

**ANNUAL REPORT
2014-2015**



Momentous FY15

NBFC-MFI with lowest interest rate of 22% p.a.

Second full year of profit post turnaround

QIP oversubscribed

Credit rating upgraded

India's 'Best Companies to Work for'

'MFI of the Year' Award

The Smart Campaign - CPP certification

SKS Smart, Smart TAB launched



Contents

Board of Directors	2
Directors' Report	3
Management Discussion and Analysis	40
Report on Corporate Governance	53
Independent Auditors' Report	66
Financial Statements	70

Notes related to highlights mentioned on the Cover Page:

- *SKS Microfinance Limited (the "Company") charges the lowest interest rate among NBFC-MFIs on its core Income Generating Loans with two interest rate reductions -- 1% in October 2014 and 1.55% in July 2015.*
- *The Company has been awarded a grading of 'MFI 1' or 'MFI One' as an MFI -- the highest obtainable grading. The Company has also obtained bank debt rating for funding exposure of Rs. 3,300 crore which was upgraded during the year as 'A1+' (for its short-term facilities) and 'A+' (for its long-term facilities). More details in the Annual Report.*
- *The Company is among India's 'Best Companies to Work for', according to a study conducted by The Economic Times and Great Place to Work® Institute.*
- *The Company has been awarded 'Microfinance Organization of the Year (Large)' award at the Microfinance India Awards 2014, instituted by ACCESS Development Services, an organization set up with support from DFID (the United Kingdom Government as a legacy institution) and ACCESS ASSIST along with HSBC India.*
- *The Company has been awarded The Smart Campaign Client Protection Certification. The Smart Campaign has been co-founded by CGAP at The World Bank.*
- *The Company has upgraded its lending management software with the launch of SKS Smart. The Company has also launched its Smart TAB project, enabling the Company's loan officers to carry out all their activities on Tablets.*

Board of Directors



P. H. Ravikumar
Non-Executive Chairman
and Independent Director



M. R. Rao
Managing Director and
CEO



S. Balachandran
Independent Director



Geoffrey Tanner Woolley
Independent Director



P. Krishnamurthy
Nominee Director - SIDBI



Paresh Patel
Non-Independent and
Non-Executive Director



Punita Kumar-Sinha
Additional and
Independent Director



Sumir Chadha
Non-Independent and
Non-Executive Director



Tarun Khanna
Independent Director

DIRECTORS' REPORT

Dear Members,

Your Board of Directors (the "Board") takes pleasure in presenting the Twelfth Annual Report of SKS Microfinance Limited (the "Company") together with the audited financial statements for the year ended March 31, 2015.

FINANCIAL HIGHLIGHTS

The financial performance of the Company for the year ended March 31, 2015 is summarized below:

Year ended March 31	2015 (Rs. in crore)	2014 (Rs. in crore)	Change (%)
Total revenue	803.1	544.8	47.4
Less: Total expenditure	609.5	475.0	28.3
Profit (Loss) Before Tax	193.6	69.9	177.1
Profit (Loss) After Tax	187.7	69.9	168.7
Earnings Per Share (EPS)	15.2	6.5	136.0
Diluted EPS	15.0	6.4	133.6

- The Company has posted a profit after tax (PAT) of Rs. 187.7 crore for FY15 as compared to a PAT of Rs. 69.9 crore for FY14. A sum of Rs. 37.5 crore is proposed to be transferred to statutory reserve as against Rs. 14 crore for FY14. Consequently, the deficit in the P&L Account to be carried forward has reduced to Rs. 1,143.1 crore as against Rs. 1,292.6 crore for FY14.
- ROA (including managed loans and securitized loans) and ROE for FY15 were 4.3% and 21.6%, respectively.

OPERATIONAL HIGHLIGHTS

Year ended March 31	2015	2014	Change (%)
Number of branches	1,268	1,255	1.0
Number of Members (in lakh)	64.0	57.8	10.7
Number of employees	9,698	8,932	8.6
Amount disbursed (Rs. in crore)	6,890.8	4,787.6	43.9
Gross loan portfolio (Rs. in crore)	4,184.5	3,112.8	34.4
Gross loan portfolio outside Andhra Pradesh and Telangana (Rs. in crore)	4,171.2	2,836.8	47.0

RESOURCE MOBILIZATION

During the year under review, the Company has diversified its sources of funds and raised a sum of Rs. 5,019.9 crore by way of short-term and long-term loans, commercial papers as also non-convertible debentures ("NCDs"), which was 43.3% higher as compared to Rs. 3,503.1 crore raised during FY14 and 21.9% higher as compared to Rs. 2,874.7 crore during FY13.

The Company has successfully completed fund raising through a Qualified Institutional Placement ("QIP") by way of issue of 17,670,534 equity shares in May 2014, resulting in a capital infusion of Rs. 397.6 crore. The QIP was oversubscribed multiple times. The net worth of the Company as on March 31, 2015 was Rs. 1,046.5 crore and capital adequacy as on March 31, 2015 was 31.7%, well in excess of the mandated 15%. This has enhanced the credit quality of the Company's debt instruments and helped it in obtaining competitive pricing. In addition to the aforesaid QIP, the Company also issued 408,997 equity shares consequent to the exercise of stock options by the employees under the Company's various employee stock option plans.

