

Suryoday

Enabling Dreams. Empowering Lives.



ANNUAL REPORT 2014-15

Suryoday Micro Finance Limited
(Formerly Suryoday Micro Finance Pvt. Ltd.)



THERE IS
NO TOOL FOR
DEVELOPMENT
MORE EFFECTIVE
THAN THE
EMPOWERMENT
OF WOMEN

KOFI ANNAN



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INTRODUCTION

Towards sustainable socio-economic progress

Suryoday Micro Finance Limited (Formerly Suryoday Micro Finance Pvt Ltd), a registered NBFC-MFI engaged in providing financial services to women from aspirational, economically challenged sections, is proud to present before you its financial statements for the Financial Year 2014-15.

With your support and encouragement, the company is poised to further expand its area of operations across the country and cater to those who do not have full access to traditional banking services with an objective to promote self-employment and financial inclusion.

AT A
GLANCE





AT A GLANCE

Suryoday: At a glance

Since its inception in November 2008, Suryoday Micro Finance has achieved many a milestone that have instilled trust and confidence in its systematic approach and working towards the goal of sustainable improvement in standard of living of its customers. A glance will reinforce Suryoday's enterprising leap to the present day achievements.

2008

- Incorporated in November 2008 under the Companies Act with Registered Office in Chennai

2009

- RBI License for NBFC Operations
- Private Equity Funding Agreement with Aavishkaar Goodwell
- CRISIL Grading of mFR5
- 10 Branches across Pune and Solapur in Maharashtra; Chittoor in Andhra Pradesh
- Cumulative Disbursement of ~ ₹15 crores, Gross Loan Portfolio of ~ ₹11 crores with ~ 15000 Active Customers

2010

- Launch of Second Cycle Loan Products
- Series B Funding of ₹21 crores with investments from Aavishkaar Goodwell and Lok Capital
- Upgrade in CRISIL Grading to mFR4
- 31 Branches across Pune, Solapur, Mumbai and Kolhapur in Maharashtra; Bhubaneswar in Odisha; Chittoor in Andhra Pradesh; Salem and Trichy in Tamilnadu
- Cumulative Disbursement of ~ ₹106 crores, Gross Loan Portfolio of ~ ₹52 crores with ~ 80,000 Active Customers

2011

- New Products Launched - Monthly / Fortnightly Repayments
- CRISIL Grading of mFR4 retained
- Cumulative Disbursement of ~ ₹220 crores, Gross Loan Portfolio of ~ ₹80 crores with ~ 90,000 Active Customers



2012

- Series C Equity Infusion from HDFC Holdings and HDFC Life
- CRISIL Grading Upgraded to mfR3
- Cumulative Disbursement of ~ ₹350 crores, Gross Loan Portfolio of ~ ₹112 crores with ~ 1,40,000 Active Customers
- Number of Branches: 34
- Expansion into Karnataka and Gujarat

2013

- Series D Equity Infusion of ~ ₹20 crores from Aavishkaar Goodwill and Lok Capital
- Series E Equity Infusion of ₹15 crores from domestic Investors
- Cumulative Disbursement of ~ ₹422 crores, Gross Loan Portfolio of ~ ₹152 crores with ~1,56,000 Active Customers
- Number of Branches: 46
- Received a debt rating of BBB- (With +ve outlook) from ICRA in Sept 2013
- Received RBI approval for NBFC-MFI status in Dec 2013

2014

- CRISIL Grading mfR3 retained
- Cumulative Disbursement of ~ ₹785 crores, Gross Loan Portfolio of ~ ₹326.6 crores with ~2.74 Lac Active Customers
- With addition of 24 new branches and entry into state of Rajasthan, total number of branches stands at 70
- Received a debt rating of BBB (With stable outlook) from ICRA in June 2014
- Equity Infusion of ₹27.4 crores from IFC and Existing Investors

2015

- 161 Branches across Maharashtra, Odisha, Gujarat, Tamil Nadu, Karnataka, Rajasthan and Madhya Pradesh
- Cumulative Disbursement of ₹1663 Cr, Gross Loan Portfolio of ₹639 Cr with 5.62 Lacs Active Customers
- Received Bank Line Rating of BBB for enhanced amount of ₹350 Cr in Feb 2015
- Securitized portfolio of ₹58 Cr in FY15
- Received Grading of M2+ from ICRA in Apr 2015
- Equity Infusion of ₹32.6 crores through Rights Issue



FUNDING RELATIONSHIPS & INVESTORS

Bankers

Andhra Bank

Axis Bank

Bank of Maharashtra

DCB Bank

Dena Bank

Dhanlaxmi Bank

HDFC Bank

IDBI Bank

Indus Ind Bank

Indian Overseas Bank

Kotak Mahindra Bank

Ratnakar Bank

State Bank of India

State Bank of Patiala

Standard Chartered Bank

South Indian Bank

UCO Bank

Yes Bank

NBFC Partners

Capital First Ltd

Caspian Impact Investment Pvt Ltd

Family Credit (Wholly Owned Subsidiary of L&T Finance Holdings Ltd)

IFMR Capital Finance Pvt Ltd

Maanveeya Development & Finance Pvt Ltd

MAS Financials Services Ltd

Reliance Capital Ltd

Tata Capital Financial Services Ltd

NCD Investors

AAV SarL

International Finance Corporation (IFC)

IFMR FImpact Investment Fund

Microfinance Enhancement Facility SA, SICAV-SIF

Microfinance Initiative For Asia Debt Fund SA, SICAV-SIF

MicroVest

UTI International Wealth Creator 4

Institutional Shareholders

Aavishkaar Goodwell

HDFC Group

LOK Capital

International Finance Corporation

Developing World Markets



PROFILE: BOARD OF DIRECTORS

Dr. Mrs. Sheela Bhide (Chairperson and Independent Director), holds a Doctorate in International Trade from the Institute of International Studies, Geneva; a Masters Degree in Economics from George Mason University and a Masters in Public Policy from John F. Kennedy School of Government, Harvard University. She joined the Indian Administrative Service in 1973 and in the course of her 36 year long career with the GoI, has held various posts such as Chairman and Managing Director, ITPO; Additional Secretary and Financial Advisor, Ministry of External Affairs; Additional Secretary and Financial Advisor, Ministry of Defence and Joint Secretary, Ministry of Corporate Affairs.



Mr. R. Ramachandran (Independent Director), is an illustrious banker with global experience. He retired as the Chairman & Managing Director of Andhra Bank in December 2011 prior to which he was Executive Director at Syndicate Bank. He is currently a Non Executive Director of SIDBI and an Independent Director in Gati - Kintentsu Express Pvt. Ltd. and a Director of Meliora Asset Reconstruction Company Ltd.



Mr. Arun Diaz (Nominee Director), holds a Master's Degree in Management from XLRI. He is currently an entrepreneur consultant and also a trustee and member of the Investment Committee of Aavishkaar Goodwell. He was earlier the head of Reuters Consulting for South Asia and had a distinguished career spanning 28 years at Standard Chartered Bank in various positions and international locations.



Mr. Venkatesh Natarajan (Nominee Director), has over fourteen years of experience in product development and venture capital at Intel. He has led several equity deals in design software, computing and wireless technology sectors and acted as operational consultant to various MFIs in India. He is an MBA from Cornell University and has an Engineering Degree from Annamalai University.



Mr. Mathew Joseph (Nominee Director), a Chartered Accountant with over 25 years of experience in Banking and Financial Services, he is currently a member of the Executive Management of HDFC Ltd.



Mr. Aleem Remtula (Nominee Director), is a Vice President in the DWM private equity team. He started his career at JP Morgan as Corporate Finance Analyst. He then moved on as a Senior Associate to New York City Investment Fund and then served as an Investment Associate for Bridges Community Ventures, a UK-based private equity and venture capital firm and in the process gained six years of experience with socially responsible, double and triple bottom line venture capital and private equity funds in the US and Europe. Aleem is an MBA from Harvard Business School and has a Bachelors Degree in Economics and Finance from Princeton University.



Mr. R. Baskar Babu (Managing Director & CEO), an Engineering Graduate from SRM and Management Graduate from School of Management, Pondicherry with over 23 years of experience in Financial Services, he has earlier worked with Cholamandalam, HDFC Bank and GE Commercial Finance in various leadership positions. His dream has been to create a World Class Organisation which will positively impact a sizable percentage of population.



PROFILE: LEADERSHIP TEAM

R. Baskar Babu, Managing Director & CEO

An Engineering Graduate from SRM and Management Graduate from School of Management, Pondicherry with over 23 years of experience in Financial Services, he has earlier worked with Cholamandalam, HDFC Bank and GE Commercial Finance in various leadership positions.



Narayan Rao, Head - Support Services

An MBA from Symbiosis with over 26 years of work experience spanning Sales, Operations and IT including 6+ years in USA, he has worked in organizations like Motorola - Pagepoint, Intelligroup and PINC.



Vikrant Bhagwat, Head - Business, Business Audit, Social Initiatives

An EMBA with over 20 years of work experience in Banking and Financial Services, he has worked in organizations like Cholamandalam, HDFC Bank, DCB Bank and Lok Capital.



Sanjay Tiwari, CFO

A CA with over 16 years of work experience in Banking and Financial Services, he has worked in organizations like ABN-Amro, Suzlon and Essar Group.



Sajitha Chougule, Head - Accounts

A CA with over 11 years of work experience in Financial Service, she has worked in organizations like ICICI Securities Limited and Kale Consultants Limited.



Priya Vishwanathan, Company Secretary and Legal Counsel

An ACS with Post Graduate degrees in Commerce and Law, she has over 6 years of work experience as Company Secretary.



Sameer Ranade, AVP -Treasury

An MBA with over 15 years' experience in Investment Banking, Institutional Broking and Proprietary Fund, he has worked in organizations like VS Infrastructure Capital, GeeCee Ventures and PINC.



Kranti Sety, AVP - HR Initiatives

An MBA with over 13 years of HR experience in varied industries, she has worked in organizations like GTL, Randox Laboratories, The ConJoin Group and Elara Group.



K. Anand Balaji, AVP - Operations

An MBA with over 17 years of work experience in handling back-office operations, he has worked for organizations like Cholamandalam and PINC.



PROFILE: LEADERSHIP TEAM

Pandurang Dixit, AVP - Process Compliance

A Post Graduate in Commerce with over 23 years of work experience in Financial Services, he has worked in organizations like Access Fincomark, Electronica Finance and Sadguru Bank.



B. G. Shiva Shankar Adiga, AVP - MIS/Analytics

A Graduate in Commerce with over 9 years of work experience in Credit, Operations and MIS, he has worked in organizations like GE Capital and DCB Bank.



Bhuvneshwar Singh, AVP - Information Technology

A PGDCA and MCA with over 15 years of experience in IT Systems and Applications, he has worked for organizations like Hewlett Packard GlobalSoft, Atyati Technologies, Oak Systems and Nelito.



Rajendra Samant, State Head - Maharashtra I & Karnataka

A Graduate in Commerce with over 17 years of work experience in Financial Services, he has worked in organizations like Cholamandalam, HDFC Bank and DCB Bank.



Sarveish Kharangate, State Head - Maharashtra II

A PGDBA with over 18 years of work experience in both Retail Assets and Liabilities in Financial Services, he has worked in organizations like Weizmann Finance, Tata Finance, Cholamandalam and ICICI Bank.



S. Yagnaraman, State Head - Tamil Nadu

An MBA with over 17 years of work experience in Financial Services, he has worked in organizations like Cholamandalam, GE Capital, Citigroup, ING Vysya and DCB Bank.



Ravi Tuli, State Head - Gujarat

An MBA with over 19 years of work experience in Auto, Banking and Financial Services, he has worked in organizations like Cholamandalam, Bharti-AXA and DCB Bank.



Narayanan Iyer, State Head - Rajasthan & Madhya Pradesh

A Graduate in Commerce with over 18 years of work experience in Financial Services, he has worked in organizations like Sundaram Finance, Cholamandalam, GE Capital, ICICI Bank and DCB Bank.



Pradeepta Dash, State Head - Odisha

An MBA with over 19 years of work experience in Financial Services, he has worked in organizations like Access Fincomark, Tata Finance, ICICI Bank and HDFC Bank.



YOU EDUCATE A MAN;
YOU EDUCATE A MAN.
YOU EDUCATE A
WOMAN;
YOU EDUCATE A
GENERATION

BRIGHAM YOUNG



DIRECTORS'
REPORT

16	1834
19	1956
20	2013
21	
22	

8175	5
1834	6
1956	
2013	



DIRECTORS' REPORT

To
The Members,
Suryoday Micro Finance Private Limited

Your Directors have pleasure in presenting the Seventh Annual Report of the Company together with the Financial Statements for the year ended 31st March, 2015.

1. Financial Results:

The Company's performance during the year ended 31st March, 2015 as compared to the previous financial year, is summarized below:

(₹ in crores)

Particulars	For the financial year ended 31 st March, 2015	For the financial year ended 31 st March, 2014
Income	110.54	57.23
Other Income	7.73	4.37
Total Income	118.27	61.60
Less: Expenses	92.78	48.72
Profit/ (Loss) before Tax	25.49	12.88
Less: Provision for Tax	8.64	4.06
Profit after Tax	16.85	8.82

2. Operations

There was no change in nature of the business of the Company, during the year under review. The details of the operations are given in the annexed Management and Discussion and Analysis Report. During the year under review, your Company did not have any subsidiary, associate and joint venture company.

3. Dividend

With a view to conserve resources, your Directors have thought it prudent not to recommend any dividend for the financial year under review.

4. Compliance with RBI Guidelines

Your Company being an NBFC-MFI has complied with all applicable regulations of the Reserve Bank of India for NBFC-MFIs. As per Non-Banking Finance Companies RBI Directions, 1998, the Directors hereby report that the Company did not accept any public deposits during the year and did not have any public deposits outstanding at the end of the year.

5. Shifting of Registered Office

The Members, vide special resolution dated March 3, 2014, passed a special resolution, approving the shifting of the Registered Office from the State of Tamil Nadu to the State of Maharashtra, by amendment to the Situation Clause of the Memorandum of Association of your Company. The Regional Director, Ministry of Corporate Affairs vide his order dated January 14, 2015, had confirmed the shifting of the Registered Office to the State of Maharashtra, Mumbai. Further, the Registrar of Companies, Mumbai had issued a certificate of registration for change of registered office on February 18, 2015.



6. Change of status of the Company from Private Limited to Public Limited

The Members, vide special resolution dated May 4, 2015, passed a special resolution, approving the change of the status of the Company from Private Limited to Public Limited, by amendment to the Name Clause of the Memorandum of Association of your Company. The Company is in the process of obtaining the necessary statutory approvals for obtaining the Certificate of Incorporation consequent upon change of the status of the Company.

7. Sources of Funds

Your company raised about ₹578.8 crores by way of debt and securitization from various financial institutions/ capital markets. Out of the above, an amount of ₹156 crores was raised by way of non-convertible debentures. The Company securitized a portfolio of ₹58 Crores and raised ₹20 Crores as Tier II Capital.

During the year, your Company received capital infusion from International Financial Corporation (IFC) and two other existing investors aggregating to ₹27.4 crores.

8. Capital Adequacy

The Company had a Tier I capital of 21.45% and a Tier II capital of 4.41% and total capital adequacy ratio was approx 25.86% as against the minimum stipulated ratio of 15% for NBFC-MFIs.

9. Revision of Financial Statement

There was no revision of the financial statements for the year under review.

10. Material changes after the Balance Sheet date

There have been no material changes and commitments between the end of the financial year of the Company and date of this report affecting the Company's financial position.

11. Particulars of Material Orders

During the year under review, neither any Regulator nor any Court or Tribunal has passed any significant and material order impacting the going concern status and the Company's operations in future.

