162,733,737
Payable towards micro pension and insurance	115,681,369	70,025,534
Gratuity Payable (Refer Note 33)	3,454,277	1,975,592
Unamortised Gain on Securitisation (Refer Note 39)	5,093,051	5,258,627
Others	920,827	3,175,339
<b>TOTAL</b>	<b>19,659,736,322</b>	<b>12,355,431,756</b>

## NOTE 11

### SHORT - TERM PROVISIONS

Particulars	As at 31 March 2015	As at 31 March 2014
<b>(a) Provision for employee benefits (Current portion of Employee Benefits)</b>		
<b>(Refer Note 33)</b>		
Provision for compensated absence	11,111,121	6,240,698
<b>(b) Provision on Portfolio (Refer Note 42)</b>	272,567,593	158,036,997
<b>(c) Others</b>		
Provision for taxes (net of advance tax and TDS - Rs. 352,860,501/- (31 March 2014: Rs. 342,210,501/-)	7,936,056	18,586,056
Provision for proposed dividend	32,372,550	30,828,195
Provision for tax on proposed dividend	6,472,606	5,239,252
<b>Total</b>	<b>330,459,926</b>	<b>218,931,198</b>

**NOTE 12****TANGIBLE ASSETS**

Particulars	Gross Block			
	As on 1st April 2014	Additions	Deletions	As on 31 March 2015
Electrical installation	32,514,467	-	-	32,514,467
Computers including servers etc*	220,647,017	211,130,863	265,325	431,512,555
Furniture & fittings	30,838,507	39,900,169	-	70,738,676
Office equipments	48,407,245	34,523,968		82,931,213
Leasehold improvements	100,581,185	81,679,017	-	182,260,202
<b>Total</b>	<b>432,988,421</b>	<b>367,234,017</b>	<b>265,325</b>	<b>799,957,113</b>
Previous year	(155,007,562)	(279,279,660)	(1,298,800)	(432,988,421)

**Note:** Figures in brackets represents previous years numbers.

**NOTE 13****INTANGIBLE ASSETS**

Particulars	Gross Block		
	As on 1st April 2014	Additions	As on 31 March 2015
<b>Internally Generated</b>			
Marketing and distribution network	11,150,000	-	11,150,000
<b>Others</b>			
Computer Software	39,162,722	111,797,847	150,960,569
<b>Total</b>	<b>50,312,722</b>	<b>111,797,847</b>	<b>162,110,569</b>
Previous year	(33,106,013)	(17,206,709)	(50,312,722)

**Note:** Figures in brackets represents previous years numbers.

**DEPRECIATION AND AMORTISATION:**

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Depreciation and amortisation for the year as per Note 12 and 13	162,097,504	76,921,552

Depreciation				Net Block		
Upto 31 March 2014	Adjustment (Refer Note 31)	For the year	On deletions	Upto 31 March 2015	As on 31 March 2015	As on 31 March 2014
10,777,397	(4,553,595)	3,088,874	-	9,312,676	23,201,791	21,737,070
68,360,297	(6,993,217)	83,455,777	87,716	144,735,141	286,777,414	152,286,720
12,713,604	(6,363,340)	3,702,244	-	10,052,508	60,686,168	18,124,903
9,508,957	4,405,218	11,642,213		25,556,389	57,374,824	38,898,288
42,526,839		34,508,249	-	77,035,088	105,225,114	58,054,346
<b>143,887,094</b>	<b>(13,504,934)</b>	<b>136,397,357</b>	<b>87,716</b>	<b>266,691,802</b>	<b>533,265,311</b>	<b>289,101,327</b>
(73,289,841)	-	(70,971,962)	(374,709)	(143,887,094)	(289,101,327)	

Amortisation			Net Block	
Upto 31 March 2014	For the year	Upto 31 March 2015	As on 31 March 2015	As on 31 March 2014
11,150,000	-	11,150,000	-	-
17,879,193	25,700,145	43,579,338	107,381,231	21,283,529
<b>29,029,193</b>	<b>25,700,145</b>	<b>54,729,338</b>	<b>107,381,231</b>	<b>21,283,529</b>
(23,079,603)	(5,949,590)	(29,029,193)	(21,283,529)	

**NOTE 14****NON-CURRENT INVESTMENTS**

Non-trade investments valued at cost

Particulars	As at 31 March 2015	As at 31 March 2014
Non-current investments in other entities		
100,000 (31 March 2014: 100,000) Equity Shares of Rs. 10 each fully paid-up in Alpha Micro Finance Consultants Pvt. Ltd.	1,000,000	1,000,000
Aggregate amount of unquoted investments	1,000,000	1,000,000

**NOTE 15****LONG-TERM LOANS AND ADVANCES**

Particulars	As at 31 March 2015	As at 31 March 2014
a. Capital advances		
Unsecured, considered good	34,338,656	23,527,617
Sub-Total	34,338,656	23,527,617
b. Other loans and advances		
Loans for financial assistance (Refer Note 39 to 44)		
Secured considered good	60,670,256	68,023,821
Unsecured, considered good	10,207,380,436	4,449,219,515
Employee loans	7266,258	6,719,605
Advance tax (net of provision for tax Rs. 372,386,500/- (31 March 2014: Rs. 986,500/-))	9,283,655	4,338,302
Prepaid expenses	3,421,001	1,603,250
Deposits		
Deposits towards Rent	109,727,468	47,448,077
Others	2,030,000	2,020,000
Sub-Total	10,399,779,074	4,579,372,570
<b>Total</b>	<b>10,434,117,730</b>	<b>4,602,900,187</b>

## NOTE 16

### OTHER NON-CURRENT ASSETS

Particulars	As at 31 March 2015	As at 31 March 2014
Balances with banks		
In Deposit account (represents margin money (refer Note 5 and Note 8 (a)))	841,427,206	774,566,252
Interest accrued on fixed deposits	40,123,915	27,888,442
Unamortised expenses (Refer Note 28)	145,772,305	58,214,693
<b>Total</b>	<b>1,027,323,426</b>	<b>860,669,387</b>

## NOTE 17

### CASH AND CASH EQUIVALENTS

Particulars	As at 31 March 2015	As at 31 March 2014
a) Cash on hand	49,684,323	168,808,664
b) Balances with banks		
In Current account	1,401,046,048	1,095,460,270
In Deposit account (represents margin money of Rs. 811,087,370/-* (31 March 2014: Rs. 477,034,344/-) refer Note 5 and Note 8 (a)))	9,360,087,370	3,601,085,639
<b>Total</b>	<b>10,810,817,741</b>	<b>4,865,354,573</b>
Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements is	9,999,730,370	4,388,320,229

\*Balances with banks include margin monies amounting to Rs. 691,087,370/- (As at 31 March, 2014: Rs. 402,034,344/-) which have an original maturity of more than 12 months.