The Company's cost of borrowings reduced to 12.8% in FY15 as compared to 13.6% for FY14. This reduction was mainly driven by a sustained turnaround, capital raise, rating upgrade and diversification of sources of funding. Therefore, in line with the Company's policy of passing on the cost advantages accruing from economies of scale, operational efficiency and reduction in the cost of borrowing to its Borrowers, the Company reduced the rate of interest by 1% in October 2014 and again by 1.55% in July 2015.

With the aforesaid reduction, the rate of interest charged by the Company is the lowest rate among Non-Banking Financial Company - Micro Finance Institutions ("NBFC-MFIs") on its core Income Generating Loans ("IGL").

In addition to the listing of equity shares, the NCDs issued by the Company are listed on the wholesale debt segment of BSE Limited.

BUSINESS OVERVIEW

During FY15, the Company's total revenue and PAT were Rs. 803.1 crore and Rs. 187.7 crore respectively. As of March 31, 2015, the Company had 64 lakh Members (44.8 lakh Members in states other than Andhra Pradesh and Telangana), including 53.3 lakh Borrowers (36.5 lakh Borrowers in states other than Andhra Pradesh and Telangana) spread across 1,268 branches (1,135 branches in states other than Andhra Pradesh and Telangana) in India, with a gross loan portfolio of Rs. 4,184.5 crore (Rs. 4,171.2 crore in states other than Andhra Pradesh and Telangana).

Please refer Management Discussion and Analysis Report for more information on the Company's Business Overview.

SMALL FINANCE BANKING LICENCE

On November 27, 2014, the Reserve Bank of India ("RBI") issued final guidelines for licensing of Small Finance Banks in the private sector to promote financial inclusion through high technology-low cost operations.

The Company has submitted an application to the RBI for the grant of a licence to set up/ operate as a Small Finance Bank.

DIVIDEND

In order to conserve resources and according to the provisions of the Companies Act, 2013 ("CA 2013"), the Directors have not recommended any dividend for the year under review.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Changes in the composition of the Board of Directors

The Board, based on the recommendation of the Nomination and Remuneration Committee ("NRC"), appointed Dr. Punita Kumar-Sinha as an Additional and Independent Director of the Company with effect from March 23, 2015.

A proposal to appoint Dr. Kumar-Sinha as an Independent Director of the Company for a period of five (5) years with effect from March 23, 2015, is being included in the notice of the Twelfth Annual General Meeting (AGM) to seek your approval.

Directors Retiring by Rotation

In terms of Section 152 of the CA 2013, Mr. Paresh Patel is due to retire by rotation at the ensuing AGM and, being eligible, has offered himself for re-appointment.

Declaration of Independence

The Company has received declarations from all Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under Section 149(6) of the CA 2013 and Clause 49 of the Equity Listing Agreement.

Key Managerial Personnel

Mr. M. R. Rao, Managing Director and CEO; Mr. S. Dilli Raj, President; Mr. K. V. Rao, Chief Operating Officer; Mr. Ashish Damani, Chief Financial Officer and Mr. Rajendra Patil, Company Secretary of the Company are the Key Managerial Personnel ("KMP") of the Company.

Effective May 2, 2014, the Board has appointed Mr. Rajendra Patil as the Company Secretary and designated Mr. Sudershan Pallap as the Deputy Company Secretary, who was earlier associated with the Company as its Company Secretary. Other KMP, as mentioned above, were already in office prior to the year under review.

None of the KMP has resigned during the year under review.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 134(3)(c) of the CA 2013 with respect to the Directors' Responsibility Statement, it is hereby confirmed that:

1. in the preparation of the accounts for the year ended March 31, 2015, the applicable accounting standards have been followed and there are no material departures from the same;
2. the Directors had selected such accounting policies and applied them consistently, and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2015 and of the profit of the Company for the year under review;

3. the Directors took proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the CA 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. the Directors prepared annual accounts of the Company on a 'going concern' basis;
5. the Directors laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and are operating effectively; and
6. the Directors devised proper systems to ensure compliance with the provision of all applicable laws, and that such systems are adequate and operating effectively.

POLICY FOR SELECTION AND APPOINTMENT OF DIRECTORS AND REMUNERATION POLICY

In compliance with the provisions of the CA 2013 and the revised Clause 49 of the Equity Listing Agreement, the Board has, on the recommendation of the NRC, approved the Policy for Selection and Appointment of Directors.

The aforesaid Policy provides a framework to ensure that suitable and efficient succession plans are in place for appointment of Directors on the Board so as to maintain an appropriate balance of skills and experience within the Board. The Policy also provides for a selection criteria for appointment of Directors, viz., educational and professional background, general understanding of the Company's business dynamics, global business and social perspective, personal achievements and Board diversity. In addition, the policy also contains principles relating to remuneration payable to Directors.