12. Particular of contracts or arrangement with related parties

The details of transactions/contracts/arrangements entered by the Company with related party(ies) as defined under the provisions of Section 2(76) of the Companies Act, 2013, during the financial year under review, are furnished in Annexure II and forms part of this Report.

13. Issue of shares with differential voting rights

The Company has not issued any shares with differential rights pursuant to Rule 4(4) of the Companies (Share Capital and Debenture) Rules, 2014.

14. Issue of Sweat Equity Shares

The Company has not issued any sweat equity shares to any of its employees pursuant to Rule 8(13) of the Companies (Share Capital and Debenture) Rules, 2014.

15. Employee Stock Option

As per provisions of Section 62(1)(b) of the Act read with Rule 12(9) of the Companies (Share Capital and Debenture) Rules, 2014 and other applicable Regulations, details of equity shares issued under Employees Stock Option Scheme during the financial year under review is furnished in Annexure I attached herewith which forms part of this Report.



16. Board of Directors & Key Managerial Personnel

The Board of Directors has at its meeting held on 18th May, 2015, appointed the existing Independent Directors 49 viz. Dr. (Mrs) Sheela Bhide and Mr. R. Ramachandran as Independent Directors of the Company for the tenure of appointment as mentioned in the Notice of the forthcoming Annual General Meeting pursuant to the provisions of the Act.

Mr. R. Baskar Babu was appointed as Managing Director & Chief Executive Officer of the Company with effect from 1st July, 2015 for a period of 5 years upto 30th June, 2020, subject to the approval of Members.

Mr. Aleem Remtula (DIN: 02872107) was appointed as the Nominee Director on February 17, 2015.

Mr. R. Baskar Babu, Mr. Sanjay Tiwari and Ms. Priya Vishwanathan were appointed as Key Managerial Persons designated as Managing Director & Chief Executive Officer, Chief Financial Officer and Company Secretary of the Company respectively.

None of the Directors of the Company have resigned as Director of the Company.

17. Number of meetings of the Board of Directors

Ten Board Meetings were held during the year under review. The dates of these Board Meetings were 7th April, 2014, 9th April, 2014, 10th April, 2014, 12th May, 2014, 26th June, 2014, 16th October, 2014, 11th November, 2014, 9th January, 2015, 16th March, 2015 and 28th March, 2015.

18. Director's Responsibility Statement:

In terms of Section 134(5) of the Companies Act, 2013, in relation to the Audited Financial Statements of the Company for the year ended 31st March, 2015, the Board of Directors hereby confirms that:

- a. in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b. such accounting policies have been selected and applied consistently and the Directors 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 as at 31st March, 2015 and of the profit of the Company for that year;
- c. proper and sufficient care was taken 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 annual accounts of the Company have been prepared on a going concern basis;
- e. internal financial controls have been laid down to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- f. proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively;

19. Nomination and Remuneration Committee

The Nomination and Remuneration Committee of Directors as constituted by the Board of Directors of the Company in accordance with the requirements of Section 178 of the Act.

The composition of the committee is as under:

1. Dr. (Mrs.) Sheela Bhide, Chairperson & Independent Director,
2. Mr. R. Ramachandran, Independent Director,



3. Mr. John Arunkumar Diaz, Director and
4. Mr. Venkatesh Natarajan, Director

The Board has in accordance with the provisions of sub-section (3) of Section 178 of the Companies Act, 2013, formulated the policy setting out the criteria for determining qualifications, positive attributes, independence of a Director and policy relating to remuneration for Directors, Key Managerial Personnel and other employees.

20. Audit Committee

The Audit Committee of Directors was constituted pursuant to the provisions of Section 177 of the Companies Act, 2013. The composition of the Audit Committee is in conformity with the provisions of the said section. The Audit Committee comprises of:

1. Dr. (Mrs.) Sheela Bhide, Chairperson & Independent Director,
2. Mr. R. Ramachandran, Independent Director and
3. Mr. John Arunkumar Diaz, Director.

The scope and terms of reference of the Audit Committee have been amended in accordance with the Act and the Listing Agreement entered into with the Stock Exchanges.

During the year under review, the Board of Directors of the Company had accepted all the recommendations of the Committee.

21. Vigil mechanism policy for the Directors and Employees

The Board of Directors of the Company has, pursuant to the provisions of Section 177(9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, framed "Vigil Mechanism Policy/Whistle Blower Policy" for Directors and employees of the Company to provide a mechanism which ensures adequate safeguards to employees and Directors from any victimization on raising of concerns of any violations of legal or regulatory requirements, incorrect or misrepresentation of any, financial statements and reports, etc.

The employees of the Company have the right/option to report their concern/grievance to the Chairman of the Audit Committee.

The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations.

22. Corporate Social Responsibility Policy

As per the provisions of Section 135 of the Act read with Companies (Corporate Social Responsibility Policy) Rules, 2014, the Board of Directors has constituted a Corporate Social Responsibility (CSR) Committee as under:

1. Dr. (Mrs.) Sheela Bhide, Chairperson & Independent Director
2. Mr. R. Ramachandran, Independent Director
3. Mr. John Arunkumar Diaz, Nominee Director
4. Mr. Venkatesh Natarajan, Nominee Director
5. Mr. Mathew Joseph, Nominee Director
6. Mr. Aleem Remtula, Nominee Director
7. Mr. R. Baskar Babu, Managing Director & Chief Executive Officer

The Board of Directors of the Company has approved a CSR Policy. The Company has initiated activities in accordance with the said Policy, the details of which have been prescribed in Annexure II. The CSR Policy of the



Company is available on the Company's website and can be accessed in the link 'www.suryodaymf.com'.

23. Internal Control Systems

Adequate internal control systems commensurate with the nature of the Company's business and size and complexity of its operations are in place has been operating satisfactorily. Internal control systems comprising of policies and procedures are designed to ensure reliability of financial reporting, timely feedback on achievement of operational and strategic goals, compliance with policies, procedure, applicable laws and regulations and that all assets and resources are acquired economically, used efficiently and adequately protected.

24. Auditors

Pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, M/s B S R & Co. LLP, Chartered Accountants, the Statutory Auditors of the Company, hold office upto the conclusion of the ensuing Annual General Meeting. The consent of the Auditors along with certificate under Section 139 of the Act have been obtained from the Auditors to the effect that their appointment, if made, shall be in accordance with the prescribed conditions and that they are eligible to hold the office of Auditors of the Company. The Board recommends the appointment of B S R & Co. LLP, Chartered Accountants as the Statutory Auditors of the Company.

Necessary resolution for reappointment of the said Auditors is included in the Notice of AGM for seeking approval of members.

25. Extract of Annual Return

An extract of the Annual Return as provided under Section 92(3) of the Companies Act, 2013 is annexed to this Report and forms a part of this Report.

26. Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The particulars as required under the provisions of Section 134(3) (m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 in respect of conservation of energy and technology absorption have not been furnished considering the nature of activities undertaken by the Company during the year under review.

During the year under review, the Company has neither earned nor used any foreign exchange.

27. Acknowledgements

The Directors wish to thank the customers, shareholders, bankers, and other service agencies for their consistent support. The directors especially thank our employees for their substantial contribution to the Company during the period under review.

For and on behalf of the Board of Directors

Dr. (Mrs.) Sheela Bhide

Chairperson

DIN: 01843547

Date: May 18, 2015

Place: Navi Mumbai



ANNEXURE I

Disclosure of details pertaining to the shares allotted under Employees Stock Option Scheme under the provisions of Section 62(1)(b) of the Companies Act, 2013 during the year under review:

	Scheme 'A'	Scheme 'B'
Options granted	NIL	5,21,500
Options vested	NIL	NIL
Options exercised	1,77,700	NIL
The total number of shares arising as a result of exercise of option	1,77,700	NIL
Options lapsed	3,000	NIL
The exercise price	At par (₹10/-)	Not Applicable
Variation of terms of options	Not Applicable	Not Applicable
Money realized by exercise of options	₹17.70 lacs	Not Applicable
Total number of options in force	3,43,000	5,21,500
Employee wise details of options granted to:		
Key Managerial Personnel	None	Sanjay Tiwari, Chief Financial Officer - 30,000 Priya Vishwanathan, Company Secretary - 15,000
Any other employee who receives a grant of options in any one year of option amounting to 5% or more of options granted during that year	None	Narayan Rao - 50,000 Vikrant Bhagwat - 1,75,000 Anand Balaji - 30,000 Sanjay Tiwari - 30,000 Priya Vishwanathan - 15,000
Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	None	None

For and on behalf of the Board of Directors

Dr. (Mrs.) Sheela Bhide

Chairperson

DIN: 01843547

Date: May 18, 2015

Place: Navi Mumbai



ANNEXURE II

Corporate Social Responsibility (CSR)

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

1. CSR Policy

The CSR Policy of the Company can be accessed at www.suryodaymf.com. Detailed write up about the projects undertaken by the Company is given in the CSR report of the Company.

2. The Composition of the CSR Committee

- a) Dr. (Mrs.) Sheela Bhide, Chairperson and Independent Director
- b) Mr. R. Ramachandran, Independent Director
- c) Mr. R. Baskar Babu, Managing Director & Chief Executive Officer
- d) Mr. John Arunkumar Diaz, Nominee Director
- e) Mr. Venkatesh Natarajan, Nominee Director
- f) Mr. Mathew Joseph, Nominee Director
- g) Mr. Aleem Remtula, Nominee Director

3. Average Net Profit of the Company for last three Financial Years

Particulars	₹ in lakhs
Profit / (Loss) - 2013-14	1,288
Profit / (Loss) - 2012-13	286
Profit / (Loss) - 2011-12	65
Average Profit for the purpose of Section 135	546
2% of Average Profit / (Loss) for last three Financial Years	10.92

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

2% of average profit for last 3 years - ₹10.92 lakhs (Rupees Ten Lakhs Ninety Two Thousand)

5. Details of CSR spent during the financial year

Particulars	₹ in lakh
Promoting preventive health care	29
Enhancing vocational skills of women	2
TOTAL	31

- (a) Total amount spent for the Financial Year:
₹31 lacs (Rupees Thirty One Lacs) which is higher than the statutory requirement
- (b) Amount unspent, if any; NIL



C) Manner in which the amount spent during the financial year is detailed below

(₹ in Lacs)

S. No.	CSR Project or activity identified	Sector in which the project is covered	Project or programs Local area or other Specify the state and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects Direct Expenditure on projects and programs or Overheads:	Cumulative expenditure up to the reporting period	Amount spent Direct or through implementing agency*
1	Promoting preventive health care	Health care, nutrition, sanitation and safe drinking water	Pune, Salem, Ahmedabad, Akalkot, Akluj, Amravati, Asara, Athani, Barshi, Belgum, Bidar, Daund, Dhule, Dindigul, Erode, Halol, Gobichettipalayam, Mumbai, Thane, Gokak, Nagpur, Latur, Jalgaon, Kolhapur, Kuttur, Nasik, Chennai, Tanjaore, Madurai, Nagarcoil, Pandarpur, Woraiyur	-	29	29	Direct: Suryoday
2	Enhancing vocational skills of women	Educational and vocational development	Pune, Latur, Nagpur, Nasik, Jalgaon, Dhule, Belgaum	-	2	2	Direct : Suryoday
Total				-	31	31	

*Detailed write up with activities of Suryoday Micro Finance Private Limited is annexed to this Report and forms a part of this Report.

6. 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.

Not applicable as the expenditure is higher than the statutory requirement.



7. 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.

We hereby confirm on behalf of the CSR Committee that the implementation and monitoring of CSR Policy is in compliance with the CSR objectives and Policy of the Company.

For and on behalf of the Board of Directors

Dr. (Mrs.) Sheela Bhide

Chairperson

DIN: 01843547

Date: May 18, 2015

Place: Navi Mumbai



ANNEXURE III

EXTRACT OF ANNUAL RETURN

As on Financial Year ended on 31st March, 2015

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

I. Registration and other details

CIN	:	U65923MH2008PTC261472
Registration Date	:	10/11/2008
Name of the Company	:	Suryoday Micro Finance Private Limited
Category / Sub-Category of the Company	:	NBFC-MFI
Address of the Registered office and contact details	:	Unit No.1101, Sharda Terraces, Plot No.65 Sector 11, CBD Belapur, Navi Mumbai - 400 614
Whether listed company	:	Debt Listed Company
Name, Address and Contact details of Registrar and Transfer Agent, if any	:	Sharepro Services(India) Private Limited 13AB Samhita Warehousing Complex, 2 nd Floor, Sakinaka Telephone Exchange Lane, Off Andheri-Kurla Road, Sakinaka, Andheri (East) Mumbai - 400 072 Phone: +91 22 67720300 Email: nilesh@shareproservices.com Contact person: Mr. Nilesh Bhandare

II. Principal Business Activities of the Company

All the business activities contributing 10% or more of the total turnover of the company shall be stated:

Sr. No.	Name and description of main products / services	NIC Code of the product / service	% to total turnover of the Company
1	Micro Finance Lending	64990	100%

III. Particulars of Holding, Subsidiary and Associate Companies

The Company does not have any holding, subsidiary or any associate Company.



IV. Share Holding Pattern (Equity Share Capital Breakup as percentage of Total Equity):

I. Category-wise Share Holding:

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. PROMOTERS									
1) Indian									
a) Individual/HUF	Nil	1476435	1476435	5.53	Nil	1476435	1476435	4.48	(1.05%)
b) Central Govt	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) State Govt(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d) Bodies Corp.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e) Banks / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
f) Any other	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total (A) (1):	Nil	1476435	1476435	5.53	Nil	1476435	1476435	4.48	(1.05%)
2) Foreign									
a) NRIs - Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Other - Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) Bodies Corp.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d) Banks / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e) Any other	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total (A) (2):	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total shareholding of Promoter (A) = (A) (1) + (A)(2)	Nil	1476435	1476435	5.53	Nil	1476435	1476435	4.48	(1.05%)
B. PUBLIC SHAREHOLDING									
1) Institutions									
a) Mutual Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Banks / FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
c) Central Govt	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
d) State Govt(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
e) Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil



Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
g) FIs	Nil	16219409	16219409	60.74	6268299	16149317	22417616	68.00	7.26%
h) Foreign Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
i) Others (specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total (B) (1):	Nil	16219409	16219409	60.74	6268299	16149317	22417616	68.00	7.26%
2) Non-Institutions									
a) Bodies Corp.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
l) Indian	Nil	708970	708970	2.66	Nil	710762	710762	2.16	(0.5%)
ii) Overseas	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
b) Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
i) Individual shareholders holding nominal share capital upto ₹1 lakh	Nil	900	900	0.00	Nil	88200	88200	0.27	0.27%
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	Nil	8296999	8296999	31.07	5955066	2321223	8276289	25.10	(5.97%)
c) Others (specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-total (B) (2):	Nil	9006869	9006869	33.73	5955066	3120185	9075251	27.53	(6.2%)
Total Public Shareholding (B) = (B)(1) + (B)(2)	Nil	25226278	25226278	94.47	12223365	19269502	31492867	95.52	1.05%
C. SHARES HELD BY CUSTODIAN FOR GDRS & ADRS	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Grand Total (A+B+C)	Nil	26702713	26702713	100	12223365	20745937	32969302	100	-



II. Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of 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	% change in share holding during the year
1)	R. Baskar Babu	1476435	5.53	Nil	1476435	4.48	Nil	(1.05%)
	Total	1476435	5.53	Nil	1476435	4.48	Nil	(1.05%)

* There was no change in number of shares held, however there was a change in percentage shareholding due to infusion of fresh equity during the year

III. Change in promoters' Shareholding

	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
At the beginning of the year	1476435	5.53%	1476435	5.53%
No Increase/Decrease in shareholding during the year				
At the end of the year	1476435	4.48%	1476435	4.48%

*There was no change in number of shares held, however there was a change in percentage shareholding due to infusion of fresh equity during the year.