## NOTE 18

### SHORT - TERM LOANS AND ADVANCES

Particulars	As at 31 March 2015	As at 31 March 2014
a) Balances with government authorities		
Unsecured, considered good		
Service Tax Credit Receivable	4,048,555	4,656,177
Sub-Total	4,048,555	4,656,177
b. Others		
Employee loans	14,560,843	9,614,501
Prepaid expenses	27,084,001	24,199,157
Sub-Total	41,644,844	33,813,658
<b>Total</b>	<b>45,693,399</b>	<b>38,469,835</b>

**NOTE 19****OTHER CURRENT ASSETS**

Particulars	As at 31 March 2015	As at 31 March 2014
Loans for financial assistance (Refer Note 39 to 44)		
Financial assistance to small batch, individuals and others (financial assistance instalment due: Rs. 136,483,923/-), (31 March 2014: Rs. 60,793,210/-)		
Secured considered good	4,258,344	6,748,883
Unsecured considered good (includes Rs. 28,759,266/- (31 March 2014: Rs. 38,328,804/-) towards collateral for assignment of receivables)	26,135,123,846	14,117,594,934
Considered doubtful	266,356,370	69,571,173
	26,405,738,560	14,193,914,990
Others		
Other Receivables Unsecured considered doubtful	-	2,341,581
Less : Provision for Doubtful Receivables	-	2,341,581
	-	-
Interest accrued on fixed deposits	96,964,138	41,009,925
Unamortised expenses (Refer Note 28)	146,195,226	86,129,623
Receivable from related party (Refer Note 35)	293,820	21,900,000
Deposits	1,068,705	602,282
Insurance claim receivable	5,889,466	3,543,652
Fee based income receivable	62,021,233	2,000,000
Advance to vendors	87,780,191	4,089,080
Others	1,931,749	10,781,656
Sub-total	402,144,528	170,056,218
<b>Total</b>	<b>26,807,883,088</b>	<b>14,363,971,208</b>

**NOTE 20****REVENUE FROM OPERATIONS**

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
a) Interest income from financial assistance	6,423,854,946	3,563,509,804
b) Other financial services		
Processing charges	477,590,928	269,586,678
<b>Total</b>	<b>6,901,445,874</b>	<b>3,833,096,482</b>

## NOTE 21

### OTHER INCOME

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Interest from banks	236,331,564	107,648,212
Dividend income from investments in mutual fund	121,426,387	63,421,628
Profit from sale of mutual funds	-	385,149
Other non operating income		
Interest received from related parties (Refer Note 35)	3,166,285	4,828,381
Fee based income	286,913,138	54,040,347
Rent income from operating leases (Refer Note 36)	1,811,026	2,218,622
Discount on Portfolio written back	-	6,812,351
Foreign Exchange Gain	-	8,934
Profit on sale of fixed assets	79,201	-
Miscellaneous income	40,458,155	17,459,197
<b>Total</b>	<b>690,185,756</b>	<b>256,822,821</b>

## NOTE 22

### EMPLOYEE BENEFIT EXPENSES

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Salaries and allowance	1,137,915,770	626,303,785
Contribution to provident fund and other funds	67,329,191	37,308,621
Staff welfare	24,929,031	12,601,364
<b>Total</b>	<b>1,230,173,992</b>	<b>676,213,770</b>

## NOTE 23

### FINANCE COSTS

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Interest expense on borrowings	3,090,336,873	1,552,196,185
Other borrowing costs	104,343,008	51,770,860
<b>Total</b>	<b>3,194,679,881</b>	<b>1,603,967,045</b>

**NOTE 24****OTHER EXPENSES**

<b>Particulars</b>	<b>For the year ended 31 March 2015</b>	<b>For the year ended 31 March 2014</b>
Electricity and water charges	19,262,933	11,061,982
Rent ( Refer Note 36)	112,670,457	70,702,897
Repairs and maintenance	25,597,245	25,885,249
Rates & taxes	13,388,455	11,076,386
Postage, telephone & courier charges	86,511,924	46,851,160
Travelling and conveyance	188,884,161	97,167,786
Advertisement and business promotion expenses	1,286,488	735,912
Insurance	20,985,624	11,169,229
Printing and stationery	40,921,208	20,442,325
Technology expenses	167,621,910	96,604,212
Legal and professional fees (refer Note 1 below)	204,044,781	110,565,262
Maintenance Sub-Contracting Expense	171,759,915	82,297,300
Training expenses	71,138,616	43,291,651
Service tax expenses	76,395,307	42,293,042
Data Entry Charges	53,470,323	23,887,760
Agent commission	33,930,703	11,091,080
Brokerage	6,510,051	1,098,188
Staff recruitment expenses	30,143,593	3,992,257
Sitting fees	1,255,000	210,000
House keeping and Security expenses	82,150,151	44,216,276
Cash management service charges	53,829,962	29,360,810
Incentive for micro pension	1,476,090	1,887,234
Loss on sale of fixed assets	-	800,443
Foreign exchange loss	28,401	-
Provision for non performing and other assets (Refer Note 43)	169,410,414	149,809,883
Loss assets written off (Refer Note 43)	115,309,147	19,772,855
Doubtful receivables written off	7,082,500	-
Business correspondence & Financial advisory services expenses	152,821,755	24,367,000
Corporate Social Responsibility expenses	4,658,820	-
Miscellaneous expenses	20,683,266	12,568,839
<b>Total</b>	<b>1,933,229,200</b>	<b>993,207,018</b>



## NOTE 1

Particulars	For the year ended 31 March 2015	For the year ended 31 March 2014
Payments to the auditors comprises (net of service tax input credit, where applicable):		
As auditors - statutory audit	1,800,000	1,800,000
For tax audit	100,000	100,000
For other services	350,000	325,000
Reimbursement of expenses	-	47,590
<b>Total</b>	<b>2,250,000</b>	<b>2,272,590</b>

## OTHER NOTES

### NOTE 25

#### Dues to micro and small enterprises

There are no Micro, Small and Medium Enterprises to whom the company owes dues, which are outstanding for more than 45 Days at the balance sheet date. The information regarding Micro, Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the company. This has been relied upon by the Auditors.

### NOTE 26

#### Derivative instruments

During the year the company has not entered into any derivative contract and therefore no disclosure pertaining to the same is applicable for the current year. There were no foreign currency exposures as at 31 March 2015 (31 March 2014: Nil).