AUDITORS

(a) Statutory Auditors

At the Eleventh AGM held on September 29, 2014, the Members approved the appointment of M/s. S. R. Batliboi & Co. LLP, Chartered Accountants as statutory auditors for a period of three (3) years commencing from the Eleventh AGM till the conclusion of the Fourteenth AGM subject to ratification by Members every year. As recommended by the Audit Committee, the appointment of M/s. S. R. Batliboi & Co. LLP, Chartered Accountants as statutory auditors of the Company until the conclusion of the Thirteenth AGM is placed for ratification at the ensuing AGM.

Response of the Board to the Auditors' Comments

The Report of the statutory auditor of the Company, dated May 4, 2015 for the audit conducted by them for FY15 is being circulated to Members along with the financial statements. There are no qualifications/ reservations in the said report, except the comments in respect of which the Board would like to place on record its explanation against each of the comments, as detailed in **Annexure - I to the Directors' Report**.

(b) Secretarial Auditors and Secretarial Audit Report

Pursuant to Section 204 of the CA 2013, the Company had appointed M/s. BS & Company, Company Secretaries LLP, as its secretarial auditors to conduct the secretarial audit of the Company for FY15. The Report of secretarial auditor for FY15 is annexed herewith as **Annexure - II to the Directors' Report**. There are no qualifications, reservations or adverse remarks made by the secretarial auditors in their report.

PARTICULARS OF LOANS OR GUARANTEES OR INVESTMENTS

Pursuant to the clarification dated February 13, 2015 issued by the Ministry of Corporate Affairs, provisions of Sections 186(11) and 134(3)(g) of the CA 2013 requiring disclosure of particulars of the loans given, investments made or guarantees given or securities provided is not applicable to the Company.

RELATED PARTY TRANSACTIONS

All transactions entered into with Related Parties as defined under the CA 2013 and Clause 49 of the Equity Listing Agreement during the year under review were in the ordinary course of business and at an arm's length pricing basis and do not attract the provisions of Section 188 of the CA 2013. The details of the transactions with related parties, if any, are placed before the Audit Committee from time to time.

Details of the related party transactions, which are exempted according to a proviso to Section 188 of the CA 2013, during FY15 are disclosed in Note 28 of the financial statements.

The policy on Related Party Transactions, as approved by the Board, is displayed on the website of the Company at <http://www.sksindia.com/downloads/SKS-Related%20Party%20Transaction%20Policy-Version%201-October%202014.pdf>.

MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There are no material changes and commitments affecting the financial position of the Company, which occurred between the end of the financial year of the Company i.e. March 31, 2015 and the date of the Directors' Report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The provisions of Section 134(3)(m) of the CA 2013 relating to conservation of energy and technology absorption do not apply to the Company. The Company has, however, used information technology extensively in its operations.

During the year under review, the Company's earning and outgo in foreign exchange were Nil and Rs. 1.96 crore respectively.

RISK MANAGEMENT POLICY

The Board has adopted the Risk Management Policy based on the recommendation of the Risk Management Committee in order to assess, monitor and manage risk throughout the Company.

Risk is an integral part of the Company's business, and sound risk management is critical to the success of the organization.

Detailed information on risk management is provided in the Management Discussion and Analysis Report.

CORPORATE SOCIAL RESPONSIBILITY ("CSR")

In compliance with Section 135 of the CA 2013 read with the Companies (Corporate Social Responsibility Policy) Rules 2014, the Company has established the Corporate Social Responsibility Committee ("CSR Committee").

The Board adopted the CSR Policy, formulated and recommended by the CSR Committee, and the same is available on the Company's website.

In light of the CSR Policy, the Company has been pursuing two (2) CSR Projects, viz., 'Jagruti Se Unnati' and 'Drishti' in the states of Jharkhand, Maharashtra and Odisha.

Jagruti Se Unnati is an awareness programme through which the Company has tried to build awareness about various Central and State Government benefit schemes, amongst people in the villages of Maharashtra.

Drishti is a programme through which the Company has sponsored HelpAge India to organize eye camps to identify cataract affected people and conduct free cataract surgeries in the states of Jharkhand and Odisha.

The disclosure of the contents of the CSR policy pursuant to Section 134(3)(o) of CA 2013 and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014, is annexed herewith as **Annexure - III to the Directors' Report**.

DEPOSITS

During the year under review, the Company has not accepted any deposit from the public.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS, COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY OPERATIONS IN FUTURE

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

INFORMATION REQUIRED UNDER SEXUAL HARASSMENT OF WOMEN AT THE WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013

The Company has a policy against sexual harassment and a formal process for dealing with complaints of harassment or discrimination. The Company seeks to ensure that all such complaints are resolved within the defined timelines. During FY15, the Company received three (3) complaints, and the same have been resolved. None of the cases was pending for more than 90 days, and the Company conducted 22 workshops/ awareness programmes on prevention of sexual harassment.