IV. Shareholding Pattern of Top Ten Shareholders (other than Directors, Promoters and holders of GDRS and ADRS):

Sr. No.	Name of Top 10 Shareholders	Date wise increase / decrease in promoters shareholding during the year	Shareholding	Cumulative	Shareholding during the year		Reason for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company	
1.	Aavishkaar Goodwell India Microfinance Development Company Limited	01.04.2014	6142857	23.00%	6142857	23.00%	No change Transfer
		31.03.2015	2862857	8.68%	2862857	8.68%	
2.	P. Surendra Pai	01.04.2014	4644575	17.39%	4644575	17.39%	Transfer
		31.03.2015	4829400	14.65%	4829400	14.65%	
3.	Aavishkaar Goodwell India Microfinance Development Company II Ltd	01.04.2014	4287531	16.06%	4287531	16.06%	Allotment & Transfer
		31.03.2015	2862857	8.68%	2862857	8.68%	



Sr. No.	Name of Top 10 Shareholders	Date wise increase / decrease in promoters shareholding during the year	Shareholding		Cumulative Shareholding during the year		Reason for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company	
4.	International Finance Corporation	01.04.2014	-	-	-	-	Allotment
		31.03.2015	3333333	10.11%	3333333	10.11%	
5.	LOK Capital LLC	01.04.2014	2490850	9.33%	2490850	9.33%	No change
		31.03.2015	2490850	7.56%	2490850	7.56%	
6.	LOK Capital II LLC	01.04.2014	2344116	8.78%	2344116	8.78%	No change
		31.03.2015	3777449	11.46%	3777449	11.46%	
7.	DWM (International) Mauritius Limited	01.04.2014	-	-	-	-	Transfer
		31.03.2015	3280000	9.95%	3280000	9.95%	
8.	P. S. Jagdish	01.04.2014	825666	3.09%	825666	3.09%	No change
		31.03.2015	825666	2.50%	825666	2.50%	
9.	R. Baskar Babu	01.04.2014	1476435	5.53%	1476435	5.53%	No change
		31.03.2015	1476435	4.48%	1476435	4.48%	
10.	HDFC Holdings Limited	01.04.2014	954055	3.57%	954055	3.57%	No change
		31.03.2015	954055	2.89%	954055	2.89%	

V. Shareholding of Directors and Key Managerial Personnel

Sr. No.	Name of Shareholders who are also KMP / Directors of the Company	Date wise increase / decrease in shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	Shareholding		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	R. Baskar Babu	01.04.2014	1476435	5.53	1476435	5.53
		31.03.2015	1476435	4.48	1476435	4.48

*There was no change in number of shares held, however there was a change in percentage shareholding due to infusion of fresh equity during the year.



I. Indebtedness

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	2,962,950,940	-	-	2,962,950,940
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	14,440,649	-	-	14,440,649
Total (i+ii+iii)	2,977,391,589	-	-	2,977,391,589
Change in Indebtedness during the financial year				
Addition	4,985,500,000	205,000,000	-	5,190,500,000
Reduction	2,210,944,051	5,000,000	-	2,215,944,051
Net Change	2,774,555,949	200,000,000	-	2,974,555,949
Indebtedness at the end of the financial year				
i) Principal Amount	5,737,506,889	200,000,000	-	5,937,506,889
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	74,852,708	-	-	74,852,708
Total (i+ii+iii)	5,812,359,597	200,000,000	-	6,012,359,597



II. Remuneration of Directors and Key Managerial Personnel

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

Sr. No.	Particulars of remuneration	Name of the Director - Mr. R. Baskar Babu
1	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	67,67,454
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	97,250
	(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 (A)	68,64,704
	Ceiling as per the Act	No ceiling

B. Remuneration to other Directors

Sr.	Particulars of Remuneration	Name of Directors				Total Amount
1.	Independent Directors	Dr. (Mrs.) Sheela Bhide		Mr. R. Ramachandran		
	Fee for attending board / committee meetings	1,05,000		90,000		1,95,000
	Commission	Nil		Nil		Nil
	Others, please specify	Nil		Nil		Nil
	Total (1)	1,05,000		90,000		1,95,000
2.	Other Non-Executive Directors	Mr. John Arunkumar Diaz	Mr. Venkatesh Natarajan	Mr. Mathew Joseph	Mr. Aleem Remtula	
	Fee for attending board / committee meetings	2,70,000	Nil	60,000	Nil	3,30,000
	Commission	Nil	Nil	Nil	Nil	
	Others, please specify	Nil	Nil	Nil	Nil	
	Total (2)	2,70,000	Nil	60,000	Nil	3,30,000
	Total (B)=(1+2)					5,25,000
	Total Managerial Remuneration					81,91,454
	Overall Ceiling as per the Act	Sitting fees payable to a director for attending Board/Committee Meeting shall not exceed ₹1,00,000/- per meeting and the Company is well in compliance of the same				Nil



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

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			Total
		Mr. R. Baskar Babu, Chief Executive Officer	Mr. Sanjay Tiwari, Chief Financial Officer	Ms. Priya Vishwanathan, Company Secretary	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	67,67,454	19,19,964	10,55,220	97,57,638
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	97,250	-	-	8,84,000
	(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	68,64,704	19,19,964	10,55,220	10,641,638



iii. 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)
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A. COMPANY

Penalty

Punishment

Nil

Compounding

B. DIRECTORS

Penalty

Punishment

Nil

Compounding

C. OTHER OFFICERS IN DEFAULT

Penalty

Nil

Punishment

Compounding

For and on behalf of the Board of Directors

Dr. (Mrs.) Sheela Bhide

Chairperson

DIN: 01843547

Date: May 18, 2015

Place: Navi Mumbai



WOMEN
ARE THE
LARGEST UNTAPPED
RESERVOIR OF
TALENT IN THE WORLD

HILLARY CLINTON



MANAGEMENT DISCUSSION &
ANALYSIS





MANAGEMENT DISCUSSION & ANALYSIS

Macro-Economic Background:

The Indian economy has weathered many challenges successfully in recent times and is currently placed on a cyclical upturn on the back of strong policies and a new whiff of optimism. In the recent past, the economy has faced headwinds on growth, inflation and current deficit fronts.

However, the current outlook of mild inflation, a manageable current account balance, stable rupee and rising foreign exchange reserves all together signal improvements in overall macro-economic stability. India is also one of the very few countries for which IMF and World Bank have raised their growth assessment. The ongoing revival is remarkable given that is happening despite tentative global economic conditions and a few uncertainties on the domestic front.

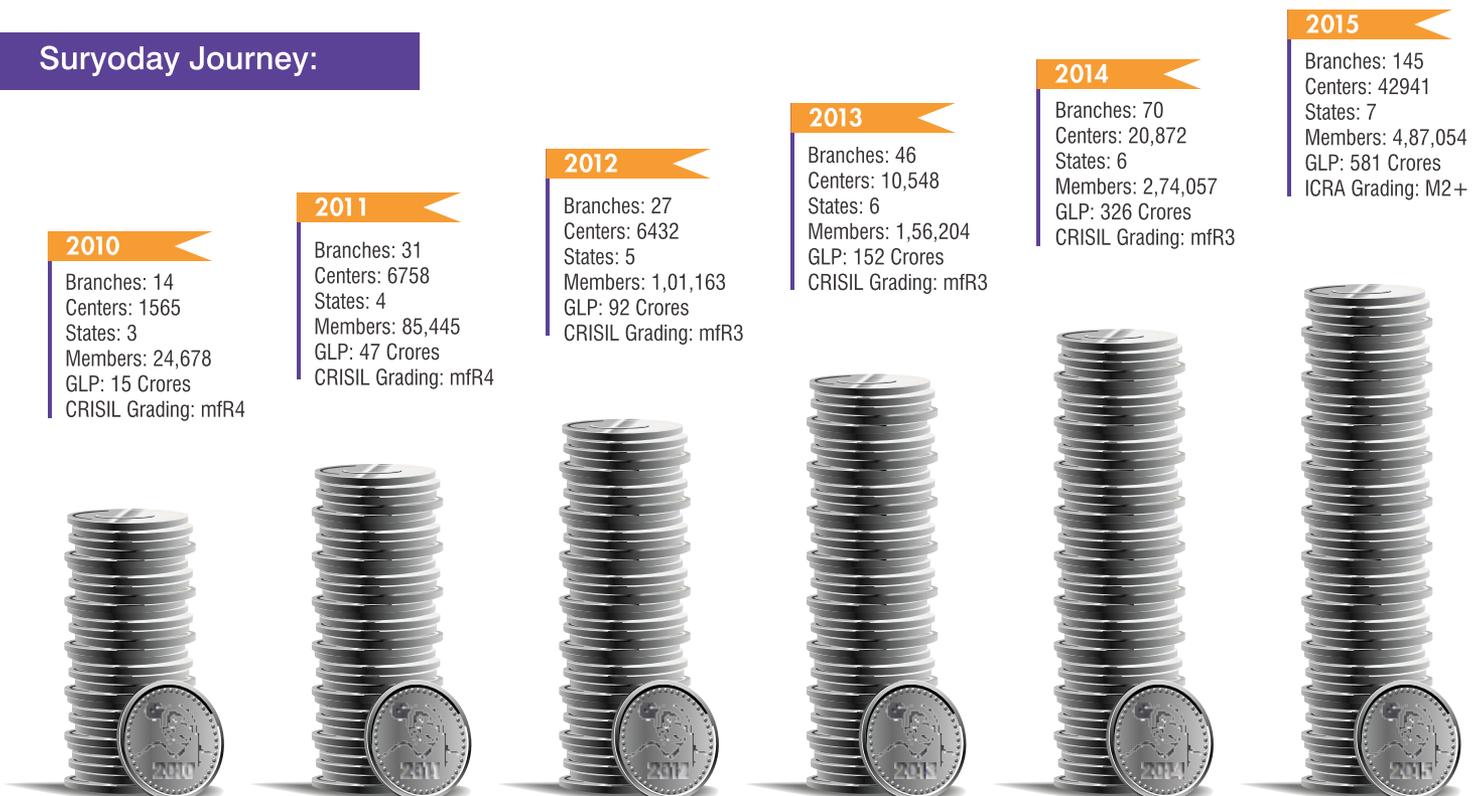
We firmly believe the improving economic profile, growing entrepreneurial drive as well as an increasing penetration

in our target market of economically weaker sections will be the underlying drivers for realization of the latent demand for financial services from the aspiring and emerging economically active customers in urban, semi-urban and rural areas.

Micro Finance Industry Background:

In FY16, the MFI Industry witnessed a remarkable growth of 61% (as against 43% in FY14) resulting in a Gross Loan Portfolio (GLP) of ₹40,138 Crores with over 3 Crore Customers. The industry also had a significant increase of 84% in funding to MFIs (as against 49% in FY14) pointing to high levels of condence in the sector amongst lenders and investors - which is further corroborated by strong policy and legislative initiatives within the Financial Inclusion Space.

Suryoday Journey:





Years at a Glance

	Units	2009-10	2010 - 11	2011 - 12	2012 - 13	2013 - 14	2014 - 15	CAGR %
Clients Served	No.	24,678	85,445	1,01,163	1,56,204	2,74,057	4,87,054	82%
Centers	No.	1,565	6,758	6,432	10,548	20,872	42,941	94%
Branches	No.	14	31	27	46	70	145	60%
Districts Covered	No.	4	9	10	18	29	38	57%
States Covered	No.	3	4	5	6	6	7	18%
Employees	No.	135	307	252	402	637	1367	59%
Cumulative Loan Disbursed	No.	24,814	1,18,323	2,15,081	3,26,946	5,39,826	9,08,883	105%
Portfolio Outstanding	In ₹ Crore	15	47	92	152	326	581	108%
Total Revenue	In ₹ Crore	2.74	15.46	16.47	25.69	61.60	118.27	112%
Total Expenses	In ₹ Crore	3.38	14.22	14.71	22.82	48.72	92.78	94%
Profit After Tax	In ₹ Crore	(0.63)	1.04	0.43	1.95	8.82	16.85	101%
Total Assets	In ₹ Crore	21.42	58.07	74.87	203	399	757	104%
Earnings Per Share (Basic)	₹	(1.21)	0.81	0.33	1.14	3.52	5.38	61%

* CAGR for PAT and EPS is calculated for FY11 to FY15 while for all others it is calculated from FY10 to FY15

Suryoday commenced operations in Pune in May 2009 with 5 Branches and 2 Loan Products. Since then, Suryoday has disbursed over 9 Lac Loans and ended FY15 with an Active Customer Base of over 4.87 Lacs. Suryoday has made a steady and sustained progress – growing to 145 Branches in 7 States and a Gross Loan Portfolio of ₹581 Crores. Suryoday has put in place the necessary processes and systems to support the company's growth in a scalable and sustainable manner.

Suryoday ended the financial year on a very positive note with net profit of ₹16.85 Crores against ₹8.82 Crores in the previous financial year i.e. growth of 91% YOY. The Company believes in prudent management of operating cost as a percentage of GLP. The Operating Expense Ratio was at 7.4% for FY15 and the company will endeavor to reduce the same to below 7% during FY16.

Throughout its journey, Suryoday has kept its focus on protecting and strengthening equity funding and took to funding through borrowing to keep focus on enhancing return on equity. With a continued focus on controlling the costs, decreasing cost of borrowings and improving the debt equity ratio, the company is witnessing improved profitability and is confident of sustaining the same in the coming years.

During the fiscal year, the company saw an upgrade in its CRISIL Grading to mF3 and was assigned a BBB (With Stable Outlook) for Bank Borrowings by ICRA.

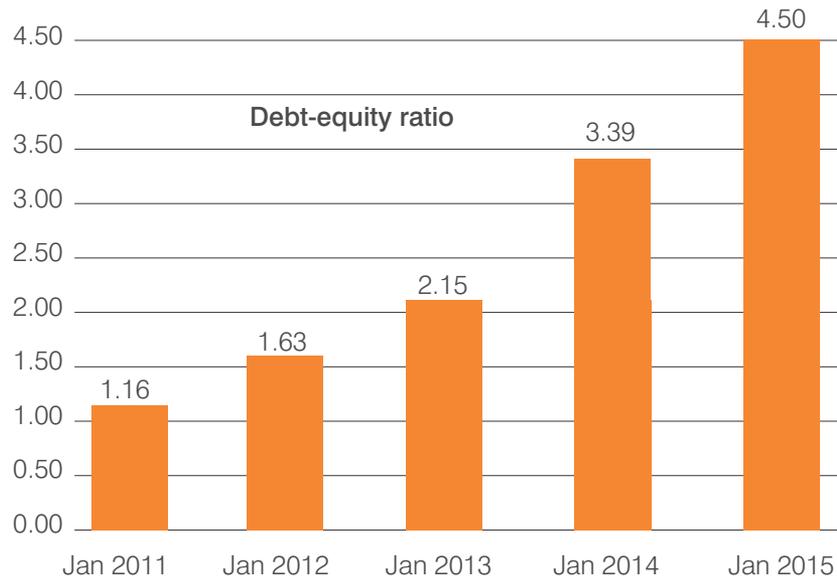


Resource Mobilization:

We have continued to keep the sources of funding diversified during the year and raised over ₹578 Crores from banks and financial institutions by way of term loans as well as securitization of loan portfolios. The key highlight of funding during the year was further equity capital infusion from existing investors to the tune of ₹27.4 Crores.