### NOTE 27

#### Contingent liabilities and commitments

Particulars	31 March 2015	31 March 2014
(a) Contingent Liabilities - Bank Guarantee	75,00,000	75,00,000
(b) Contingent Liabilities - Notice of Demand u/s 156 of IT Act, 1961 for AY12-13	80,44,717	-
(c) Estimated amount of contracts remaining to be executed on capital account and not provided for	24115,89,443	243,09,179

### NOTE 28

Unamortised expenses represent ancillary costs incurred in connection with the arrangement of borrowings and is amortized on straight line basis over the tenure of respective borrowings.

## NOTE 29

### Expenditure in foreign currency

Particulars	31 March 2015	31 March 2014
Technology expenses	2,682,334	13,657,036
Professional Charges	13,057,094	7,016,290
Subscription	-	54,443
Reimbursement of travel expenses	-	1,244,622
Meeting Expenses	163,809	40,522
Loan processing fees	30,171,953	-
<b>Total</b>	<b>46,075,190</b>	<b>22,012,913</b>

## NOTE 30

There are no unpaid dividends which needs to be transferred to the Investor Education and Protection Fund by the Company.

## NOTE 31

The Company has revised its policy of providing depreciation on fixed assets effective April 1, 2014. Depreciation is now provided on a straight line basis for all assets as against the policy of providing on written down value basis for some assets and straight line basis for others. Further the remaining useful life has also been revised wherever appropriate, as given in Part C of the Schedule II to Companies Act, 2013. The carrying amount as on April 1, 2014 is depreciated over the revised remaining useful life. The effect relating to the period prior to April 1, 2014 is net credit of Rs. 13,504,934/- which has been shown as an 'Exceptional Item' in the statement of profit and loss.

The depreciation expense in the Statement of Profit and Loss for the year is lower by Rs. 54,217,294/- consequent to the above change in the method of depreciation .

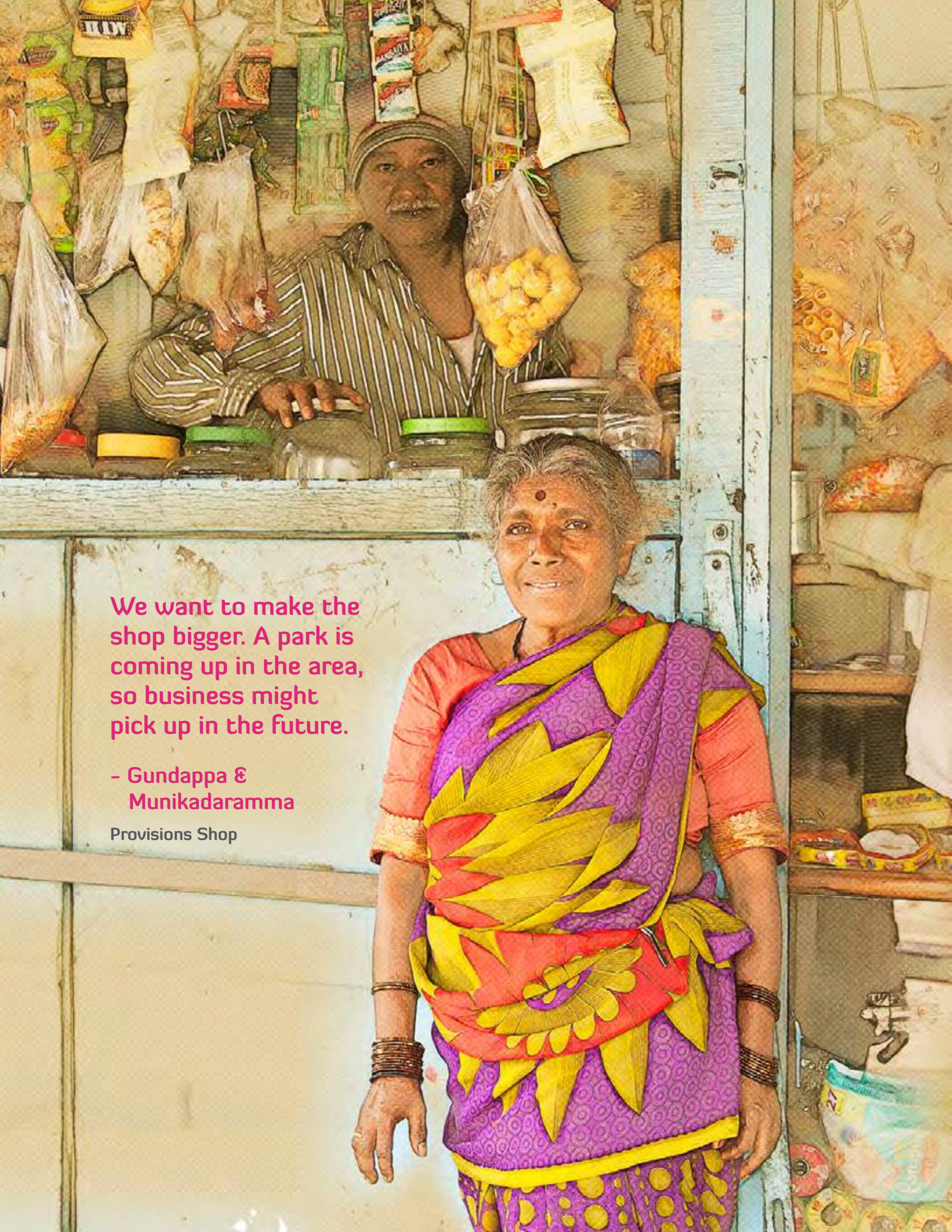
The depreciation expense in the Statement of Profit and Loss for the year is higher by Rs. 45,554,835/- consequent to the change in the useful life of the assets.

## NOTE 32

During the year the Company has received a revenue Grant of Rs. 4,173,184/- (31 March 2014: Rs. 6,190,332/-) and Rs. 7,821,158/- (31 March 2014: Rs. 3,498,280/- ) has been utilised towards specific expenditure incurred and a balance Rs. 2,270,659/- (31 March 2014: Rs. 5,918,632/-) is pending utilisation.

Grant	As at 1 April 2014	Amount Received	Amount Utilised	As at 31 March 2015
International Finance Corporation	2,126,500	2,963,147	3,007,323	2,082,325
The Global Commercial Microfinance Consortium II	1,532,132	1,210,037	2,742,169	-
Small Industries Development Bank of India	2,260,000		2,071,666	188,334
<b>Total</b>	<b>5,918,632</b>	<b>4,173,184</b>	<b>7,821,158</b>	<b>2,270,659</b>





We want to make the  
shop bigger. A park is  
coming up in the area,  
so business might  
pick up in the future.