INTERNAL FINANCIAL CONTROLS

The Company has adequate internal controls and processes in place with respect to its operations, which provide reasonable assurance regarding the reliability of the preparation of financial statements and financial reporting as also functioning of other operations. These controls and processes are driven through various policies and procedures.

Detailed information on Internal Financial Controls is provided in the Management Discussion and Analysis Report.

VIGIL MECHANISM

The Company has adopted the Whistle-blower Policy, and details of the same are explained in the Corporate Governance Report. The Policy is also available on the Company's website.

PARTICULARS OF EMPLOYEES

The ratio of the remuneration of each Director to the median employee's remuneration and other details in terms of Section 197(12) of the CA 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, have been annexed herewith as **Annexure – IV to the Directors' Report**.

The statement containing particulars of employees as required under Section 197(12) of the CA 2013 read with Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided in a separate annexure forming part of the Directors' Report. In terms of Section 136 of the CA 2013, the Directors' Report and the Accounts are being sent to the Members excluding the aforesaid annexure and the same is open for inspection at the Registered Office of the Company. A copy of the statement may be obtained by the Members, by writing to the Company Secretary of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis Report for the year under review is presented elsewhere in this Annual Report.

CORPORATE GOVERNANCE

The Company has adopted best corporate practices, and is committed to conducting its business in accordance with the applicable laws, rules and regulations. The Company follows the highest standards of business ethics. A report on Corporate Governance is provided elsewhere in this Annual Report.

EMPLOYEE STOCK OPTION PLAN AND EMPLOYEE SHARE PURCHASE SCHEME

Stock options have been granted or shares have been issued under the following plans/ schemes:

- A. SKS Microfinance Employee Share Purchase Scheme 2007 ("ESPS 2007")
- B. SKS Microfinance Employee Stock Option Plan 2008 (Independent Directors) ("ESOP 2008 (ID)")
- C. SKS Microfinance Employee Stock Option Plan 2008 ("ESOP 2008")
- D. SKS Microfinance Employee Stock Option Plan 2009 ("ESOP 2009")
- E. SKS Microfinance Employee Stock Option Plan 2010 ("ESOP 2010")
- F. SKS Microfinance Employee Stock Option Plan 2011 ("ESOP 2011")

The disclosures with respect to each of the above-mentioned Employee Share Purchase Schemes ("ESPS") and Employee Stock Option Plans ("ESOP"), as required by the guidelines/ regulations issued by the Securities and Exchange Board of India, have been annexed as **Annexure - V to the Directors' Report**.

EXTRACT OF ANNUAL RETURN

Pursuant to Section 134(3)(a) and Section 92(3) of the CA 2013, read with Rule 12 of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return as at March 31, 2015 in form MGT 9 has been annexed as **Annexure - VI to the Directors' Report**.

ACKNOWLEDGEMENTS

Your Directors take this opportunity to express their deep and sincere gratitude to the Sangam Members for their confidence and patronage, as well as to the Reserve Bank of India, the Government of India and Regulatory Authorities for their cooperation, support and guidance. Your Directors would like to express a profound sense of appreciation for the commitment shown by the employees in supporting the Company in its endeavour of becoming one of the leading microfinance institutions of the country. Your Directors would also like to express their gratitude to the Members, Bankers and other stakeholders for their trust and support.