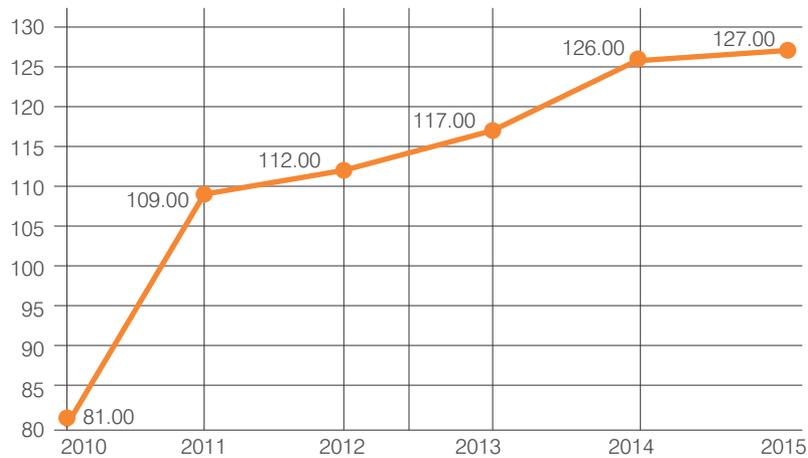
Debt Equity Ratio:

The Company ended year with an Equity base of ₹131.9 Crores and a Debt Equity Ratio of 4.5



Operational Sustainability Ratio:

The company has seen a sustained and continuous improvement in operational efficiency over the last five years.



* Operational Sustainability Ratio = Total Income As % of Total Expenses

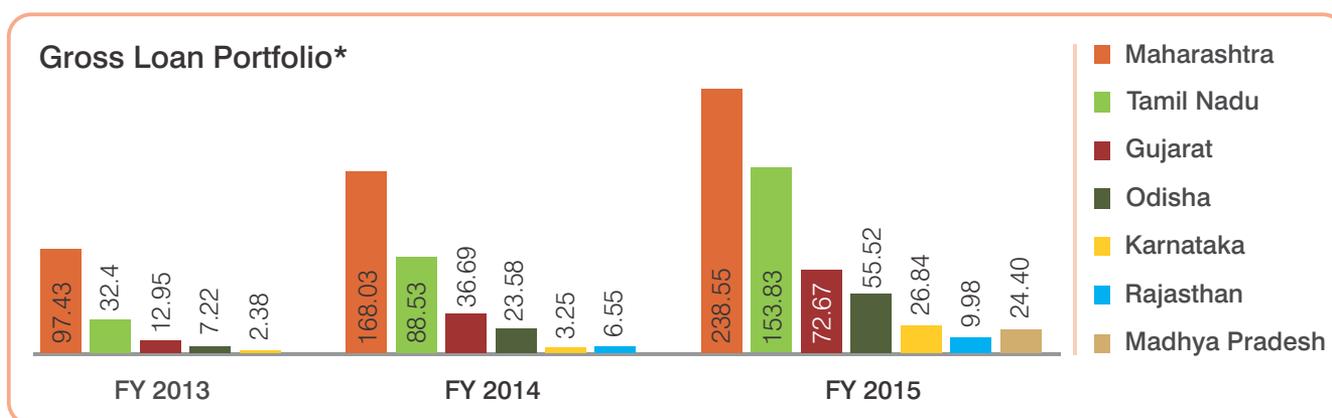
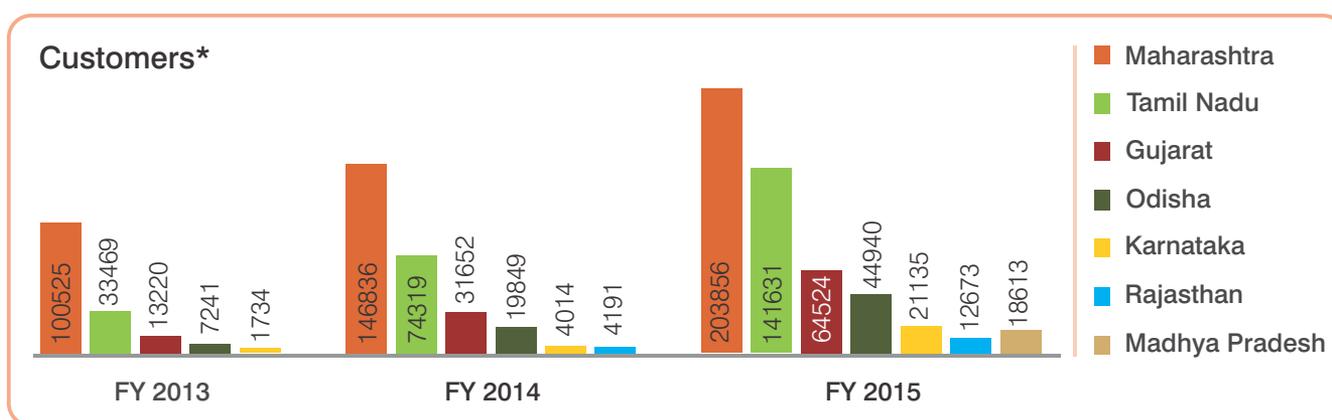


Regulatory Compliance:

The company is categorized as a systemically important non-deposit taking NBFC and has complied with all applicable regulations of Reserve Bank of India. The directors hereby confirm that the company did not accept any public deposits during the year and did not hold public deposits outstanding at the end of the year. The company does not intend to accept deposits. The company is in compliance with RBI notifications.

Risk Management & Mitigation:

The repayment rate is around 99.9% representing the robust quality of credit assessment and customer service processes. Our credit risk is contained through various credit assessment initiatives; the salient ones being credit policies focusing on occupation, income levels and history of credit behavior, mandatory credit bureau checks on all our loans. To mitigate geographical concentration risk, we have expanded in different geographies, by expanding business in the states of Tamil Nadu, Gujarat, Odisha and Madhya Pradesh as illustrated by the graphs below:



*Customers in Numbers and Gross Loan Portfolio in ₹ Crores

Audit and Controls:

The Company has well defined audit systems covering operational and financial aspects in place. The Operational Audit is done by an independent team of employees with one audit officer at each branch. They carry out pre-disbursement verification of customer profile, residence and documents - a pioneering initiative by the company to ensure quality of credit risk process. In addition, the company has a Process Compliance Team which carries out a comprehensive audit of all branches, covering compliance of all process laid down by the company including the process of customer relationship management.



The Internal Audit plan covers aspects of operational and financial transactions and is done by an established external firm of Chartered Accountants. The annual plan is approved and reviewed by the Board Audit Committee. The Internal Audit also covers aspects of internal controls and compliance with various statutory requirements.

New Initiatives:

Technology: It has been the company's philosophy since inception to adopt cloud solutions and leverage open source solutions wherever possible.

- **Core Banking:** During the year, in preparation for its future growth the company migrated its Loan Management System to Craft Silicon's BR.Net – a proven industry benchmarked solution. The company further implemented an industry-first initiative - a Loan Origination System, Branch Audit and Surprise Center Visits as customized modules within the BR.Net System which has helped the company track the entire loan lifecycle. Further, the company has also integrated this system with the Credit Bureau such that credit decisions are automated based on prescribed parameters and available within minutes.
- **Mobile Devices:** The company implemented a mobile solution from Craft Silicon for capturing certain field audit process and has now initiated the implementation of mobile solutions for both Sourcing and Repayment processes which is planned to be piloted during the first half of FY16.
- **Analytics:** The company has implemented a Business Intelligence & Analytics Solution based on Qlik in order to better understand customer and market patterns, so decisions can be made in a more scientific manner.
- **Compliance Management:** The company implemented RICAGO – a Compliance Management System with an in-built workflow to track, escalate, monitor and report on statutory and internal compliance requirements.
- **HRMS:** the company initiated a migration to formulaHR -a more scalable and comprehensive Human Resource Management Solution
- **Call Center:** the company implemented a dialer solution to handle its inbound and outbound calls. During the current year, the company plans to look at a more scalable solution that is integrated with a CRM Solution in an effort to be able to better address customer needs.
- **Open Source:** The company has been an early adopter of various open-source solutions
 - ◆ EMail – the company's communication system is on a Linux Based Solution
 - ◆ Document Management – to scan and store all the loan files for easy retrieval and audit
 - ◆ Ticketing – for helpdesk ticketing, to handle all employee requirements
 - ◆ Systems – all branch desktops are with Ubuntu and LibreOffice while at the Corporate Office also, BackOffice Operations and Call Center Agents work on Thin Clients from a Ubuntu Server

Loan Processing: The company set up operations hubs in two other locations, Bhubaneswar and Pune, to reduce the turn-around time for loan processing and based on their success, is working towards establishing a hub in each state and adopting innovative technology solutions to further reduce the processing times and ensure customer delight.

Loan Products: In its continuous endeavor to help our customers become "financially included" and encourage them to use formal banking channels, we started an initiative of making cashless disbursement into the bank account of the customer. We now propose to take this nationwide for all our next-cycle disbursements and also carry out repayment collections through bank transfer – making our entire loan transaction "cashless". We have launched this as Vikas Loan Product – this will help ensure that our customers use bank accounts and build a financial track record that would help them graduate to other banking products over a period of time.

**Future Outlook:**

The growth outlook for India in the coming years is one filled with hope and optimism. For the specific segment that we cater to, initiatives of the Indian Government such as the Mudra Bank, Jan DhanYojna and the Aadhaar Roll-Out will help immensely in furthering the financial inclusion agenda.

Optimism when backed by sound policies and implementation will translate into higher economic growth which in turn will have a trickle-down effect across all spheres of economic activity - including microfinance. The economic growth that has been projected, along with the relaxation in lending norms by the RBI and enabling measures by the government will have a positive impact on the microfinance sector and help Suryoday capitalize on the growing demand for financial services.

At Suryoday, we shall continue to further invest in our systems and processes as also reinforce our values to build a scalable and sustainable business. We will always focus on our two key resources – employees and customers.

We wish to place on record our sincere appreciation of our employees and customers.

For and On Behalf of the Board of Directors

R. Baskar Babu

Managing Director & CEO

Navi Mumbai

May 18, 2015



EMPOWERMENT OF WOMEN
LEADS TO DEVELOPMENT
OF A GOOD FAMILY, GOOD SOCIETY AND,
ULTIMATELY, A GOOD NATION.
WHEN THE WOMAN IS HAPPY,
THE HOME IS HAPPY.
WHEN THE HOME IS HAPPY,
THE SOCIETY IS HAPPY.
AND WHEN THE SOCIETY IS HAPPY
THE STATE IS HAPPY AND
WHEN THE STATE IS HAPPY.
THERE WILL BE PEACE
IN THE COUNTRY AND
IT WILL DEVELOP AT GREATER PACE.

DR. A. P. J. ABDUL KALAM

SOCIAL INITIATIVES





SOCIAL INITIATIVES



Suryoday has since inception had a strong commitment to Social Initiatives. This year, our Social Initiatives Team has focused its efforts on delivering livelihood training activities – an outcome of the field surveys amongst our customers which brought out their desire to learn new skills which they can utilize for income generating activities.

In addition to conducting livelihood / skill-building activities, Suryoday's Social Initiatives Team regularly organizes Health/Environment Information Camps and Financial Literacy Trainings. This is done in recognition of the fact that access to affordable healthcare and knowledge of healthy habits are of foremost importance. Suryoday further recognizes that adequate financial literacy is also wholly necessary for families to be able to afford access to credit and expand their own financial footprint.

For FY15, Suryoday's Social Initiatives focus has been:

Financial Literacy and Financial Inclusion: encourage customers to open and regularly use savings accounts. They also teach customers about the basics of banking, insurance, investments and government schemes and encourage customers to make use of these formal financial services.

Livelihood / Skills Training: Regular skill building programs on various income generating activities including perfume making, candle making, beauty parlor training, recycling waste products training, animal husbandry training and so on.

Health & Environment: Trainings on healthy lifestyles such as the benefits of a clean environment and healthy food habits. Suryoday also organizes Health Camps, Eye and Dental Camps in areas of need, where customers can get their health checked up and also avail of medical services at discounted rates



Social Messages: Every month, Suryoday's Social Initiatives Team prepares a topical information sound bite with a social theme. This one-to-two minute recording is played out to customers in their local language during the monthly collection meetings. It is designed to give borrowers information about topics in a light-hearted and friendly manner, which will improve their social wellbeing. Recent topics have included: The Importance of Education & Employment, Pan India Gas Subsidies through Bank Transfer, Important Facts about Credit Bureaus, Swatch Bharat Abhiyan, The Importance of Being Financially Literate and The Problem of Child Labor- to name a few.

Snapshot of Performance under various CSR Activities during FY15:

Financial Literacy Training	39,887
Livelihood/Skills Training	9,089
Health & Environment	11,454
Number of Bank Accounts Opened	30,671
Total Amount Saved By Customers	₹2.9 Crores





FINANCIAL LITERACY

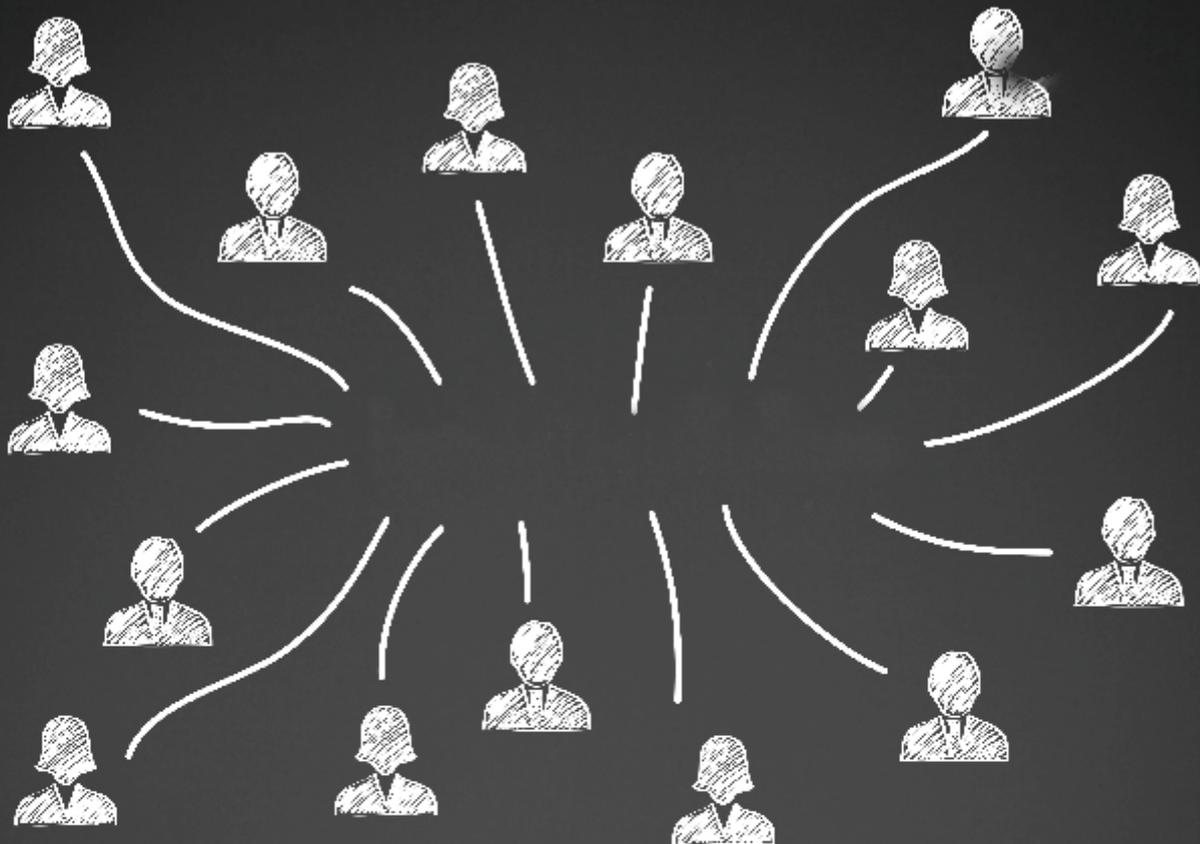


“The test of our progress is not whether we add more to the abundance of those who have much; it is whether we provide enough for those who have too little.” - Franklin D. Roosevelt

Field Research conducted by Suryoday's Social Initiatives Team brought to the fore a need by our customers for financial literacy to an extent where they can take control of their business and household finances. This includes making regular use of formal financial institutions, knowledge on risk bearing financial products and improving regular cash flow management- without being forced to rely on informal sources for their credit needs.