- Gundappa &  
Munikadamma

Provisions Shop



### NOTE 33

#### Details of Employee Benefits as Required by The Accounting Standard 15 (Revised) Employee Benefits are as under:

##### Employee Benefit Plans

##### (a) Defined contribution plans

The Company makes Provident Fund and Employee State Insurance Scheme contributions which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs. 62,119,925/- (31 March, 2014 Rs. 34,319,579/-) for Provident Fund contributions and Rs. 20,763,828/- (31 March, 2014 Rs. 11,167,741/-) for Employee State Insurance Scheme contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

##### (b) Defined benefit plan

The Company offers the following employee benefit schemes to its employees:

##### i. Gratuity

1. Details of benefit, cost and obligation – as per actuarial valuation as on 31st March 2015.

Gratuity	FY 14-15 (Rs.)	FY 13-14 (Rs.)
<b>Components of employer's expense</b>		
Current Service cost	6,170,058	4,705,704
Interest cost	963,006	647,372
Expected return on plan assets	(771,151)	(638,986)
Curtailment cost/(credit)	-	-
Settlement cost/(credit)	-	-
Transitional Adjustment	-	-
Actuarial Losses/(Gains)	(1,387,603)	(2,296,598)
<b>Total expense recognised in the Statement of Profit &amp; Loss</b>	<b>4,974,310</b>	<b>2,417,492</b>

<b>Actual Contribution and Benefits Payments for year ended 31 March 2015</b>		
Actual benefit payments	(607,689)	(771,405)
Actual Contributions	11,364,077	8,863,809

<b>Net asset/(liability) recognised in balance sheet as at March 31, 2015</b>		
Present value of Defined Benefit Obligation (DBO)	(14,818,354)	(10,343,776)
Fair value of plan assets	11,364,077	8,863,809
Funded status [Surplus/(Deficit)]	(3,454,277)	(1,479,967)
Unrecognised Past Service Costs		

<b>Gratuity</b>	<b>FY 14-15 (Rs.)</b>	<b>FY 13-14 (Rs.)</b>
Net asset/(liability) recognised in balance sheet	(3,454,277)	(1,479,967)
<b>Change in Defined Benefit Obligations during the year ended 31 March, 2015</b>		
Present Value of DBO at beginning of year	10,343,776	8,092,144
Current Service cost	6,170,058	4,705,704
Interest cost	963,006	647,372
Curtailment cost/(credit)	-	-
Settlement cost/(credit)	-	-
Plan amendments	-	-
Acquisitions	-	-
Actuarial (gains)/ losses	(2,050,797)	(2,330,039)
Benefits paid	(607,689)	(771,405)
<b>Present Value of DBO at the end of year</b>	<b>14,818,354</b>	<b>10,343,776</b>
<b>Change in Fair Value of Assets during the year ended 31 March, 2015</b>		
Plan assets at beginning of period	8,863,809	7,344,669
Acquisition Adjustment	-	-
Actual return on plan assets	771,151	638,986
Actual Company contributions	3,000,000	1,685,000
Benefits paid	(607,689)	(771,405)
Actuarial Gains/(Losses) on Plan Assets	(663,194)	(33,441)
<b>Plan assets at the end of year</b>	<b>11,364,077</b>	<b>8,863,809</b>
<b>Actuarial Assumptions for Gratuity</b>	<b>31-Mar-15</b>	<b>31-Mar-14</b>
Discount Rate	7.92%	9.31%
Expected Return on plan assets	7.92%	8.70%
Salary escalation	5%	5%
Mortality	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate
Withdrawal rates		

**Note:** Details of fund assets, which are managed by an insurance company have not been disclosed since the details have not been provided by them.

## 2. Experience Adjustment – Gratuity

Particulars	FY 14-15	FY 13-14	FY 12-13	FY 11-12	FY 10-11
Present value of defined benefit obligation	14,818,354	10,343,776	8,092,144	5,062,840	3,133,180
Fair Value of Plan Assets	11,364,077	8,863,809	7,344,669	-	-
Funded Status (Surplus /(Deficit))	-	-	-	-	-
Experience Adjustment of plan assets (Gain / (Loss))	(663,194)	(33,441)	388,341	-	-
Experience Adjustment of obligation (Gain / (Loss))	2,050,797	2,330,039	(699,577)	1,016,443	-19,251

## 3. Actuarial Assumptions for compensated balances

Actuarial Assumptions for compensated balances	31-Mar-15	31-Mar-14
Retirement Age	60 Years	58 Years
<b>Attrition rate:</b>		2.00% p.a
For service 4 years and below	26.00% p.a	
For service 5 years and above	2.00% p.a	
Future Salary Rise	5.00% p.a	5.00% p.a
	7.92% p.a	9.31% p.a
Mortality	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate

The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations.

## 4. Net liability of compensated absences recognised in balance sheet

Particulars	31-Mar-15	31-Mar-14
Non Current	34,829,662	12,300,625
Current	11,111,121	6,240,697
<b>Total</b>	<b>45,940,783</b>	<b>18,541,322</b>

5. The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of the obligations.

6. The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of the obligations.

## NOTE 34

### Segment information

The Company's business segment is micro finance services and the principal geographical segment is India. Accordingly, no separate disclosure is required to be made under Accounting Standard 17, Segment Reporting.

## NOTE 35

### Related party disclosures:

#### Related Party Relationships:

##### Person with Significant Influence

Mr. Ramesh Ramanathan – Chairman and Director

##### Enterprises significantly influenced by Person with Significant influence

Jana Urban Foundation

Janaadhar (India) Private Limited

Jana Capital Limited

##### Companies in which director can exercise significant influence

Cross Domain Solutions Private Limited

##### Relatives of Person with significant influence

Mrs. Radha Ramanathan

Mrs. Swathi Ramanathan

##### Key Managerial Personnel

Mr. R. Srinivasan – Executive Vice Chairman

Mr. V.S. Radhakrishnan - MD and CEO

Nature and amount of transactions during the year:

Nature of transactions	31 March 2015	31 March 2014
Interest paid during the year		
Mr. Ramesh Ramanathan	2,100,000	2,100,000
Mrs. Radha Ramanathan	479,999	479,999
Mrs. Swathi Ramanathan	2,100,000	2,100,000
Interest received during the year		
Jana Urban Foundation	2,929,558	4,445,523
Janaadhar (India) Private Limited	236,727	382,858