For and on behalf of the Board of Directors

August 18, 2015

Sd/-
P. H. Ravikumar
Non-Executive Chairman
DIN: 00280010

Sd/-
M. R. Rao
Managing Director and CEO
DIN: 03276291

Annexure - I to the Directors' Report

Auditors' Comments	Board's Response
<p>The Company's accumulated losses at the end of the financial year are more than fifty percent of its net worth. The Company has not incurred cash losses in the current and immediately preceding financial year.</p>	<p>For FY15, the Company had a net profit of Rs. 187.7 crore compared to a net profit of Rs. 69.9 crore for FY14 and a net loss of Rs. 297.1 crore and Rs. 1,360.6 crore for FY13 and FY12 respectively. The Company reported profits for 10 consecutive quarters and for two financial years FY14 and FY15. The Company obtained incremental drawdowns (including securitizations) of Rs. 5,019.9 crore during FY15, an increase of 43% compared to FY14. This aided higher disbursements and the Company registered a growth of 47% in states other than Andhra Pradesh and Telangana to Rs. 4,171.2 crore as of March 31, 2015. The Company had a net worth of Rs. 1,046.5 crore after adjusting the accumulated losses and its capital adequacy was 31.7% as of March 31, 2015.</p>
<p>During the year there were instances of misappropriation of cash and gold (pledged as collateral) by the employees of the Company aggregating to Rs. 2,014,725; loans given to non-existent borrowers on the basis of fictitious documentation created by the employees of the Company aggregating to Rs. 643,681; and misrepresentation by certain borrowers for obtaining loans aggregating to Rs.1,61,600. As informed, services of employees involved have been terminated and the Company is in the process of taking legal action against the employees and the borrowers. The outstanding balance (net of recovery) aggregating to Rs. 1,415,527 has been written off.</p>	<p>Fraud is an inherent risk in the financial services business as also in the business the Company operates in, since the transactions with Borrowers are cash-based.</p> <p>In case of misappropriation of cash and security, the Company has recovered an amount of Rs. 10.2 lakh including proceeds from insurance. Cash embezzlement was 0.003% of disbursement during FY15.</p> <p>To mitigate this risk to a large extent, the Company has put in place several preventive control measures as under:</p> <ul style="list-style-type: none"> - procuring indemnity bonds from every field staff, with the personal guarantee of a third person; - every bank transaction (deposit or withdrawal) is required to be executed by a minimum of two employees, comprising a bank signatory and a confirmed staff; - the strongbox at every branch is controlled by two keys, held by two different employees in the branch; - managerial staff conduct surprise visits at hours when employees are engaged in cash or bank transactions; and - minimizing the cash balances at various branches to the lowest level possible (cash in excess of Rs. 20,000 is required for next day disbursement). <p>The Company has instituted several other controls, such as:</p> <ul style="list-style-type: none"> - daily employee-wise reconciliation of cash balances by managerial employees at each branch; - frequent surprise visits by accountants and internal auditors, including verification of physical cash and bank balances; - centralized bank reconciliations performed twice a week; and - giving Members access to a toll-free help line in order to address their concerns for better control and services. <p>The Company has undertaken the following actions in cases pertaining to fraud:</p> <ul style="list-style-type: none"> - termination of service of all employees involved in cash embezzlements; - appropriate legal action pursued against errant employees; - recovering embezzled money from errant employees; and - fidelity insurance to minimize the losses against cash embezzlements. <p>In cases of loans given to non-existent or fictitious Borrowers, the Company has recovered an amount of Rs. 3.8 lakh, including proceeds from insurance. These cases constitute 0.001% of disbursement during FY15.</p>

	<p>The Company has set up various preventive measures and controls in the loan process to mitigate the risk of loans to non-existent borrowers or fictitious borrowers:</p> <ul style="list-style-type: none"> - loan applications are passed through a checker control system, wherein applications processed by a Sangam Manager are first checked by the Branch Credit Manager; - all loan application details are checked with the information available with Credit Bureaus prior to approval; - all the loans disbursed are passed through the Branch Manager for approval after Credit Bureau eligibility; - Branch Managers perform surprise visits to centres for monitoring on a daily basis; - in order to prevent collusion with local residents, Sangam Managers are deployed away from their home towns; - half-yearly employee rotation ensures that Sangam Managers manage different centres at the end of every six (6) months; - Sangam Managers are regularly transferred between branches with a span of 18-21 months; and - development of internal processes to restrict loan disbursements to inactive Members. <p>Further details of preventive measures and other controls are set out below:</p> <ul style="list-style-type: none"> - branch staff performs a Loan Utilization Check ("LUC") for every loan disbursed; and - the internal audit staff, on a test basis, verifies loan documents and performs random LUCs for loans disbursed. <p>The net impact of frauds is approximately 0.002% (as compared to 0.02% in the previous year) of the total amount disbursed by the Company during FY15. The Company is working towards further reducing this percentage by making process improvements, obtaining adequate insurance cover and by increasing engagement opportunities for direct contact with Members. During FY15, the Company has recovered an amount of Rs. 39.7 lakh against a fraud amount written off in previous years.</p>
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For and on behalf of the Board of Directors

August 18, 2015

**Sd/-
P. H. Ravikumar
Non-Executive Chairman
DIN: 00280010**

**Sd/-
M. R. Rao
Managing Director and CEO
DIN: 03276291**

Annexure – II to the Directors' Report

Form No. MR-3

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

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2015

To,
The Members,
SKS Microfinance Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **SKS Microfinance Limited** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

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

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on **31st March 2015** according to the provisions of:

- (i) The Companies Act, 2013 ("the Act") and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (vi) The industry specific, labour laws and other applicable to the Company as provided by the management of the Company.

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

- (i) Secretarial Standards (which are not yet enforced) issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with National Stock Exchange of India Ltd & BSE Ltd.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc.

We further report that

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

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

We further report that during the audit period the Company has:

1. Increased its Authorized Capital from Rs. 135 Crores to Rs. 155 Crores by adding 2 Crore equity shares of Rs.10/- each.
2. Passed Special Resolutions under
 - a. Section 180(1)(a) of the Act for approving the borrowing of monies in excess of the Paid-up Share Capital and Free Reserves of the Company.
 - b. Special Resolution under section 180(1)(c) of the Act for approving the creation of charge to secure borrowings by the Company.
3. Issued equity shares to Qualified Institutional Buyers (QIB's) by way of Qualified Institutional Placement grossing Rs. 397.59 Crores.
4. Altered the Articles of Association of the Company by adopting new set of Articles as prescribed in Table-F of the Companies Act, 2013.
5. Issued and allotted 2,000 Secured, Non-Cumulative, Redeemable, Taxable, Listed, Rated Non-Convertible Debentures (NCDs) of face value of Rs. 10,00,000/- (Rupees Ten Lakh only) each aggregating to Rs. 2,00,00,00,000/- (Rupees Two Hundred Crore only) on private placement basis and the same will be listed on wholesale debt market (WDM) segment of BSE Limited.
6. The Company has constituted internal audit team headed by the employee of the Company prior to the notification of the Act.
7. The Company has appointed Key Managerial Personnel prior to the notification of the Act.