Suryoday has partnered with International Finance Corporation (IFC) to open Financial Literacy Centres (FLCs). The first such FLC was inaugurated in November 2014 in Ambarnath. The objective the FLCs is to provide a specific point of access for women from underprivileged backgrounds towards becoming knowledgeable about various financial products and enabling them to make financially sound decisions. We have plans to open 50 FLC's Pan India by September 2016.

Suryoday has also entered into a partnership with ISMW (Indian School of Microfinance for Women) to develop relevant training content. The financial literacy trainings delivered aim to progress the customer's micro-enterprises from sustaining themselves via a strong reliance on credit products to being able to manage a financially diverse portfolio of products including risk-bearing insurance products and income augmenting investment products. The trainings also particularly focus towards moving away from the fungibility of funds within the household and the business. Thus far, the FLCs have conducted Financial Literacy Trainings for over 3000 customers.



CUSTOMER CONNECT



SURYODAY CUSTOMER CONNECT CENTER



At Suryoday, we have always placed great emphasis on customer delight and with that in mind, have constantly looked at ways to reach out to our customers and ensure they have a pleasant experience in all transactions. We also aim to better understand our customers so we can provide them with products and services that would genuinely help them achieve a better standard of living.

In the MFI space, Suryoday pioneered the concept of outbound calling - being the first to initiate such an activity soon after we commenced operations in Pune in 2009. From those humble beginnings, we later established a full-fledged technology-enabled Customer Connect Center with over 20 multi-lingual agents, that is capable of handling both inbound and outbound calls. The inbound calls are routed from a Toll Free Number setup to ensure no-cost to the customer while the outbound calls are made to customers in their local vernacular language like Hindi, Marathi, Gujarati, Oriya or Tamil. During FY14-15, the Suryoday Customer Connect Center spoke to over 20,000 customers.

Suryoday now plans to further upgrade the Customer Connect Center with an integrated CRM Solution and a distributed network of Customer Connect Agents for better coverage.

As part of this exercise, we plan to enhance the scope of the Customer Connect Center to make outbound calls for:

- 1) **Customer Satisfaction** - to understand the customer's experience during the loan process and take learnings to further improve their interactions with the company
- 2) **Customer & Process Verification** - to ensure that it was indeed the said customer who has applied and the required processes were followed by the field officers
- 3) **Customer Understanding** - survey and analysis of customer needs so as to design products, services and even carry out social initiatives, skills building workshops, etc based on the stated needs



VIKAS LOANS

Vikas Loans - Enabling Our Customers Become “Financially Included”

The majority of transactions in the microfinance space - whether disbursement or repayments - still happen in cash. At Suryoday, we have been thinking ahead to arrive at a mechanism to carry out these transactions in a cashless manner - we have launched Vikas Loans in which the Loan Disbursement is made through NEFT and the Loan Repayments are collected through NACH / ECS. We also tailored this product as a three year repayment tenor based on customer feedback and to ensure their monthly commitments are based on their business cash flows.

Vikas means progress or development - we chose this name for our latest product initiative as it embodies our objective of helping our customers become comfortable using the formal banking channels and build a financial track record that would help them graduate to various other banking products over a period of time.



Gulnaj Tamboli, a fifth-cycle customer of Suryoday runs a small grocery store in Chichwad. She took a Vikas Loan of ₹50,000 so she can add more variety and stock to her trade.



Laxmi Dadabahu Dive, a third-cycle customer of Suryoday has a shop selling vegetables in Bhosari. She took a Vikas Loan of ₹50,000 so she can purchase a handcart and also add seasonal fruits in addition to vegetables.



Salma Sayyed, a third-cycle customer of Suryoday has a fruit stall in Hadapsar. She has taken a Vikas Loan of ₹50,000 so she can expand her business.



WE NEED A SPIRIT OF VICTORY,
A SPIRIT THAT WILL CARRY US
TO OUR RIGHTFUL PLACE
UNDER THE SUN, A SPIRIT WHICH WILL
RECOGNISE THAT WE,
AS INHERITORS OF A PROUD CIVILISATION,
ARE ENTITLED TO A RIGHTFUL PLACE
ON THIS PLANET.
IF THAT INDOMITABLE SPIRIT
WERE TO ARISE,
NOTHING CAN HOLD US
FROM ACHIEVING
OUR RIGHTFUL DESTINY

DR. A. P. J. ABDUL KALAM

PAN INDIA NETWORK





PAN INDIA NETWORK

Maharashtra

- Akkalkot Road, Solapur
- Akluj
- Ambajogai
- Ambernath
- Amravati
- Andheri
- Asara, Solapur
- Aurangabad
- Badlapur
- Barshi Main
- Bhosari, Pune
- Bhusawal
- Chalisgaon
- Chinchwad, Pune
- Dattawadi, Pune
- Daund
- Dharavi, Mumbai
- Dhule
- Ghatkopar
- Govandi, Mumbai
- Hadapsar, Pune
- Hinganghat
- Ichalkaranji
- Jalgaon
- Kalyan
- Kolhapur
- Kopergaon
- Latur
- Nagpur East
- Nagpur South
- Nagpur West
- Narayangaon
- Nasik East
- Nasik West
- New Damani Nagar
- Pachora
- Pandharpur Main
- Panvel
- Paratwada
- Parvati
- Pimpalgaon
- Rankala
- Sangli Main
- Shivaji Nagar, Pune
- Thane
- Titwala
- Udgir
- Wadala
- Yavatmal
- Yerawada, Pune
- Fatima Nagar
- Bhandup
- Daryapur
- Morshi



Gujarat

- Chhani, Vadodara
- Godhara
- Gota
- Halol
- Himmatnagar
- Kadi
- Kapadvanj
- Katargam
- Limkheda
- Mehsana
- Memco Nagar, Ahmedabad
- Modasa
- Nadiad
- Navsari
- Paldi, Ahmedabad
- Ramol
- Sarkhej
- Surat
- Talod
- Vadodara
- Valsad

Karnataka

- Athani
- Basavakalyan
- Belagavi City
- Bidar
- Gadag
- Gokak
- Hubballi
- Kalaburagi
- Vijapura
- Yadgir

Odisha

- Angul
- Balangir
- Bargarh
- Bhanjanagar
- Bhawanipatna
- Bramhapur
- Chatrapur
- Cuttack
- Dhenkanal
- Jharsuguda
- Lewis Road
- Puri
- Rourkela
- Sambalpur
- Sundargarh
- Titlagarh

Rajasthan

- Ajmer
- Alwar
- Jawahar Nagar, Jaipur
- Jhotwara, Jaipur
- Khairtal

Madhya Pradesh

- Dhar
- Hoshangabad
- Indore
- Jabalpur
- Jaora
- Madan Mahal
- Mandsaur
- Neemuch
- Rajendra Nagar
- Seoni
- Shujalpur
- Ujjain

Tamil Nadu

- Alandur
- Avadi
- Dindigul
- Erode
- Gobichettipalayam
- Junction Road, Salem
- Kattur, Tiruchirapalli
- Kumbakonam
- Madurai
- Mayiladuthurai
- Nagercoil
- Namakkal
- Pudukkottai
- Rajapalayam
- Hasthampatty, Salem
- Singanallur, Coimbatore
- Singaperumalkoil
- Tambaram
- Tenkasi
- Thanjavur Main
- Thuckalay
- Thudiyalur, Coimbatore
- Tirunelveli
- Tiruvarur
- Toll Gate
- Valliyoor
- Woraiyur, Tiruchirapalli

**AUDITOR'S REPORT &
FINANCIAL
STATEMENTS**





INDEPENDENT AUDITOR'S REPORT

Suryoday Micro Finance Private Limited

To

The Members of Suryoday Micro Finance Private Limited

Report on the financial statements

We have audited the accompanying financial statements of Suryoday Micro Finance Private Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2015, the Statement of profit and loss, the Cash flow statement for the year then ended and a Summary of the significant accounting policies and other explanatory information.

Management's responsibility for 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 of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143 (10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those 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.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial



statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case the Balance sheet, of the state of affairs of the Company as at 31 March 2015;
- (b) in case of the Statement of profit and loss, of the profit for the year ended on that date; and
- (c) in case of the Cash flow statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

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 31 March 2015, taken on record by the Board of Directors, none of the directors are disqualified as on 31 March 2015, from being appointed as a director in terms of Section 164 (2) of the Act; and
- f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - I. The Company does not have any pending litigations which would impact its financial position;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

Others

The financial statements of the Company as at and for the year ended 31 March 2014 were audited by another auditor who expressed an unmodified opinion on those financial statements on 26 June 2014.

For **BSR & Co. LLP**
Chartered Accountants
Firm's Registration No: 01248W/W-100022

Manoj Kumar Vijai
Partner
Membership No: 046882

Mumbai
18 May 2015



Annexure to the Independent Auditors' Report

(Referred to in our report of even date)

- I. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all the fixed assets are verified in a phased manner during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- ii. The Company is a Non-Banking Financial Company (NBFC), engaged in the business of providing loans. Accordingly, it does not maintain inventory. Hence, clause 4(ii) of the Order is not applicable.
- iii. According to the information and explanation given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Act.
- iv. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, with regard to the purchase of fixed assets and sale of services. The activities of the Company do not involve purchase of inventory and sale of goods. We have not observed any major weakness in the internal control system during the course of the audit.
- v. According to the information and explanations given to us, the Company has not accepted any deposits from the public to which the provisions of section 73 to section 76 or other relevant provisions of the Act and rules framed there under apply.
- vi. The Central Government has not prescribed the maintenance of cost records under sub- section 1 of Section 148 of the Act, for any of the services rendered by the Company.
- vii. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including income-tax, service tax and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of provident fund, employees' state insurance, wealth tax, sales tax, duty of customs, duty of excise, value added tax and cess. According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, service tax and other material statutory dues were in arrears as at 31 March 2015 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of income-tax, service tax and other material statutory dues which have not been deposited with the appropriate authorities on account of any dispute.
- (c) According to the information and explanations given to us, there are no dues of investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.
- viii. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.
- ix. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers, debenture holders or to any other financial institutions.



- x. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xi. In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised.
- xii. According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the year.

For **BSR & Co. LLP**
Chartered Accountants
Firm's Registration No: 01248W/W-100022

Mumbai
18 May 2015

Manoj Kumar Vijai
Partner
Membership No: 046882



Suryoday Micro Finance Private Limited

Balance Sheet as at March 31, 2015

(All amounts are in Indian Rupees in lacs unless otherwise stated)

Particulars	Notes	March 31, 2015	March 31, 2014
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	4	3,297	2,670
Reserves and surplus	5	9,837	6,050
Employees' stock option outstanding		61	29
Non-current liabilities			
Long-term borrowings	6	29,719	10,909
Long term liabilities	7	42	46
Long term provisions	8	64	89
Current liabilities			
Short-term borrowings	9	42	208
Trade payables	10	92	36
Other current liabilities	11	32,019	19,718
Short-term provisions	12	508	211
TOTAL		75,681	39,966
ASSETS			
Non-current assets			
Fixed assets	13		
Tangible assets		148	99
Intangible assets		21	5
Deferred tax assets (net)	14	240	121
Long-term loans and advances	15	7,615	8,313
Other non current assets	16	2,998	1,437
Current assets			
Current investments	17	88	88
Cash and bank balances	18	16,761	7,540
Short-term loans and advances	19	46,737	21,864
Other current assets	16	1,073	499
Total		75,681	39,966

Summary of significant accounting policies 3

The accompanying notes are an integral part of the financial statements.

For B S R & Co. LLP
Chartered Accountants

ICAI Firm's registration number:
101248W/W-100022

Manoj Kumar Vijai
Partner Membership no. 046882

Place: Mumbai
Date: May 18, 2015

For and on behalf of the Board of Directors
Suryoday Micro Finance Private Limited

R. Baskar Babu
Executive Director and
Chief Executive Officer

Priya Vishwanathan
Company Secretary

Place: Mumbai
Date: May 18, 2015

Sheela Bhide
Independent Director

Sanjay Tiwari
Chief Financial Officer



Suryoday Micro Finance Private Limited

Statement of profit & loss for the year ended March 31, 2015 (All amounts are in Indian Rupees in lacs unless otherwise stated)

Particulars	Notes	March 31, 2015	March 31, 2014
Revenue			
Revenue from operations	20	11,054	5,724
Other income	21	773	424
Total revenue		11,827	6,148
Expenses			
Finance costs	22	5,506	2,820
Employee benefit expense	23	2,452	1,361
Depreciation and amortisation expense	24	119	37
Other expenses	25	1,201	642
Total Expenses		9,278	4,860
Profit before tax		2,549	1,288
Tax expense:			
Current tax		983	463
Deferred tax (credit)	14	(119)	(57)
Profit for the year		1,685	882
Earnings per equity share [nominal value of share Rs.10/-] 26			
Basic earnings per share (Rs/-)		5.38	3.52
Diluted earnings per share (Rs/-)		5.35	3.52
Summary of significant accounting policies	3		

The accompanying notes forms an integral part of the financial statements.

For B S R & Co. LLP
Chartered Accountants

ICAI Firm's registration number:
101248W/W-100022

Manoj Kumar Vijai
Partner
Membership no. 046882

Place: Mumbai
Date: May 18, 2015

For and on behalf of the Board of Directors
Suryoday Micro Finance Private Limited

R. Baskar Babu
Executive Director and
Chief Executive Officer

Priya Vishwanathan
Company Secretary

Place: Mumbai
Date: May 18, 2015

Sheela Bhide
Independent Director

Sanjay Tiwari
Chief Financial Officer



Suryoday Micro Finance Private Limited

Cash flow statement for the year ended March 31, 2015

(All amounts are in Indian Rupees in lacs unless otherwise stated)

Particulars	March 31, 2015	March 31, 2014
Cash flow from operating activities		
Profit before tax	2,549	1,288
Non-cash adjustment to reconcile profit before tax to net cash flows :		
Depreciation and amortisation	119	37
Employee stock option expenses	45	3
Interest income on bank and other deposits	(565)	(317)
Loss on sale of fixed assets	0.1	-
Provision for standard and non performing assets	239	162
Dividend income - liquid mutual funds	(162)	(59)
Operating profit before working capital changes	2,225	1,115
Changes in working capital :		
Increase in trade payables	56	21
Increase in provisions	271	170
Increase in other current liabilities	12,298	10,700
(Increase) in bank deposits (having original maturity of more than three months and less than 12 months)	(2,040)	(725)
Decrease/ (increase) in long-term loans and advances	690	(168)
(Increase) in loans and advances	(25,112)	(16,576)
(Increase) in other non current assets	(1,538)	(1,094)
(Increase) in other current assets	(325)	(188)
Cash (used in) operating activities before tax	(13,475)	(6,744)
Income tax paid	(974)	(355)
Net cash (used in) operating activities (A)	(14,449)	(7,100)
Cash flows from investing activities		
Proceeds from sale of shares of IASC	-	126
Dividend income - liquid mutual funds	162	59
Interest received on fixed deposits	294	263
Purchase of fixed assets	(185)	(71)
Proceeds from sale of fixed assets	1	-
Net cash flows from investing activities (B)	272	377



Suryoday Micro Finance Private Limited

Cash flow statement for the year ended March 31, 2015

(All amounts are in Indian Rupees in lacs unless otherwise stated)

Particulars	March 31, 2015	March 31, 2014
Cash flows from financing activities		
Proceeds from issuance of equity share capital (inclusive of issue expenses)	2,715	1,452
Proceeds from borrowing (net)	18,643	6,411
Net cash flow from financing activities (C)	21,358	7,863
Net increase in cash and cash equivalents during the year (A + B + C)	7,181	1,140
Cash and cash equivalents at the beginning of the year	5,370	4,230
Cash and cash equivalents at the end of the year	12,551	5,370
Components of cash and cash equivalents		
Cash on hand	21	5
Balance with banks - in current account and fixed deposits	10,014	5,365
Liquid mutual funds	2,516	-
Total cash and cash equivalents (note 18)	12,551	5,370

As per our report of even date

For B S R & Co. LLP
Chartered Accountants

ICAI Firm's registration number:
101248W/W-100022

Manoj Kumar Vijai

Partner
Membership no. 046882

Place: Mumbai

Date: May 18, 2015

For and on behalf of the Board of Directors
Suryoday Micro Finance Private Limited

R. Baskar Babu

Executive Director and
Chief Executive Officer

Priya Vishwanathan

Company Secretary

Place: Mumbai

Date: May 18, 2015

Sheela Bhide

Independent Director

Sanjay Tiwari

Chief Financial Officer



Suryoday Micro Finance Private Limited

Notes to the Financial Statements for the year ended March 31, 2015

1. Background and nature of operations

Suryoday Micro Finance Private Limited "the Company" was incorporated on November 10, 2008. The Company is engaged in extending micro credit to economically weaker women who are otherwise unable to access finance from the mainstream banking channels. The Company during the year provided small value collateral free loans ('micro credit' or 'Portfolio loan') up to Rs. 30,000/- for a tenor of 12 months to 24 months with weekly /fortnightly/ monthly repayment in compliance with RBI Guidelines. The Company broadly follows the Grameen model with suitable adaptations using the Joint Liability Groups (JLG) framework, where each member of the group guarantees the loan repayment of the other members of the group.