<b>Nature of transactions</b>	<b>31 March 2015</b>	<b>31 March 2014</b>
<b>Remuneration for the year</b>		
Mr. R. Srinivasan	6,331,108	3,540,000
Mr. V.S. Radhakrishnan	9,501,951	5,859,602
<b>Income from rent and amenities</b>		
Jana Urban Foundation	1,811,026	2,026,821
Janaadhar (India) Private Limited	-	191,801
<b>Paid towards amenities</b>		
Janaadhar (India) Private Limited	1,950,858	1,350,594
<b>Paid towards capital expenses of premises taken on rent</b>		
Janaadhar (India) Private Limited	-	1,342,950
<b>Receiving of services</b>		
Jana Urban Foundation	60,112,974	24,367,000
Cross Domain Solutions Private Limited	5,152,570	2,846,351
<b>Rendering of services</b>		
Jana Urban Foundation	13,677,667	-
<b>Issue of Shares</b>		
Jana Urban Foundation	1,688,010	3,703,940
<b>Payments/debits made</b>		
Jana Urban Foundation	10,685,381	18,474,704
Janaadhar (India) Private Limited	3,906,114	5,785,045
Jana Capital Limited	293,820	-
<b>Receipts/credits from</b>		
Jana Urban Foundation	37,116,869	40,500,719
Janaadhar (India) Private Limited	4,119,169	6,776,079
<b>Loans and advances receivable / (payable)</b>	<b>As at 31 March 2015</b>	<b>As at 31 March 2014</b>
Jana Urban Foundation (Formerly Janalakshmi Social Services)	-	21,900,000
Janaadhar (India) Private Limited	(165,613)	-
Cross Domain Solutions Private Limited	(609,252)	-
Jana Capital Limited	293,820	-
<b>Outstanding borrowings from</b>		
Mr. Ramesh Ramanathan	17,500,000	17,500,000
Mrs. Radha Ramanathan	4,000,000	4,000,000
Mrs. Swathi Ramanathan	17,500,000	17,500,000

1. Related Party relationship is as identified by the company and relied upon by the auditors.
2. No amount in respect of related parties have been writtem off /back during the current period.
3. Transactions with the related parties have been reported since the date they become related.
4. Re-imbursement of expenses has not been considered for the above disclosure.

## NOTE 36

### Operating Lease

The company has taken on operating lease for a period ranging from 36 to 108 months on non -cancelable for the years as referred in the agreement. Lease payments for the current financial year in respect of these recognized in the Statement of Profit and Loss amounts to Rs. 112,670,457/- (31 March 2014: Rs. 70,702,898/- )"

Total future lease payments under operating lease:

Future minimum lease payments	31 March 2015	31 March 2014
Not later than 1 year	41,411,633	25,656,902
Later than 1 year but not later than 5 years	76,926,054	110,263,673
Later than 5 years	3,300,771	11,554,710

There are no rents which are contingent in nature.

Total future lease receivables under operating lease:

Future minimum lease receivables	31 March 2015	31 March 2014
Not later than 1 year	1,008,791	1,297,017
Later than 1 year but not later than 5 years	-	1,008,791
Later than 5 years	-	-

## NOTE 37

### Earnings per share

#### BASIC

Particulars	31 March 2015	31 March 2014
Net Profit as per Statement of Profit and Loss	754,109,224	506,276,138
Less: Preference dividend on CCCPS	(840)	(605)
Less: Dividend Distribution Tax on preference dividend	(168)	(103)
Net Profit attributable to equity shareholders	754,108,216	506,275,431
Weighted average number of equity shares	3,558,971	2,530,039
<b>Basic earning per share</b>	<b>211.89</b>	<b>200.11</b>

## DILUTED

Particulars	31 March 2015	31 March 2014
Net Profit as per Statement of Profit and Loss	754,109,224	506,276,138
Weighted Average Number of Equity Shares outstanding Basic (Face Value of Rs. 10)	3,558,971	2,530,039
Weighted average no. of potential equity shares upon conversion of CCCPS	12,543	104,983
Total weighted average no. of potential equity shares	3,571,514	2,635,022
<b>Diluted earning per share</b>	<b>211.15</b>	<b>192.13</b>

## NOTE 38

### Deferred tax asset

In accordance with Accounting Standard 22 "Accounting for Taxes on Income", the Company has recognised Rs. 40,553,237/- (31 March 2014: Rs. 43,366,220/-) as deferred tax credit as detailed below.

Particulars	Deferred Tax Assets / (Liability) as on 1 April 2014	Current year credit/(charge)	Net Deferred Tax Assets / (Liability) as on 31 March 2015
Depreciation	(9,126,393)	(28,056,426)	(37,182,819)
Provision for non performing and other assets	70,736,995	57,582,599	128,319,594
Provision for Gratuity and Compensated absences	6,973,700	9,815,681	16,789,381
Others	-	1,211,383	1,211,383
<b>Net Deferred Tax Asset</b>	<b>68,584,302</b>	<b>40,553,237</b>	<b>109,137,539</b>

## NOTE 39

The company has entered into certain securitisation/bilateral assignments with Banks/NBFCs during the year.

Particulars	As at 31 March 2015	As at 31 March 2014
Total number of assets de-recognised during the year	66,624	125,053
Rupees		
Consideration received during the year	904,245,690	1,868,526,889
Book value of loan assets securitized during the year	931,219,530	1,847,683,649
Cash collaterals provided	59,358,428	98,698,247
Total gain on assignment	-	20,843,240
Gain on account of assignment to be amortized over the life of the receivable	-	19,192,262

Particulars	As at 31 March 2015	As at 31 March 2014
Non Current (Refer Note 6)	-	13,933,636
Current (Refer Note 10)	-	5,258,627
Upfront income on assignment of receivables	-	20,843,240
Unamortized income at the year end	-	19,192,262

#### NOTE 40

As per the RBI guidelines on securitization of Standard Assets issued on August 21, 2012, the following disclosures have been given.

Particulars	31 March 2015	31 March 2014
No. of SPVs sponsored by the NBFC for securitisation transactions	-	-
Total amount of securitised assets as per books of the SPVs sponsored by the NBFC	-	-
	-	-

Total amount of exposures retained by the NBFC to comply with MRR as on the date of Balance Sheet.

#### a) Off-balance sheet exposures

* First Loss	-	-
* Others	-	-

#### b) On-balance sheet exposures

* First Loss	158,056,675	174,351,009
* Others	28,759,266	38,328,804

Amount of exposures to securitised transactions other than MRR

#### a) Off-balance sheet exposures

i) Exposure to own securitisations

* First Loss	-	-
* Others	-	-

ii) Exposure to third party securitisations

* First Loss	-	-
* Others	-	-

#### b) On-balance sheet exposures

i) Exposure to own securitisations

* First Loss	-	-
* Others	-	-

ii) Exposure to third party securitisations

* First Loss	-	-
* Others	-	-

**NOTE 41**

Ratio of Gold Loans to Total Assets-0.0002% (31 March 2014: 0.01%)

**NOTE 42**

The Company complies with the prudential norms of the Reserve Bank of India (RBI) with regard to income recognition, asset classification and provisioning. Accordingly, during the period, the Company in line with the guidelines laid down under DNBS.CC.PD.No.250/03.10.01/2011-12 dated 2 December 2011, DNBS.PD/CC.No. 263/03.10.038/2011-12 dated 20 March 2012, DNBS (PD) CC.No.300/03.10.038/2012-13 dated 3 August 2012 and DNBS.(PD).CC. No. 347 /03.10.38/2013-14 dated 1 July 2013 has provided Rs. 367,092,563/- being higher of 1 % of the outstanding portfolio as at March 31, 2015 and 50% of the aggregate loan instalments which are overdue for more than 90 days and less than 180 days and 100% of the aggregate loan instalments which are overdue for 180 days or more.