**For BS & Company, Company Secretaries LLP
(Formerly BS & Company, Company Secretaries)**

**Date: 20.06.2015
Place: Hyderabad**

**Sd/-
K. V. S. Subramanyam
FCS No.: 5400 C P No.: 4815**

Note: This report is to be read with our letter of even date which is annexed as 'Annexure' and forms an integral part of this report.

Annexure to Secretarial Audit Report

To,
The Members,
SKS Microfinance Limited.

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

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

**Date: 20.06.2015
Place: Hyderabad**

**Sd/-
K. V. S. Subramanyam
FCS No.: 5400 C P No.: 4815**

Annexure - III to the Directors' Report

Annual Report on Corporate Social Responsibility (CSR) activities in FY15

CORPORATE SOCIAL RESPONSIBILITY

In compliance with Section 135 of the CA 2013 read with the Companies (Corporate Social Responsibility Policy) Rules 2014, the Company has established the Corporate Social Responsibility Committee ("CSR Committee").

The Board adopted the CSR Policy, formulated and recommended by the CSR Committee, and the same is available on the Company's website.

In light of the CSR Policy, the Company has been pursuing the following two (2) CSR Projects, viz., 'Jagruti Se Unnati' and 'Drishti' in the states of Jharkhand, Maharashtra and Odisha.

Jagruti Se Unnati is an awareness programme through which the Company has tried to build awareness about various Central and State Government benefit schemes, amongst people in the villages of Maharashtra.

Drishti is a programme through which the Company has sponsored HelpAge India to organize eye camps to identify cataract-affected people and conduct free cataract surgeries in the states of Jharkhand and Odisha.

The disclosure of the contents of the CSR policy pursuant to Section 134(3)(o) of CA 2013 and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014, are as follows:

S. No.	Particulars	Remarks
1.	A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web link to the CSR policy and projects or programmes.	Please refer to the overview of programmes undertaken by the Company, as mentioned above. The CSR policy is available on the web link : http://www.sksindia.com/downloads/SKS-CSR%20Policy%20-%20Version%201%20-%20dated%20October%2029%2014.pdf
2.	The Composition of the CSR Committee.	Mr. Geoffrey Tanner Woolley (Chairman); Mr. M. R. Rao; Mr. P. Krishnamurthy; Dr. Punita Kumar-Sinha; and Dr. Tarun Khanna.
3.	Average net profit of the Company for the last three financial years.	Loss of Rs. 529.3 crore
4.	Prescribed CSR Expenditure (two per cent of the amount as in item 3 above).	Not Applicable
5.	Details of CSR Expenditure during the financial year: a) Total amount to be spent for the financial year; b) Amount unspent, if any; c) Manner in which the amount was spent during the financial year.	a) Rs. 0.50 crore b) Rs. 0.31 crore c) Details given in Table A below.
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

Table A

(1)	(2)	(3)	(4)	(5)	(6)		(7)	(8)
S. No.	CSR Project or Activity Identified	Sector in which the Project is covered	Projects or programmes (1) Local area or others (2) Specify the State and District where projects or programmes were undertaken	Amount Outlay (Budget) Project or Programme wise (Rs. in crore)	Amount spent on the Projects or Programme Sub Heads: (1) Direct Expenditure on Projects or Programmes (Rs. in crore)	Amount spent on the Projects or Programme Sub Heads: (2) Overheads (Rs. in crore)	Cumulative Expenditure up to the reporting period i.e. FY 2014-2015 (Rs. in crore)	Amount Spent Direct or through Implementing Agency
1	Education – 'Jagruti Se Unnati'	Clause (ii) livelihood enhancement Clause (iii) measures for reducing inequalities faced by socially & economically backward groups	Maharashtra - Satara District	0.1	0.037	0.016	0.054	Spent Directly
2	Health care – 'Drishti'	Clause (i) promoting preventive health care	Jharkhand – Hazaribagh District and Koderma District; Odisha – Bhadrak District	0.4	0.15	-	0.15	HelpAge India
	Total			0.5	0.187	0.016	0.2	

RESPONSIBILITY STATEMENT

The Responsibility Statement of the CSR Committee of the Board of Directors of the Company has been reproduced below:

The implementation and monitoring of the CSR Policy is in compliance with the CSR objectives and policy of the Company.