The Company obtained registration with Reserve Bank of India (RBI) for carrying on micro finance activity on April 22, 2009 and is a non-deposit taking non-banking finance company (NBFC-ND). From the financial year 2012-13, the Company is a Systemically Important NBFC-ND. The Company has obtained the NBFC- MFI registration on December 9, 2013, as required vide circular No.DNBS.CC.PD.No. 250/03.10.01/2011-12 dated December 02, 2011. The Company has 145 Branches and presence in 7 States as at March 31, 2015.

2. Basis of preparation of financial statements

The financial statements have been prepared and presented under the historical cost convention and accrual basis of accounting, unless otherwise stated, and in accordance with the generally accepted accounting principles in India ("Indian GAAP") and conform to the statutory requirements, circulars and guidelines issued by the RBI from time to time to the extent they have an impact on the financial statements and current practices prevailing in India. The financial statements have been prepared to comply in all material respects with the Accounting Standards ("AS") notified under Section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 to the extent applicable, the provisions of the RBI as applicable to a NBFC-MFI and NBFC-ND. The accounting policies set out below have been applied consistently to the periods presented in these financial statements except as stated mentioned in note 3 (R).

3. Summary of significant accounting policies

A. Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the application of accounting policy and the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Estimates and underlying assumptions are evaluated on an on-going basis by management. Any revisions to accounting estimates are recognised prospectively in the current and future periods.

B. Current –non- current classification

All assets and liabilities are classified into current and non-current.

Assets

An asset is classified as current when it satisfies any of the following criteria:

- a) It is expected to be realised in the Company's normal operating cycle;
- b) It is expected to be realised within 12 months after the reporting date; or
- c) It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.



Current assets include the current portion of non-current financial assets. All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- a) It is expected to be settled in the Company's normal operating cycle;
- b) It is due to be settled within 12 months after the reporting date; or
- c) The Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Current liabilities include current portion of non-current financial liabilities. All other liabilities are classified as non-current.

Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents.

C. Revenue Recognition

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

- (i) Interest income on loans is recognised under internal rate of return method. Interest income on non-performing assets, sub-standard assets and loss assets is recognized upon realisation as per prudential norms of RBI. Any such income recognised before the asset became non-performing and remaining unrealised shall be reversed.
- (ii) Loan processing fees, being the revenue for processing the loan is recognized as income on upfront basis.
- (iii) Interest income on deposits with banks and financial institutions is recognized on a time proportion basis taking into account the amount outstanding and the implicit rate of interest.
- (iv) Dividend is recognised as income when the right to receive is established.

D. Securitisation / Assignment of Loans and Advances

The Company undertakes sale by way of assignment of its micro credit loans. In most cases, post assignment, the Company continues to service the loans transferred to the assignee in the capacity of a servicing agent on negotiated commercial terms.

The Company follows the requirement of minimum holding period, minimum retention requirement and amortization of gain arising on assignment transactions as per the provisions of 'Revisions to the Guidelines on Securitisation Transactions' vide circular no DNBS. PD. No. 301/3.10.01/2012-13 dated 21 August 2012 ('the guidelines') issued by the RBI. Loss arising on assignment transaction is recognized immediately in the Statement of profit and loss and the profit/ premium arising from securitisation is amortised over the life of the underlying portfolio loans / securities.

Expenditure incurred on securitisation are fully charged off in the year in which the securitisation is effected to the statement of profit and loss as per the guidelines on securitisation issued by the RBI.



E. Fixed Assets And Depreciation

Tangible Fixed Assets

Fixed assets are stated at cost less accumulated depreciation and impairment loss, if any. The cost comprises purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Pursuant to change in the useful life as prescribed under the Schedule II of the Companies Act, 2013, depreciation is provided over the useful life on written down value basis from the date asset is put to use considering residual value of 5% of the cost.

As a result of change in the estimate of useful life of the asset pursuant to the provisions of Companies Act, 2013, depreciation for the current year is higher by Rs. 43 lacs.

The details of useful life are as under:

Class of Assets	Useful life with effect from April 1, 2014	Useful life upto March 31, 2014
Office equipment	5 years	20 years
Computers & Accessories	3 years	10 years
Furniture and fittings	10 years	15 years

Intangible Assets

Intangible assets such as software are amortized over a period of 36 months or license period whichever is lower on a straight line basis with zero residual value.

Assets individually costing Rs. 5,000 or less are fully depreciated in the year of purchase.

F. Retirement and Other Employee Benefits

(i) Defined Contribution Plans

Retirement benefits in the form of provident fund and employee state insurance scheme are defined contribution schemes and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.

(ii) Defined Benefit Plan

The Company operates a defined benefit scheme for its employees, viz., gratuity scheme. The costs of providing benefits under this plan is determined on the basis of actuarial valuation at each year-end. Separate actuarial valuation is carried out for each plan using the projected unit credit method. In accordance with the gratuity fund's rules actuarial valuation of gratuity liabilities is calculated based on certain assumptions regarding rate of interest, salary growth, mortality and staff alteration as per projected unit credit method.

Gratuity liability is a defined benefit obligations and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year. Actuarial gains / losses are immediately taken to profit and loss account and are not deferred.



G. Income Taxes

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised.

H. Provisions, Contingent Liabilities And Contingent Assets

Provisions are recognized only when there is a present obligation as a result of past events and when a reliable estimate of the amount of obligation can be made. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

I. Leases

Operating Lease

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term are classified as operating leases. The office premises are generally rented on cancellable terms on renewable at the option of both the parties in accordance with Accounting Standard 19, Leases.

J. Foreign Currency Transactions

- (i) Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.
- (ii) Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

All exchange differences are recognized as income or as expenses in the period in which they arise.



K. Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

L. Cash and Cash Equivalents

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

M. Classification and Provision for Loans and Advances

Loans are classified as per the Company's policy given below. Provision for loans are made based on management's estimates, subject to the minimum provisioning required as per Non-banking financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 as amended from time to time and the master circular "Non Banking Financial Company-Micro Finance Institutions' (NBFC-MFIs) - Directions" dated 1 July 2014.

Asset Classification	Provisioning percentage used by the Company
Standard Assets - Not overdue and overdue for less than 89 days	1%
Non Performing Assets (NPA):	
Sub-Standard Assets - Overdue for 90 days and more but less than 179 days	50%
Doubtful Assets - Overdue for 180 days and more	100%
Loss Assets - Assets which are identified as loss asset by the Company	100%

The aggregate loan provision is maintained at the higher of

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

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

The Company, for other retail loans, assess all receivables for their recoverability and accordingly recognises provision for non performing loans as per prudential norms for asset classification prescribed by RBI for NBFCs. A general provision of 0.25% has been made on standard assets as prescribed by RBI for NBFCs.

N. Impairment of Assets

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



use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

O. Employee Stock Compensation Cost

Employees (including senior executives) of the Company receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

In accordance with the Guidance Note on Accounting for Employee Share-based Payments, issued by the Council of the Institute of Chartered Accountants of India, the cost of equity-settled transactions is measured using the fair value method and recognized, together with a corresponding increase in the "Employees Stock options outstanding account" in reserves. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit recognized in the statement of profit and loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

P. Segment Reporting

The Company operates in a single reportable segment of 'Micro Credit' in accordance with Accounting Standard 17 "Segment Reporting".

Q. Investment

Purchase and sale of investment are recorded on trade date basis. Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. Current Investments are stated at lower of cost or market value determined based on published sources such as quotes published by recognised stock exchanges, asset management companies etc.

For long term investment, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments. On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

R. Borrowing cost

Borrowing cost includes arranger fees, processing fees, stamp duty on issuance of debenture certificates and other associated transaction cost related to borrowing from banks and other financial institutions and issuance of debenture certificates. In accordance with Accounting Standard 16, borrowing costs are recognised over the tenor of the borrowings.



Until the financial year ended 31 March 2014, borrowing cost incurred by the Company were recognised immediately in the Statement of profit and loss. In the current year, the Company has revised the accounting policy prospectively whereby these costs are recognised as expense over the tenor of the borrowings. Had the Company continued to follow the earlier accounting policy, the finance cost would have been higher by Rs. 370 lacs and accordingly profit before tax would have been lower by the same amount.



Suryoday Micro Finance Private Limited

Notes to the Financial statements for the year ended March 31, 2015

(All amounts are in Indian Rupees in lacs unless otherwise stated)

4. Share Capital

	March 31, 2015	March 31, 2014
Authorised shares		
50,000,000 (Previous year 35,000,000) equity Shares of Rs.10 each	5,000	3,500
Issued, subscribed and paid-up shares		
3,29,69,302 (Previous year 2,67,02,713) equity shares of Rs.10 each	3,297	2,670
	3,297	2,670

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

	March 31, 2015		March 31, 2014	
	Shares	Amount	Shares	Amount
At the beginning of the year	26,702,713	2,670	23,369,379	2,337
Issued during the year	6,088,889	609	3,333,334	333.33
Shares issued on exercise of stock option	177,700	18	-	-
Outstanding at the end of the year	32,969,302	3,297	26,702,713	2,670

b. Terms / rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs.10/- per share. Each holder of equity shares is entitled to one vote per share. Any dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

The Company has not declared / proposed any dividend in the current year and previous year.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the Company. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Details of Shareholders holding more than 5% shares in the Company (Equity shares of Rs.10/- each fully paid)

	March 31, 2015		March 31, 2014	
	No.	% holding in the class	No.	% holding in the class
Aavishkaar Goodwell India Microfinance Development Company Limited	2,862,857	8.68%	6,142,857	23.00%
Aavishkaar Goodwell India Microfinance Development Company II Limited	5,719,072	17.35%	4,287,531	16.06%
Lok Capital LLC	2,490,850	7.56%	2,490,850	9.33%
Lok Capital II LLC	3,777,449	17.35%	2,344,116	8.78%



Suryoday Micro Finance Private Limited

Notes to the Financial statements for the year ended March 31, 2015

(All amounts are in Indian Rupees in lacs unless otherwise stated)

	March 31, 2015		March 31, 2014	
	No.	% holding in the class	No.	% holding in the class
Baskar Babu	1,476,435	4.48%	1,476,435	5.53%
Ganesh Rao	1,103,500	3.35%	1,399,435	5.24%
P Surendra Pai	4,829,400	14.65%	4,644,575	17.39%
International Finance Corp (IFC)	3,333,333	10.11%	-	0.00%
DWM (International) Mauritius Ltd.	3,280,000	9.95%	-	0.00%

d. Shares reserved for issue under employee stock options

	March 31, 2015		March 31, 2014	
	No. of shares	Amount	No. of shares	Amount
Under Employee Stock Option Scheme, 2014	521,500	45	-	-
Under Employee Stock Option Scheme, 2010	165,300	16	396,000	29

5. Reserves and Surplus

	March 31, 2015	March 31, 2014
Securities premium account		
Balance at the beginning of the year	4,917	3,798
Add: Premium on issue of equity shares	2,145	1,167
Less: Amounts utilized toward share issue expenses	43	48
Balance at the end of the year	7,019	4,917
Statutory reserve		
(Created pursuant to Section 45 IC of Reserve Bank of India Act, 1934 as amended by RBI (Amendment) Act 1997)		
Balance at the beginning of the year	245	69
Add: Transferred from Statement of profit and loss (@ 20% of Profit after tax as required by section 45-IC of the Reserve Bank of India Act ('RBI Act'), 1934)	337	176
Balance at the end of the year	582	245



Suryoday Micro Finance Private Limited

Notes to the Financial statements for the year ended March 31, 2015

(All amounts are in Indian Rupees in lacs unless otherwise stated)

	March 31, 2015	March 31, 2014
General Reserve		
Balance at the beginning of the year	3	3
Add: Transferred from employee stock option outstanding on forfeiture	0.2	0
Balance at the end of the year	3	3
Surplus in the statement of profit and loss		
Balance at the beginning of the year	885	179
Profit for the year	1,685	882
Less: Appropriations		
Transfer to statutory reserve under Section 45-IC of RBI Act, 1934	337	176
Net surplus in the Statement of profit and loss	2,233	885
	9,837	6,050

6. Long-term borrowings

	March 31, 2015	March 31, 2014
Secured		
Loan from banks	8,785	6,229
Loan from Non-banking financial institutions	3,684	3,480
Non-convertible debentures - private placements (Refer note 39)	15,250	1,200
Unsecured		
Loan from Non-banking financial institution	1,000	-
Non-convertible debentures - private placements	1,000	-
	29,719	10,909

7. Long term liabilities

	March 31, 2015	March 31, 2014
Deferred gain on securitisation / assignment	42	34
Others	-	12
	42	46



Suryoday Micro Finance Private Limited

Notes to the Financial statements for the year ended March 31, 2015

(All amounts are in Indian Rupees in lacs unless otherwise stated)

8. Long-term provisions

	March 31, 2015	March 31, 2014
Provisions for employee benefits		
Provision for gratuity	41	9
Other provisions		
Provision for standard assets	23	80
	64	89

9. Short-term borrowings

	March 31, 2015	March 31, 2014
Book overdraft and working capital loans		
From banks (secured)	42	208
	42	208

Overdraft and working capital loans are repayable on demand or within a maximum period of one year and are secured against fixed deposits placed with banks

10. Trade Payable

	March 31, 2015	March 31, 2014
Payable for expenses	92	36
	92	36



Suryoday Micro Finance Private Limited

Notes to the Financial statements for the year ended March 31, 2015

(All amounts are in Indian Rupees in lacs unless otherwise stated)

11. Other current liabilities

	March 31, 2015	March 31, 2014
Advance received against sale of an investment	43	-
Current maturities of long-term borrowings (Refer note 11.1)	29,656	18,721
Interest accrued on borrowings	749	144
Statutory dues payable	108	46
Employee related payables	23	41
Payable for trade receivables assigned	697	481
Advance interest received	43	-
Installments received in advance	398	0
Deferred gains relating to securitisation	247	279
Others	55	5
	32,019	19,718

There is no overdue amount payable to Micro and Small Enterprises as defined under The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED). Further, the Company has not paid any interest to any Micro and Small Enterprises during the current year.