Particulars	Loans (31 March 2015)		Loans (31 March 2014)	
	Loans for Financial Assistance	Provision*	Loans for Financial Assistance	Provision*
Portfolio balance and related provisions	36,673,789,252	367,092,563	18,711,158,325	189,546,350

\* Excludes Loss assets written off Rs. 115,309,147/- (31 March 2014: Rs. 19,772,855/-)

**NOTE 43****Movement of Provisions for FY 14-15**

Particulars	As at 1 April 2014	Additional Provision	Utilisation / Reversal	As at 31 March 2015
Movement of Provisions for FY 14-15	208,111,193	284,719,561	115,309,147	377,521,607

**Movement of Provisions for FY 13-14**

Particulars	As at 1 April 2013	Additional Provision	Utilisation / Reversal	As at 31 March 2014
Movement of Provisions for FY 13-14	58,301,310	169,582,738	19,772,855	208,111,193

**NOTE 44**

Disclosures pursuant to Reserve Bank of India Notification DNBS.200 / CGM (PK) - 2008 dated August 1, 2008

**A) Capital adequacy**

Particulars	As at 31 March 2015	As at 31 March 2014
Tier I Capital	9,970,510,520	4,731,085,430
Tier II Capital	437,294,088	613,160,638

Particulars	As at 31 March 2015	As at 31 March 2014
Total Capital	10,407,804,608	5,344,246,068
Total Risk Weighted Assets	37,184,346,844	18,957,178,077
Capital Ratios		
Tier I capital as % to total risk weighted assets	26.81%	24.96%
Tier II capital as % to total risk weighted assets	1.18%	3.23%
Total Capital as % to total risk weighted assets	27.99%	28.19%

## B) Exposure to Real Estate

Category	As at 31 March 2015	As at 31 March 2014
<b>A) Direct Exposure</b>		
(i) Residential Mortgage : Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	63,444,104	71,544,565
(ii) Commercial Real Estate: Lending secured by mortgages on commercial real estates	-	-
(iii) Investments in mortgage backed securities (MBS) and other securitised exposures		
--Residential	-	-
--Commercial Real Estate	-	-
<b>B) Indirect Exposure</b>		
Fund based and non fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	-	-

## C) Asset and Liability Management

Maturity pattern of certain items of Assets and Liabilities as at 31 March 2015.

Category	Borrowing from Banks / Institutions	Market Borrowings	Advances	Investments
1 day up to 1 month	1,405,767,274 (805,749,285)	-- (--)	2,395,170,356 (1,367,111,955)	-- (--)
Over 1 month up to 2 months	1,355,288,479 (833,869,741)	-- (--)	2,570,064,136 (1,489,917,255)	-- (--)
Over 2 months up to 3 months	1,885,527,946 (1,156,542,741)	-- (--)	2,516,909,669 (1,471,346,712)	-- (--)
Over 3 months up to 6 months	4,945,044,390 (3,027,840,850)	-- (--)	7,424,935,981 (4,026,191,313)	-- (--)

Category	Borrowing from Banks / Institutions	Market Borrowings	Advances	Investments
Over 6 months up to 1 year	8,223,132,950	--	11,498,658,419	--
	(5,420,685,934)	(--)	(5,839,347,754)	(--)
Over 1 year up to 3 years	12,108,315,165	--	9,970,361,120	--
	(5,470,284,035)	(--)	(4,364,928,956)	(--)
Over 3 years up to 5 years	28,426,967	--	125,590,149	--
	(6,750,000)	(--)	(45,184,925)	(--)
Over 5 years	-	--	172,099,424	--
	-	(--)	(107,129,456)	(--)
<b>Total</b>	<b>29,951,503,171</b>	<b>--</b>	<b>36,673,789,254</b>	<b>--</b>
	<b>(16,721,722,587)</b>	<b>(--)</b>	<b>(18,711,158,325)</b>	<b>(--)</b>

Figures in brackets indicate 31 March 2014 numbers

#### NOTE 45

Margin Cap of the Company as on 31 March 2015 is 9.73% (31 March 2014: 11.51%). This has been computed as suggested by MFIN in their representation to The Reserve Bank of India dated August 29, 2012 (Subject reference : RBI/2012-13/161 ONBS (PO) CC.No.300 /03.10.038/2012-13. dated August 3, 2012)

#### NOTE 46

Disclosure of frauds reported during the year ended 31 March 2015 vide DNBS. PD. CC No. 256/03.10.142/2011-12 dated 2 March 2012.

Particulars	Less Than Rs. 1 Lakh		Rs. 1 to Rs. 5 Lakh		> Rs. 5 Lakhs	
	No. of Accounts	Value (Rs.)	No. of Accounts	Value (Rs.)	No. of Accounts	Value (Rs.)
<b>A) Person Involved</b>						
Staff	1,042	357,494	475	1,299,863	-	-
Customers	181	226,010	1,525	2,306,295	-	-
Staff and Customers			632	1,190,300	-	-
<b>Total</b>	<b>1,223</b>	<b>583,504</b>	<b>2,632</b>	<b>4,796,458</b>	<b>-</b>	<b>-</b>
<b>B) Type of Fraud</b>						
Misappropriation and Criminal Breach of Trust	1,042	357,494	1,107	2,490,163	-	-
Fraudulent Encashment/ manipulation of books of accounts	-	-	-	-	-	-



Particulars	Less Than Rs. 1 Lakh		Rs. 1 to Rs. 5 Lakh		> Rs. 5 Lakhs	
	No. of Accounts	Value (Rs.)	No. of Accounts	Value (Rs.)	No. of Accounts	Value (Rs.)
Unauthorised Credit Facility extended	-	-	-	-	-	-
Cheating and Forgery	-	-	11	110,000	-	-
Others	181	226,010	1,514	2,196,295	-	-
<b>Total</b>	<b>1,223</b>	<b>583,504</b>	<b>2,632</b>	<b>4,796,458</b>	<b>-</b>	<b>-</b>

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

Disclosure of frauds reported during the year ended 31 March 2014 vide DNBS. PD. CC No. 256/03.10.142/2011-12 dated 2 March 2012.