Sd/-
M. R. Rao
Managing Director and CEO

Sd/-
Geoffrey Tanner Woolley
Chairman, Corporate Social Responsibility Committee

August 18, 2015

Annexure - IV to the Directors' Report

The ratio of the remuneration of each Director to the median employee's remuneration and such other details in terms of Section 197(12) of the Companies Act, 2013 read with rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

S. No.	Requirements	Disclosure
i.	The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year	Mr. P. H. Ravikumar 22.8 : 1 Mr. S. Balachandran 12 : 1 Mr. Geoffrey Tanner Woolley 16.9 : 1 Mr. M. R. Rao 223.2 : 1 Mr. P. Krishnamurthy 9.7 : 1 Dr. Tarun Khanna 10.8 : 1
ii.	The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year	Mr. M. R. Rao, MD & CEO 22.0% Mr. S. Dilli Raj, President 22.0% Mr. K. V. Rao, Chief Operating Officer 16.0% Mr. Ashish Damani, Chief Financial Officer 16.0% Mr. Rajendra Patil, Company Secretary 11.0%
iii.	The percentage increase in the median remuneration of employees in the financial year	The percentage increase in the median remuneration of employees in the financial year is around 19.5%.
iv.	The number of permanent employees on the rolls of the Company	9,698
v.	The explanation on the relationship between average increase in remuneration and Company performance	✓ Performance of the Company. ✓ Variable compensation is an integral part of the total pay package and is based on an individual's performance rating and business unit performance.
vi.	Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company	For FY15, the Key Managerial Personnel were paid around 3.1% of the PAT.
vii.	Variations in the market capitalization of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year and percentage increase or decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer in case of listed companies	The market capitalization of the Company as at March 31, 2015 was Rs. 5,783.56 crore as compared to Rs. 2,207.54 crore as at March 31, 2014. The earnings per share of the Company was Rs. 15.22 as at March 31, 2015 which was Rs. 6.45 as at March 31, 2014. The stock price of the Company as at March 31, 2015 has increased by 124.5% to Rs. 457.95 from Rs. 204.00 as at March 31, 2014.
viii.	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	The average percentage increase made in the salaries of total employees other than the Key Managerial Personnel is around 13.7%, while the average increase in the remuneration of the Key Managerial Personnel is in the range of 11.0% to 22.0%.
ix.	Comparison of remuneration of each of the Key Managerial Personnel against the performance of the Company	The ratio of the remuneration of each KMP to the PAT of the Company is: Mr. M. R. Rao, MD & CEO 1.2% Mr. S. Dilli Raj, President 0.9% Mr. K. V. Rao, Chief Operating Officer 0.4% Mr. Ashish Damani, Chief Financial Officer 0.3% Mr. Rajendra Patil, Company Secretary 0.3%
x.	The key parameters for any variable component of remuneration availed by the Directors	Depends on the performance parameters set for Key Managerial Personnel as approved by the Nomination and Remuneration Committee of the Board.
xi.	The ratio of the remuneration of the highest paid Director to that of the employees who are not Directors but receive remuneration in excess of the highest paid Director during the year	Not Applicable
xii.	Affirmation that the remuneration is as per the remuneration policy of the Company	Yes

For and on behalf of the Board of Directors

August 18, 2015

Sd/-
P. H. Ravikumar
Non-Executive Chairman
DIN: 00280010

Sd/-
M. R. Rao
Managing Director and CEO
DIN: 03276291

Annexure - V to the Directors' Report

Employee Share Purchase Scheme and Employee Stock Option Plan

The disclosures with respect to the Company's Employee Share Purchase Scheme (ESPS) and Employee Stock Option Plan (ESOP) are set out hereunder:

A. SKS Microfinance Employee Share Purchase Scheme 2007 (ESPS 2007)

The Company instituted ESPS 2007 pursuant to a special resolution dated February 9, 2007, passed at an EGM of the Company. The ESPS 2007 was implemented by the Compensation Committee (rechristened the Nomination and Remuneration Committee) and the SKS Microfinance Employees Welfare Trust (EWT). The EWT was constituted on March 28, 2007, pursuant to a resolution passed by the Board of Directors dated March 5, 2007. The effective date of the ESPS 2007 was March 31, 2007.

Under ESPS 2007, 1,849,750 Equity Shares were issued for the benefit of the eligible employees and, in the event an employee is terminated or has resigned from the service of the Company, then the unreleased Equity Shares to the said employee stand transferred to the EWT. The same is used for the other eligible employees of the Company.

The following table sets forth the particulars of the Equity Shares granted under the ESPS 2007 as on March 31, 2015:

Particulars	Details of Tranche I	Details of Tranche II	Details of Tranche III
Shares issued	818,000	514,250	517,500
Date of issue	March 31, 2007	November 20, 2007	August 25, 2008
Allotment price of share (Rs.)	10.00	49.77	70.67
Person-wise details of shares granted to			
i) Directors and Key Managerial Personnel	Refer below		
ii) Any other employee who was allotted Equity Shares amounting to 5% or more of the Equity Shares allotted during the year	Not Applicable	Not Applicable	Not Applicable
iii) Identified employees who were allotted Equity Shares 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 allotment	Not Applicable	Not Applicable	Not Applicable
Fully diluted EPS	Rs. 15.04 as on March 31, 2015		
Difference between employee compensation cost using the intrinsic value method and the employee compensation cost that shall have been recognized if the Company has used fair value and impact of this difference on profits and EPS of the Company	Not Applicable	Not Applicable	Not Applicable