11.1 Current maturities of long-term borrowings

	March 31, 2015	March 31, 2014
Secured		
Loan from banks	19,663	10,221
Loan from Non banking financial institution	8,660	8,500
Non-convertible Debentures - Private placements	1,333	-
	29,656	18,721

12. Short-term provisions

	March 31, 2015	March 31, 2014
Provision for non performing assets	51	11
Provision for standard assets	457	200
	508	211



Suryoday Micro Finance Private Limited

Notes to the Financial statements for the year ended March 31, 2015
(All amounts are in Indian Rupees in lacs unless otherwise stated)

13. Fixed Assets

Tangible assets

Categories	Gross Block			Depreciation			Net Block	
	As at April 1, 2014	Additions	Deletions	As at March 31, 2015	For the year	Deletions	As at March 31, 2015	As at April 1, 2014
Computers and accessories	73	66	-	138	46	-	86	52
Furnitures and fittings	84	53	1	136	37	1	79	57
Office equipments	41	41	1	81	27	0	42	39
Total	198	160	2	355	111	1	206	148
Previous Year (2013-14)	136	68	7	197	36	4	98	99

Intangible assets

Categories	Gross Block			Depreciation			Net Block	
	As at April 1, 2014	Additions	Deletions	As at March 31, 2015	For the year	Deletions	As at March 31, 2015	As at April 1, 2014
Computer software	13	23	-	36	8	-	15	21
Total	13	23	-	36	8	-	15	21
Previous Year (2013-14)	7	5	-	13	2	-	7	5



Suryoday Micro Finance Private Limited

Notes to the Financial statements for the year ended March 31, 2015

(All amounts are in Indian Rupees in lacs unless otherwise stated)

14. Deferred Tax (liability) / asset

	March 31, 2015	March 31, 2014
Deferred Tax Liability		
Depreciation	(24)	(9)
Gross Deferred Tax Liability	(24)	(9)
Deferred Tax Asset		
Provision for standard and non-performing assets	180	95
Others	36	18
Gross Deferred Tax Asset	216	112
Net Deferred Tax Asset	240	121

15. Long-term loans and advances

	March 31, 2015	March 31, 2014
Unsecured considered good		
Micro credit loans	7,264	8,006
Other retail loans	9	-
Rental deposits	119	84
Cash collaterals	89	100
Employee advances	-	12
Advances tax and tax deducted at source (Net of provision of Rs.1570 lacs, March 31, 2014 Rs. 587 lacs)	119	111
Unsecured considered doubtful		
Others (substandard and doubtful receivables as per the Company's provisioning policy)	15	-
	7,615	8,313

Of the above, loans exceeding six months from the due date aggregates to Rs. 34 lacs (previous year Rs. 8 lacs). Also refer note 32 for provision for substandard and doubtful loans and advances.



Suryoday Micro Finance Private Limited

Notes to the Financial statements for the year ended March 31, 2015

(All amounts are in Indian Rupees in lacs unless otherwise stated)

16. Other assets

	Non-current		Current	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Interest accrued on loans and advances	-	-	685	360
Interest accrued but not due on Deposits		-		-
- with banks	68	45	386	133
- others	1	1	2	6
Other non current bank balances	2,929	1,391	-	-
	2,998	1,437	1,073	499

17. Current investments

	March 31, 2015	March 31, 2014
293,936 (March 31, 2014: 293,936) Equity shares of Rs.10 each fully paid-up in Indian Association for Savings and Credit (IASC). Also refer note 33.	88	88
	88	88

18. Cash and bank balances

	March 31, 2015	March 31, 2014
Cash and cash equivalents		
Balances with banks:		
On current accounts	2,472	3,023
Deposits with original maturity of less than three months*	7,542	2,342
Cash on hand	21	5
Units of Mutual Funds **	2,516	-
	12,551	5,370
Other Bank Balances:		
Deposits with original maturity for more than 3 months but less than 12 months	4,210	2,170
Total	16,761	7,540

* Deposits with banks include Rs. 5,165 lacs (March 31, 2014 Rs: 4,493 lacs) under lien marked towards term loans and overdraft facility availed from banks, financial institutions and towards cash collateral placed in connection with assignment / securitisation of receivables. ** Includes lien marked liquid mutual funds of Rs 1,700 lacs [March 31, 2014 - Nil].



Suryoday Micro Finance Private Limited

Notes to the Financial statements for the year ended March 31, 2015

(All amounts are in Indian Rupees in lacs unless otherwise stated)

19. Short-term loans and advances

	March 31, 2015	March 31, 2014
Unsecured considered good		
Micro credit loans	45,702	21,128
Other retail loans	124	
Capital advances	1	12
Cash collaterals	287	450
Employee advances	50	16
Prepaid expenses	15	22
Unamortised borrowing cost	370	-
Balances with revenue authorities	14	11
Other advances	122	92
Loan to IASC	-	133
Unsecured considered doubtful		
Others (substandard and doubtful receivables as per the Company's provisioning policy)	52	-
	46,737	21,864

20. Revenue from operations

	March 31, 2015	March 31, 2014
Interest income		
Interest income on portfolio loans	10,076	5,040
Gain on assignment / securitization	325	322
Other operating income		
Loan processing fee	653	362
Revenue from operations	11,054	5,724



Suryoday Micro Finance Private Limited

Notes to the Financial statements for the year ended March 31, 2015

(All amounts are in Indian Rupees in lacs unless otherwise stated)

21. Other Income

	March 31, 2015	March 31, 2014
Interest income - Fixed deposits	565	317
Bad debts recovered	1	1
Dividend on liquid mutual funds	162	59
Interest on income tax refund	2	1
Grant received from International Finance Corporation (Refer note 37)	24	-
Miscellaneous Income	19	46
	773	424

22. Finance costs

	March 31, 2015	March 31, 2014
Interest on borrowings	5,360	2,501
Other finance cost [Refer note 3(R)]	146	319
	5,506	2,820

23. Employee benefit expenses*

	March 31, 2015	March 31, 2014
Salaries, wages and bonus	2,075	1,205
Contribution to provident and other funds	211	99
Employee stock option expenses	45	3
Gratuity expense	46	22
Staff welfare expenses	75	33
	2,452	1,361

* Includes CSR expenditure of Rs. 24 lacs incurred during the year. (Refer note 38)

24. Depreciation/amortisation on Tangible and Intangible assets

	March 31, 2015	March 31, 2014
Depreciation/amortisation on Tangible and Intangible assets	119	37
	119	37



Suryoday Micro Finance Private Limited

Notes to the Financial statements for the year ended March 31, 2015

(All amounts are in Indian Rupees in lacs unless otherwise stated)

25. Other expenses

	March 31, 2015	March 31, 2014
Rent	149	102
Electricity	20	12
Insurance	32	7
Travel and conveyance	111	61
Communication expenses	93	43
Business promotion expenses	14	10
Directors sitting fees	5	3
Repairs and maintenance		
- Building	12	7
- Others	107	31
Legal and professional fees	129	52
Payment to auditors (refer details below)	20	20
Rates and taxes	63	27
Printing and stationery	61	49
Bank charges	65	20
Provision for standard assets	188	151
Provision for non-performing loans	51	11
Miscellaneous expenses*	81	36
Loss on sale of fixed assets	0.12	-
	1,201	642

*Includes CSR expenditure of Rs. 7 lacs incurred during the year. (Refer note 38)

Details of payment to auditors:

As auditor:		
Statutory audit	15	15
Tax audit	1	2
Certification	3	-
Other services	0.21	1
Out of pocket expenses	1	3
	20	20



Suryoday Micro Finance Private Limited

Notes to the Financial statements for the year ended March 31, 2015

(All amounts are in Indian Rupees in lacs unless otherwise stated)

26. Earnings per share (EPS)

Particulars	March 31, 2015	March 31, 2014
Net profit after tax	1,685	882
Weighted average number of equity shares in computing the basic earnings per share	31,905,238	25,075,413
Basic earnings per share	5.38	3.52
Weighted average number of equity shares in computing the diluted earnings per share	32,033,805	25,294,580
Diluted earnings per share*	5.35	5.09

*For the year ended March 31, 2014, after considering the ESOP, the EPS becomes antidilutive, hence, both basic earnings per share and diluted earnings per share are retained at Rs. 3.52 per share.

27. Related party disclosure

Name of related parties

Enterprises having significant influence over the Company	Aavishkaar Goodwell India Microfinance Development Company Limited, (Mauritius)
	Aavishkaar Goodwell India Microfinance Development Company II Limited, (Mauritius)
	Lok Capital LLC (Lok I)
	Lok Capital II LLC (Lok II)
	International Finance Corporation (IFC)
	DWM (International) Mauritius Ltd.
Key management personnel	Mr. R. Baskar Babu, Executive Director [ED] and Chief Executive Officer [CEO]
	Mrs. Priya Vishwanathan, Company Secretary [CS]
	Mr. Sanjay Tiwari, Chief Financial Officer [CFO]
Relatives of key management personnel	Mrs. Shilpa Bhaskar Babu (Wife of Mr. R. Baskar Babu)

Suryoday Micro Finance Private Limited

Notes to the Financial statements for the year ended March 31, 2015

(All amounts are in Indian Rupees in lacs unless otherwise stated)

Related party transactions

Particulars	Enterprises having significant influence over the Company		Subsidiaries / Associates		Key management personnel		Total
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014	
Issue of equity shares	966	-	-	-	464	966	464
Mr. R. Baskar Babu, ED and CEO	-	-	-	-	-	-	-
Mr. Surendra Pai	18	-	-	-	464	18	464
Avishkaar Goodwell India Microfinance Development Company II Limited, (Mauritius)	143	-	-	-	-	143	-
Lok Capital II LLC (Lok II)	143	-	-	-	-	143	-
International Finance Corp (IFC)	333	-	-	-	-	333	-
DWM (International) Mauritius Ltd.	328	-	-	-	-	328	-
Remuneration	-	-	-	-	106	145	145
Mr. R. Baskar Babu, ED and CEO	-	-	-	-	77	52	52
Mr. V.L. Ramakrishnan, Director (resigned on December 31, 2013)	-	-	-	-	-	35	35
Mr. Ganesh Rao, Director (resigned on December 31, 2013)	-	-	-	-	-	38	38
Mrs. Priya Vishwanathan, CS	-	-	-	-	11	3	3
Mr. Sanjay Tiwari, CFO	-	-	-	-	19	17	17
Loan given	-	-	-	250	-	-	250
Indian Association for Savings and Credit (Refer note 33)	-	-	-	250	-	-	250



Suryoday Micro Finance Private Limited

Notes to the Financial statements for the year ended March 31, 2015

(All amounts are in Indian Rupees in lacs unless otherwise stated)

Particulars	Enterprises having significant influence over the Company		Subsidiaries / Associates		Key management personnel		Total
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014	
Non-Convertible Debentures Issued	3,500	-	-	-	-	-	3,500
International Finance Corporation	3,500	-	-	-	-	-	3,500
Interest income received	-	-	-	32	-	5	37
Indian Association for Savings and Credit	-	-	-	32	-	-	32
Mr. R. Baskar Babu, ED and CEO	-	-	-	-	-	2	2
Mr. V.L. Ramkrishnan, Director	-	-	-	-	-	1	1
Mr. Ganesh Rao, Director	-	-	-	-	-	2	2
Interest expenses	331	-	-	-	-	-	331
International Finance Corporation	331	-	-	-	-	-	331
Professional fees paid	5	-	-	-	-	-	5
International Finance Corporation	5	-	-	-	-	-	5
Grant received	25	-	-	-	-	-	25
International Finance Corporation	25	-	-	-	-	-	25
Balance outstanding:	3,661	-	-	133	-	-	3,661
Indian Association for Savings and Credit (Refer note 33)	-	-	-	133	-	-	133
International Finance Corporation (payable)	3,661	-	-	-	-	-	3,661
Assets sold to the director	-	-	-	-	-	2	2
Mr. Ganesh Rao	-	-	-	-	-	1	1
Mr. V.L. Ramkrishnan	-	-	-	-	-	1	1



Suryoday Micro Finance Private Limited

Notes to the Financial statements for the year ended March 31, 2015

(All amounts are in Indian Rupees in lacs unless otherwise stated)

28. Employment benefits – Gratuity

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on cessation of employment at 15 days salary (last drawn salary) for each completed year of service, subject to a maximum of Rs. 1,000,000. The scheme is funded with Life Insurance Corporation Of India. The following tables summarise the components of net benefit expense recognised in the profit and loss account and the funded status and amounts recognised in the balance sheet.

Statement of Profit and Loss

Net employee benefit expense (recognised in Profit and Loss statement)

	March 31, 2015	March 31, 2014
Current service cost	28	13
Interest cost on benefit obligation	4	2
Expected return on plan assets	(3)	(2)
Net actuarial loss recognized in the year	17	10
Net (benefit) / expense	0	22
Actual Return on Plan Asset*	2	2
* Represents expected returns determined by the actuary		

Balance sheet

Details of Provisions for Gratuity

Present value of the obligation and the fair value of plan assets:

	March 31, 2015	March 31, 2014
Present value of obligation as at the end of the year	88	45
Fair value of plan assets as at the end of the year	47	36
Net liability recognized in balance sheet	41	9

Changes in the present value of the defined benefit obligation are as follows:

	March 31, 2015	March 31, 2014
Opening defined benefit obligation	45	21
Interest cost	4	2
Current service cost	28	13
Benefits paid	(5)	-
Actuarial loss/(gain) on obligation	16	9
Closing defined benefit obligation	88	45



Suryoday Micro Finance Private Limited

Notes to the Financial statements for the year ended March 31, 2015

(All amounts are in Indian Rupees in lacs unless otherwise stated)

Changes in the fair value of plan assets are as follows:

	March 31, 2015	March 31, 2014
Opening fair value of plan assets	36	20
Expected return on plan assets	3	2
Contributions by employer	15	14
Benefits paid	(5)	-
Actuarial gain/(loss) on plan assets	(2)	(0)
Fair value of plan assets at end of year	47	36
Estimated employer contributions for the next year	20	10
Actual return on plan assets	2	2

The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

	March 31, 2015 %	March 31, 2014 %
Discount rate	7.80%	8.70%
Expected rate of return on assets	9.00%	9.00%
Employee turnover	25.00%	30.00%
Salary growth rate	7.50%	7.50%
Mortality Rate	IALM 2006-08 Ult.	IALM 2006-08 Ult.
Expected average remaining working lives of employees	3 years	2 years

Percentage break-down of total plan assets

	March 31, 2015	March 31, 2014
Insurer Managed Funds non unit-linked	100%	100%

Experience Adjustments	March 31, 2015	March 31, 2014
Present Value of DBO	88	45
Fair Valuation of Plan Assets	47	36
Funded Status [Surplus/(Deficit)]	(41)	(9)
Experience adjustment on plan liabilities : (Gain) / Loss	8	4
Experience adjustment on plan Assets : Gain / (Loss)	(2)	(0)



Suryoday Micro Finance Private Limited

Notes to the Financial statements for the year ended March 31, 2015

(All amounts are in Indian Rupees in lacs unless otherwise stated)

There are no experience adjustments for the years ended March 31, 2010, March 31, 2009 and March 31, 2008.

The fund is administered by Life Insurance Corporation of India ("LIC"). The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

As the contribution expected to be paid to the plan during the annual period beginning after the balance sheet date is based on various internal/external factors, a best estimate of the contribution is not determinable.

The plan assets of the gratuity trust are managed through "new gratuity cash accumulation plan" scheme of Life Insurance Corporation of India

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled. There has been significant change in expected rate of return on assets due to change in the market scenario.

29. Commitments and Contingencies

Contingent liabilities

	March 31, 2015	March 31, 2014
The Company is contingently liable to banks / financial institutions with respect to assignment / securitisation of loans and advances to the extent of cash collateral deposits	540	657

30. Lease Disclosures

Operating Lease :

The Company has entered into commercial lease for vehicles. There are no restriction placed upon the Company by entering into these leases.