Particulars	Less Than Rs. 1 Lakh		Rs. 1 to Rs. 5 Lakh		> Rs. 5 Lakhs	
	No. of Accounts	Value (Rs.)	No. of Accounts	Value (Rs.)	No. of Accounts	Value (Rs.)
<b>A) Person Involved</b>						
Staff	477	320,911	775	1,039,549	8,335	12,436,530
Customers	73	20,580	377	558,078	-	-
Staff and Customers	-	-	-	-	-	-
<b>Total</b>	<b>550</b>	<b>341,491</b>	<b>1,152</b>	<b>1,597,627</b>	<b>8,335</b>	<b>12,436,530</b>
<b>B) Type of Fraud</b>						
Misappropriation and Criminal Breach of Trust	249	284,711	514	685,399	315	850,000
Fraudulent Encashment/ manipulation of books of accounts	-	-	-	-	-	-
Unauthorised Credit Facility extended	-	-	-	-	-	-
Cheating and Forgery	-	-	-	-	256	536,530
Others	301	56,780	638	912,228	7,764	11,050,000
<b>Total</b>	<b>550</b>	<b>341,491</b>	<b>1,152</b>	<b>1,597,627</b>	<b>8,335</b>	<b>12,436,530</b>

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

I keep money aside  
for expenses and  
my grandchildren's  
education; the rest I  
reinvest. I now own  
a house and have  
bought a tempo for  
my sons.

- Mariyamma

Dealer in 'seconds' clothes



**NOTE 47**

Disclosure as required in terms of Paragraph 13 of Non Banking Financial (Non - Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank ) Direction 2007

Liabilities Side		Amount Outstanding As At 31-Mar-15 (Rs.)	Amount Overdue As At 31-Mar-15 (Rs.)	Amount Outstanding As At 31-Mar-14 (Rs.)	Amount Overdue As At 31-Mar-14 (Rs.)
<b>1) Loans and Advances Aailed by the company inclusive of interest accrued thereon but not paid</b>					
a	Debentures: Secured	7,670,000,000	-	1,720,000,000	-
	Unsecured	159,757,800		424,310,000	-
	(other than falling within the meaning of public deposits)				
b	Deferred Credits			-	
c	Term Loans	29,951,503,171	-	16,721,722,587	-
d	Inter Corporate Loans and Borrowings	-	-	-	-
e	Commercial Papers			-	-
f	other loans -Working Capital loans	148,935,201	-	226,822,689	-
	Loan from directors and members	39,000,000	-	39,000,000	-
Assets Side		Amount Outstanding As At 31-Mar-15 (Rs.)	Amount Overdue As At 31-Mar-15 (Rs.)	Amount Outstanding As At 31-Mar-14 (Rs.)	Amount Overdue As At 31-Mar-14 (Rs.)
<b>2) Break up of Loans and advances including bills receivable (other than those included in 4 below)</b>					
a	Secured	-	-	-	-
i	Loans to Customers	64,928,600	-	74,772,704	-
b	Unsecured	-	-	-	-
i	Loans to Customers	36,608,860,652	266,356,370	18,636,385,622	69,571,173
ii	Rental and other deposits	112,826,173	-	50,070,359	-
iii	Advance Recoverable in Cash or kind or for value to be received	344,299,634	-	186,480,828	-
iv	Interest Accrued on term deposits and loans	137,088,053	-	68,898,367	-
v	Advance Tax including TDS	734,530,656	-	358,185,303	-
vi	Advance to Group company	293,820	-	21,900,000	-

3	<b>Break up of leased Assets and Stock on hire and hypothecation loans counting towards EL / HP activities</b>	Amount	Amount Overdue	Amount	Amount Overdue
		Outstanding As At 31-Mar-15 (Rs.)	As At 31-Mar-15 (Rs.)	Outstanding As At 31-Mar-14 (Rs.)	As At 31-Mar-14 (Rs.)
i)	Leased Assets including lease rentals under Sundry debtors				
	(a) Finance lease	-	-	-	-
	(b) Operating lease	-	-	-	-
ii)	Stock on hire including hire charges under sundry debtors				
	(a) assets on hire	-	-	-	-
	(b) Repossessed Assets	-	-	-	-
iii)	Hypothecation loans counting towards EL / HP activities				
	(a) Loans where assets have been repossessed	-	-	-	-
	(b) Loans other than (a) above	-	-	-	-
4	<b>Break up of Investments</b>				
	<b>Current Investments</b>				
	<b>1. Quoted</b>				
	(i) Shares (a) Equity	-	-	-	-
	(b) Preference	-	-	-	-
	(ii) Debentures & Bonds	-	-	-	-
	(iii) Units of Mutual Funds	-	-	-	-
	(iv) Government Securities	-	-	-	-
	(v) Others	-	-	-	-
	<b>2. Unquoted</b>				
	(i) Shares (a) Equity	-	-	-	-
	(b) Preference	-	-	-	-
	(ii) Debentures & Bonds	-	-	-	-
	(iii) Units of Mutual Funds	-	-	-	-
	(iv) Government Securities	-	-	-	-
	(v) Others	-	-	-	-

Long Term Investments				
1. Quoted				
(i) Shares (a) Equity	-	-	-	-
(b) Preference	-	-	-	-
(ii) Debentures & Bonds	-	-	-	-
(iii) Units of Mutual Funds	-	-	-	-
(iv) Government Securities	-	-	-	-
(v) Others	-	-	-	-
2. Unquoted				
(i) Shares (a) Equity	1,000,000	-	1,000,000	-
(b) Preference	-	-	-	-
(ii) Debentures & Bonds	-	-	-	-
(iii) Units of Mutual Funds	-	-	-	-
(iv) Government Securities	-	-	-	-
(v) Others	-	-	-	-
<b>5</b>	<b>Borrower Group wise classification of Assets financed as in (2) &amp; (3) above</b>			
Category		Amount Net of Provisions		
		Secured	Unsecured	Total
31-Mar-15				
1. Related Parties				
a. Subsidiaries		-	-	-
b. Companies in the same group		-	293,820	293,820
c. Other related parties		-	-	-
2. Other than related parties		64,928,600	36,241,768,089	36,306,696,689
<b>Total</b>		<b>64,928,600</b>	<b>36,242,061,909</b>	<b>36,306,990,509</b>
31-Mar-14				
1. Related Parties				
a. Subsidiaries		-	-	-
b. Companies in the same group		-	21,900,000	21,900,000
c. Other related parties		-	-	-
2. Other than related parties		74,772,704	18,446,839,272	18,521,611,976
<b>Total</b>		<b>74,772,704</b>	<b>18,468,739,272</b>	<b>18,543,511,976</b>

<b>6 Investor Group wise classification of all investments (current and long term ) in shares and securities</b>				
<b>Category</b>	<b>31-Mar-15</b>		<b>31-Mar-14</b>	
	Market value / break up or fair value or NAV Rs.	Book value (Net of Provisions) Rs.	Market value / break up or fair value or NAV Rs.	Book value (Net of Provisions) Rs.
1. Related Parties				
a. Subsidiaries	-	-	-	-
b. Companies in the same group	-	-	-	-
c. Other related parties	-	-	-	-
2. Other than related parties	1,000,000	1,000,000	1,000,000	1,000,000
<b>Total</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>

<b>7 Other Information</b>	<b>Amount (Rs.)</b>		<b>Amount (Rs.)</b>	
1 Gross Non Performing Assets	-	-	-	-
a Related Parties	-	-	-	-
b Other than related parties	-	266,356,370	-	69,571,173
2 Net Non Performing Assets	-	-	-	-
a Related Parties	-	-	-	-
b Other than related parties	-	-	-	-
3 Assets acquired in satisfaction of debt	-	-	-	-

## NOTE 48

### Customer Complaints

<b>Customer Complaints</b>	<b>As at 31 March 2015</b>
No. of complaints pending at the beginning of the year	2
No. of complaints received during the year	107
No. of complaints redressed during the year	109
No. of complaints pending at the end of the year	0



**NOTE 49****Concentration of Deposits, Advances, Exposures and NPAs****1. Concentration of Deposits (for deposit taking NBFCs)**

Total Deposits of twenty largest depositors

Not Applicable

Percentage of Deposits of twenty largest depositors to Total Deposits of the NBFC

**2. Concentration of Advances****Rupees**

Total Advances to twenty largest borrowers

67,926,634

Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC

0.16%

**3. Concentration of Exposures****Rupees**

Total Exposure to twenty largest borrowers / customers

68,852,388

Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers

0.19%

**4. Concentration of NPAs****Rupees**

Total Exposure to top four NPA accounts

10,540,402

**5. Sector-wise NPAs**

Sector	Percentage of NPAs to Total Advances in that sector
1. MSME	4.32%
2. Micro finance loans	0.30%
3. Other personal loans	4.34%

**6. Movement of NPAs**

Particulars	31 March 2015	31 March 2014
<b>(i) Net NPAs to Net Advances (%)</b>	0.49%	0.25%
<b>(ii) Movement of NPAs (Gross)</b>		
(a) Opening balance	69,571,173	8,516,242
(b) Additions during the year	313,253,225	81,151,053
(c) Reductions during the year	(116,468,028)	(20,096,122)
(d) Closing balance	266,356,370	69,571,173
<b>(iii) Movement of net NPAs</b>		
(a) Opening balance	46,812,344	-
(b) Additions during the year	246,455,778	66,908,466



<b>6. Movement of NPAs</b>		
<b>Particulars</b>	<b>31 March 2015</b>	<b>31 March 2014</b>
(c) Reductions during the year	(116,468,028)	(20,096,122)
(d) Closing balance	176,800,094	46,812,344
<b>(iv) Movement of provisions for NPAs (exluding provision on standard assets)</b>		
(a) Opening balance	22,758,829	8,516,242
(b) Provisions made during the year	183,265,476	34,338,708
(c) Write off / write back of excess provisions	(116,468,028)	(20,096,122)
(d) Closing balance	89,556,276	22,758,829

## NOTE 50

### Provisions and Contingencies

<b>1. Break up of 'Provisions and Contingencies' shown under the head expenditure in Profit and Loss Account</b>		
<b>Particulars</b>	<b>31 March 2015</b>	<b>31 March 2014</b>
Provision for non performing and other assets	169,410,414	149,809,883
Provision made towards Income tax	371,400,000	276,700,000
Provision for compensated absences	44,055,377	17,205,673

## NOTE 51

### Investment details

<b>Particulars</b>	<b>31 March 2015</b>	<b>31 March 2014</b>
<b>(1) Value of Investments</b>		
<b>(i) Gross value of investments</b>		
(a) In India	1,000,000	1,000,000
(b) Outside India	-	-
<b>(ii) Provision for Depreciation</b>		
(a) In India	-	-
(b) Outside India	-	-
<b>(iii) Net value of Investments</b>		
(a) In India	1,000,000	1,000,000
(b) Outside India	-	-
<b>(2) Movement of provision held towards depreciation on Investments</b>		
(i) Opening balance	-	-
(ii) Add: Provision made during the year	-	-
(iii) Less: Write off/write back of excess provision during the year	-	-
(iv) Closing balance	-	-

**NOTE 52**

Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC - Nil

**NOTE 53**

Details of non-performing financial assets purchased/sold - Nil

**NOTE 54**

Registration/ licence/ authorisation obtained from other financial sector regulators - Nil

**NOTE 55**

Penalties, if any, levied by any regulator - Nil

**NOTE 56**

Ratings assigned by credit rating agencies and migration of ratings during the year

Particulars	31 March 2015	31 March 2014
1. MFI Grading	CRISIL mfr 1	CRISIL mfr 1
2. Long Term Bank Facilities /Non convertible Debentures	CRISIL BBB+	CRISIL BBB+
	ICRA A-	-
3. Short Term Bank Facilities	CRISIL A2+	CRISIL A2+
<b>4. Securitization Transactions</b>		
a. IRIS March 2013	Transaction closed	CRISIL AA-
b. IMLRT March 2013 B	Transaction closed	CARE A+
c. IMLRT March 2013 C	Transaction closed	CARE A+
d. IMLRT December 2013 B	CARE A+	CARE A+
e. IMLRT February 2014 C	CARE A+	CARE A+
f. IMLRT March 2014 E	CARE A+	CARE A+
g. Orchid JFSIBL Feb 2014	CRISIL AAA	CRISIL A+
h. Orchid JFSIBL March 2014	CRISIL AAA	CRISIL A+
i. Orchid JFSIBL Feb 2015	CRISIL AA-	-
j. Urashi SBL IFMR Capital 2015	ICRA A- & ICRA BBB-	-

**NOTE 57**

The Schedule III has become effective from 1st April 2014 for the preparation of financial statements. Accordingly, previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

**SIGNATURES TO NOTES 1 TO 57  
FOR AND ON BEHALF OF THE BOARD OF DIRECTORS**

Sd/-  
**R. SRINIVASAN**  
Executive Vice Chairman

Sd/-  
**V.S. RADHAKRISHNAN**  
Managing Director & CEO

Sd/-  
**RICHA SAXENA**  
Company Secretary

Sd/-  
**S. GOPALAKRISHNAN**  
Chief Financial Officer

**Place** : Bangalore  
**Date** : May 19, 2015





**Janalakshmi Financial Services Private Limited**

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