Particulars	March 31, 2015	March 31, 2014
Not less than one year	17	14
Later than one year but not later than five years	11	19
Later than five years	-	-



Suryoday Micro Finance Private Limited

Notes to the Financial statements for the year ended March 31, 2015

(All amounts are in Indian Rupees in lacs unless otherwise stated)

31. Additional disclosures as required by circular no DNBS (PD).CC.No.125/03.05.002/2008-2009 dated August 1, 2008 issued by the Reserve Bank of India:

a) Capital to Risk Assets Ratio

Particulars	March 31, 2015	March 31, 2014
CRAR (%)	25.86%	27.64%
CRAR - Tier I Capital (%)	21.45%	26.72%
CRAR - Tier II Capital (%)	4.41%	0.92%

b) Disclosures relating to Securitisation

Sr. No.	Particulars	March 31, 2015	March 31, 2014
1	No of SPVs sponsored by the NBFC for securitisation transactions	4	8
2	Total amount of securitised assets as per books of the SPVs sponsored by the NBFC	36,253,042	5,433
3	Total amount of exposures retained by the NBFC to comply with MRR as on the date of balance sheet		
	a) Off-balance sheet exposures		
	* First loss	-	-
	* Others	-	-
	b) On-balance sheet exposures		
	* First loss (In the form of Security deposit)	-	0.4
	* Others	-	-
4	Amount of exposures to securitisation transactions other than MRR		
	a) Off-balance sheet exposures		
	i) Exposure to own securitisations		
	* First loss	-	-
	* loss	-	-
	ii) Exposure to third party securitizations		
	* First loss	-	-
	* Others	-	-



Suryoday Micro Finance Private Limited

Notes to the Financial statements for the year ended March 31, 2015

(All amounts are in Indian Rupees in lacs unless otherwise stated)

Sr. No.	Particulars	March 31, 2015	March 31, 2014
	b) On-balance sheet exposures		
	i) Exposure to own securitisations		
	* First loss	-	-
	* Others	-	-
	ii) Exposure to third party securitizations		
	* First loss	-	-
	* Others	-	-

c) Details of Financial Assets sold to Securitisation Company

Particulars	March 31, 2015	March 31, 2014
Total number of receivables securitised / assigned	35,043	47,222
Aggregate Value (Net of Provision of accounts sold to SC/RC)	4,252	5,433
Aggregate Consideration	4,567	5,907
Aggregate gain / loss over Net book Value	315	474

d) Details of Assignment transactions undertaken by NBFCs

Particulars	March 31, 2015	March 31, 2014
Total number of receivables securitised / assigned	14,881	-
Aggregate Value (Net of Provision of accounts sold to SC/RC)	1,500	-
Aggregate Consideration	1,500	-



Suryoday Micro Finance Private Limited

Notes to the Financial statements for the year ended March 31, 2015

(All amounts are in Indian Rupees in lacs unless otherwise stated)

e) Asset liability management

Maturity pattern of certain items of assets and liabilities as at March 31, 2015

	Upto 1 month	1 to 2 months	2 to 3 months	3 to 6 Months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Liabilities									
Borrowings from banks	1,942	934	1,994	5,339	9,387	8,641	-	-	28,237
Borrowings from other financial institutions and issuance of Non-convertible debentures (NCDs)*	793	1,086	1,123	2,581	8,749	11,267	3,500	2,000	31,100
Total									59,337
Assets									
Loans and advances**	46	4,822	4,816	13,915	17,703	7,280	-	-	48,582
Investments	-	-	45	-	-	-	-	-	45
Total									48,627

Maturity pattern of certain items of assets and liabilities as at March 31, 2014

	Upto 1 month	1 to 2 months	2 to 3 months	3 to 6 Months	6 months to 1 year	1 to 3 years	3 to 5 years	Over 5 years	Total
Liabilities									
Borrowings from banks	608	518	1,288	2,775	5,410	7,052	-	-	17,650
Borrowings from other financial institutions and issuance of Non-convertible debentures (NCDs)*	712	924	872	2,383	3,604	3,485	-	-	11,980
Total									29,630
Assets									
Loans and advances**	1,822	1,861	1,889	5,728	9,836	7,999	-	-	29,135
Investments	-	-	-	45	45	46	-	-	136
Total									29,270

* Cash flows from NCDs are considered over tenor or exercise period of call/ put option, whichever is earlier. ** Includes non-performing advances



Suryoday Micro Finance Private Limited

Notes to the Financial statements for the year ended March 31, 2015

(All amounts are in Indian Rupees in lacs unless otherwise stated)

f) **Exposure to Real Estate Sector**

The Company does not have any direct or indirect exposure towards real estate sector.

g) **Exposure to Capital Markets**

The Company does not have any direct or indirect exposure towards Capital Markets.

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

ICRA has assigned the Rating BBB (stable) to Company

i) **Penalties imposed by RBI and other regulators**

No penalties have been imposed by RBI and other regulators (March 31, 2014 - Nil)

j) **Break up of 'Provisions and Contingencies' shown under the head 'Expenditure' in Statement of profit and loss account**

Particulars	March 31, 2015	March 31, 2014
Provision towards NPA	51	11
Provision made towards Income tax	864	406
Provision for Standard Assets	188	151

k) **Sector-wise NPAs**

The Company has only one Sector i.e 'Unsecured personal loans' and the percentage of NPAs to total advances in that sector is 0.13%.

l) **Information on net interest margin during the year:**

Particulars	March 31, 2015	March 31, 2014
Average Interest (a)	25.22%	26.05%
Average effective cost of borrowing (b)	15.27%	15.67%
Net interest margin (a-b)	9.95%	10.38%

The above averages are calculated based on average monthly balances of outstanding borrowings and loan portfolio.



Suryoday Micro Finance Private Limited

Notes to the Financial statements for the year ended March 31, 2015

(All amounts are in Indian Rupees in lacs unless otherwise stated)

m) Movement in non-performing assets (NPAs)

Particulars	March 31, 2015	March 31, 2014
(i) Net NPAs to Net Advances (%)	0.03%	0.01%
(ii) Movement of NPAs (Gross)		
(a) Opening balance	15.13	2.12
(b) Additions during the year	52.34	13.00
(c) Reductions during the year	-	-
(d) Closing balance	67.47	15.13
(iii) Movement of Net NPAs		
(a) Opening balance	3.81	1.06
(b) Additions during the year	12.89	2.74
(c) Reductions during the year	-	-
(d) Closing balance	16.70	3.81
(iv) Movement of provisions for NPAs (excluding provision on standard assets)		
(a) Opening balance	11.32	1.06
(b) Additions during the year	39.45	10.26
(c) Write off/ write back of excess provision	-	-
(d) Closing balance	50.77	11.32

n) Customer complaints

Particulars	March 31, 2015
(a) No. of complaints pending at the beginning of the year	-
(b) No. of complaints received during the year	7
(c) No. of complaints redressed during the year	7
(d) No. of complaints pending at the end of the year	-

Note: The above figures are based on complaints received from customers for identified service deficiencies. Since the above disclosure is applicable from the current year, no comparative numbers have been provided.



Suryoday Micro Finance Private Limited

Notes to the Financial statements for the year ended March 31, 2015

(All amounts are in Indian Rupees in lacs unless otherwise stated)

32. Loans and Advances classification and provision for non-performing assets

Microfinance Loan

Particulars	Gross Loan Outstanding		Provision For Assets		Net Loan Outstanding	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Unsecured Loans						
A) Loan						
Standard assets	52,966	29,119	480	280	52,486	28,839
Sub standard assets & doubtful assets	33	8	17	4	17	4
Loss assets	34	8	34	8	-	-
Total	53,033	29,134	530	291	52,503	28,842

Other retail loan

Particulars	Gross Loan Outstanding		Provision For Assets		Net Loan Outstanding	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Standard assets	133	-	0.3	-	132	-

33. Divestment in IASC

The Company acquired the full shareholding in IASC from HDFC Limited and Centre for Community Development Services [CCDS] on September 26, 2012 for a total consideration of Rs 21.4 million.

Pursuant to share purchase agreement the company is entitled to be indemnified from CCDS for any additional losses and the same is to be adjusted against the purchase consideration. Accordingly, during the year ended 31 March, 2014 the company has adjusted losses amounting to Rs. 3.35 million against the purchase consideration payable and reduced the value of investment to 18.05 million.

Due to the non-strategic alignment of business between IASC and the Company and the challenges of sustainability of IASC without scaling up the Bank Linkage Model and Section 25 Constitution the company decided to divest investment in IASC. The same has been recorded in the board meeting held on December 12, 2013.

Pursuant to share purchase agreement dated January 20, 2014, between the Company and New Opportunity Consultancy Pvt Ltd, the Company agreed to divest it's 100% stake in Indian Association for Savings and Credit (IASC) for a total consideration of Rs. 18.05 million on a staggered basis. Consequently, the Company sold 51% of share in IASC to New Opportunity Consultancy Pvt. Limited on 16 January 2014. Subsequently, the company transferred remaining 49% stake in April 2015 on receipt of last installment.



Suryoday Micro Finance Private Limited

Notes to the Financial statements for the year ended March 31, 2015

(All amounts are in Indian Rupees in lacs unless otherwise stated)

34. Employees Stock Option Scheme

The Company has provided various share-based payment schemes under the same plan. During the year the Company issued 521,500 shares under the Employee Stock Option Scheme scheme 2014. As on March 31, 2015 the schemes in operation were Employee stock option scheme 2010 and Employee stock option scheme 2014 the details of which are as under:

The details of the Employee Stock Option Scheme 2010 are as under:

Particulars	Employee stock option scheme 2010	Employee stock option scheme 2014
Grant Date	June 10, 2010	June 26, 2014
Number of Options granted	3,96,000	5,21,500
Method of Settlement	Equity	Equity
Vesting	40% after one year from the date of grant i.e. July 1, 2011; 30% after two years from the date of grant i.e. July 1, 2012; and balance 30% after three years from the date of grant i.e. July 1, 2013	40% after one year from the date of grant i.e. July 1, 2015; 30% after two years from the date of grant i.e. July 1, 2016; and balance 30% after three years from the date of grant i.e. July 1, 2017
Exercisable period	3 years from the vesting date	3 years from the Vesting date
Vesting Conditions	No vesting conditions has been prescribed	No vesting conditions has been prescribed
Exercise Price Per Option (Rs)	Rs. 10/-	Rs. 36/-



Suryoday Micro Finance Private Limited

Notes to the Financial statements for the year ended March 31, 2015

(All amounts are in Indian Rupees in lacs unless otherwise stated)

The following are the outstanding options as at year end:

Particulars	Employee stock option scheme 2010		Employee stock option scheme 2014	
	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
Total Options granted and outstanding at the beginning of the year	346,000	351,000	-	-
Add: Options granted during the year	-	-	521,500	-
Less: Options forfeited / lapsed during the year	(3,000)	(5,000)	-	-
Less : Options exercised during the year	177,700	-	-	-
Options Outstanding as at end of the year	165,300	346,000	521,500	-
Vested	165,300	346,000	-	-
Yet to Vest	-	-	521,500	-

The value of options have been estimated on the date of the grant using Black-Scholes model.

The key assumptions used in Black Scholes model for calculating value of options as on the date of the grant are:

Variables	Tranche 1		Tranche 2		Tranche 3	
	Employee stock option scheme 2010	Employee stock option scheme 2014	Employee stock option scheme 2010	Employee stock option scheme 2014	Employee stock option scheme 2010	Employee stock option scheme 2010
1. Risk Free Interest Rate	8.75%	8.65%	8.75%	8.65%	8.75%	8.65%
2. Expected Life (in years)	2.56	2.56	3.56	3.56	4.56	4.56
3. Expected Volatility	0.4	0.38	0.38	0.39	0.42	0.37
4. Dividend Yield	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
5. Fair value of the option on the grant date (Rs.)	7.56	18.99	8.24	21.91	9.12	23.80



Suryoday Micro Finance Private Limited

Notes to the Financial statements for the year ended March 31, 2015

(All amounts are in Indian Rupees in lacs unless otherwise stated)

Effect of the share based payment plans on the statement of profit and loss and on its financial position:

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
Employee stock option expenditure	45	3

Particulars	As at March 31, 2015	As at March 31, 2014
Employee stock options outstanding	61	29

35. Expenditure in foreign currency

	March 31, 2015	March 31, 2014
Professional Fees paid to International Finance Corporation (IFC)	5 (USD 7,800)	Nil

36. Earnings in Foreign currency

	March 31, 2015	March 31, 2014
Grant received from IFC	25 (USD 40,000)	Nil

37. Grant from International Finance Corporation

During the year, IFC, under its "Performance Based Grant Initiative for Access to Finance" programme, has sanctioned a grant of upto USD 200,000 to the Company vide agreement (Grant Agreement) dated June 27, 2014 entered into with the Company. IFC has agreed to provide the sanctioned grant amount over a period of 30 months in four tranches on achievement of specified performance targets as laid down in the grant agreement. Accordingly, during the year, the Company has received first tranche of grant of USD 40,000 (Rs. 25 lacs) and is accounted as income under the head 'Other Income'.



Suryoday Micro Finance Private Limited

Notes to the Financial statements for the year ended March 31, 2015

(All amounts are in Indian Rupees in lacs unless otherwise stated)

38. Corporate Social Responsibility (CSR)

(a) Gross amount required to be spent by the company during the year ended March 31, 2015 is Rs. 11 lacs under section 135 of the Companies Act, 2013.

(b) Amount spent during the year on:

Particulars	in Cash	Yet to be paid in cash	Total
i) Construction /acquisition of asset	-	-	-
ii) on purpose other than (i) above			
Promoting preventive healthcare	29	-	29
Enhancing vocational skills of women	2	-	2
Total	31	-	31

(c) Break-up of amount spent on CSR activities

Particulars	Included in expense head	Amount
Cost of employees engaged for social activities	Employee benefit expenses (Schedule 23)	24
Other social initiative expenditure	Miscellaneous expenses (Schedule 25)	7
Total		31

39. Disclosure under clause 16 of the Listing agreement for Debt securities

Privately placed redeemable non-convertible secured debentures are secured against hypothecation of pool of loans with a security cover of 1 to 1.5 times of the outstanding of respective debentures.

40. Disclosure under clause 28 of the Listing agreement for Debt securities

Particulars	Amounts outstanding at the year end	Maximum amount outstanding during the year
1. Loans and advances in the nature of loans to subsidiaries	Nil	Nil
2. Loans and advances in the nature of loans to associates	Nil	Nil
3. Loans and advances in the nature of loans where there is	Nil	Nil
- no repayment schedule or repayment beyond seven years or	Nil	Nil
- no interest or interest below section 186 of the Companies Act, 2013	Nil	Nil
4. Loans and advances in the nature of loans to firms/companies in which directors are interested.	Nil	Nil



Suryoday Micro Finance Private Limited

Notes to the Financial statements for the year ended March 31, 2015

(All amounts are in Indian Rupees in lacs unless otherwise stated)

41. Comparatives

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

As per our report of even date

For B S R & Co. LLP
Chartered Accountants
ICAI Firm's registration number:
101248W/W-100022

Manoj Kumar Vijai
Partner
Membership no. 046882

Place: Mumbai
Date: May 18, 2015

For and on behalf of the Board of Directors
Suryoday Micro Finance Private Limited

R. Baskar Babu
Executive Director and
Chief Executive Officer

Priya Vishwanathan
Company Secretary

Place: Mumbai
Date: May 18, 2015

Sheela Bhide
Independent Director

Sanjay Tiwari
Chief Financial Officer



NOTES

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Suryoday

Enabling Dreams. Empowering Lives.

Suryoday Micro Finance Limited
(Formerly Suryoday Micro Finance Private Limited)

Registered and Corporate Office:
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CBD Belapur, Navi Mumbai - 400 614