Details of Equity Shares allotted/ transferred to Directors and Key Managerial Personnel are set forth below:

Name of Director/ Key Managerial Personnel	No. of Equity Shares	Date of Allotment/ Transfer
Mr. M. R. Rao	456,666	<ul style="list-style-type: none"> ✓ 200,000 Equity Shares allotted on March 31, 2007. ✓ 163,750 Equity Shares allotted on August 25, 2008. ✓ 86,250 Equity Shares transferred from EWT on August 25, 2008. ✓ 6,666 Equity Shares transferred from EWT on July 29, 2009.
Mr. S. Dilli Raj	102,666	<ul style="list-style-type: none"> ✓ 100,000 Equity Shares transferred from EWT on February 1, 2008. ✓ 2,666 Equity Shares transferred from EWT on July 29, 2009.
Mr. Ashish Damani	17,716	<ul style="list-style-type: none"> ✓ 976 Equity Shares forming part of 10,000 Equity Shares transferred from EWT on July 31, 2007. ✓ 16,740 Equity Shares transferred from EWT on February 8, 2014.
Mr. K. V. Rao	25,892	<ul style="list-style-type: none"> ✓ 12,500 Equity Shares part of 50,000 Equity Shares transferred from EWT on November 20, 2007. ✓ 13,392 Equity Shares transferred from EWT on February 8, 2014.
Mr. Rajendra Patil	Nil	-

B. SKS Microfinance Employee Stock Option Plan 2008 (Independent Directors) (ESOP 2008 (ID))

The Company instituted ESOP 2008 (ID) pursuant to a special resolution dated January 16, 2008 passed at an EGM of the Company. The ESOP 2008 (ID) was amended pursuant to the resolutions passed at the EGM held on January 8, 2010 and was further amended pursuant to the resolutions passed through the Postal Ballot on December 7, 2011.

The total number of Equity Shares that may be issued under ESOP 2008 (ID) are 195,000 Equity Shares (as amended, pursuant to a resolution of the Members dated January 8, 2010). The ESOP 2008 (ID) came into effect on January 16, 2008. The ESOP 2008 (ID) was implemented by the Board of Directors. Unless otherwise specified, the vested options were to be exercised prior to the expiry of 60 months from the date of vesting.

The following table sets forth the particulars of the options granted under the ESOP 2008 (ID) as on March 31, 2015:

Particulars	Tranche I	Tranche II	Tranche III	Tranche IV	Tranche V
Options granted	30,000	15,000	6,000	18,000	90,000
Pricing formula	The Exercise Price for the Shares to be issued pursuant to the Exercise of an Option shall be such a price as is determined by the Nomination and Remuneration Committee (and set forth in the SKS Microfinance Stock Option Agreement) based on the Fair Market Value per Share on the date of Grant of the Option				
Date of Grant	February 1, 2008	February 1, 2008	November 10, 2008	July 29, 2009	February 1, 2010
Exercise price of options (Rs.)	70.67	70.67	70.67	300.00	300.00
Total options vested	30,000	15,000	6,000	18,000	63,000
Options exercised	30,000	-	3,000	-	9,000
Total number of Equity Shares that would arise as a result of full exercise of options already granted	30,000	15,000	6,000	18,000	90,000
Options forfeited/ lapsed/ cancelled	-	-	-	-	36,000
Variation in terms of options	Please refer notes in the details of Tranche				
Money realized by exercise of options (Rs.)	2,120,100	-	212,010	-	2,700,000
Options outstanding (in force)	-	15,000	3,000	18,000	45,000
Person-wise details of options granted to					
i) Directors and Key Managerial Personnel	30,000	15,000	6,000	18,000	90,000
ii) Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	-	-	-	-	-

iii) Identified employees who are granted options 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	-	-	-	-	-
Diluted EPS on issue of shares on exercise calculated as per AS 20	Rs. 15.04 as on March 31, 2015				
Method of calculation of employee compensation cost	Fair Value Method				
Weighted average exercise price of options (Rs.)	70.67	70.67	70.67	300.00	300.00
Weighted average fair value of options (Rs.)	-	17.72	52.14	21.57	72.53

The details of **Tranche II** have been summarized below:

Particulars	As at March 31, 2015		As at March 31, 2014	
	Number of options	Weighted average exercise price (Rs.)	Number of options	Weighted average exercise price (Rs.)
Outstanding at the beginning of the year	15,000	70.67	15,000	70.67
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	15,000	70.67	15,000	70.67
Exercisable at the end of the year	15,000	70.67	15,000	70.67
Weighted average remaining contractual life (years)*	0.8	-	1.8	-
Weighted average fair value of options granted	-	17.72	-	17.72

* Exercise period ending on February 1, 2013, extended up to February 1, 2016.

The details of **Tranche III** have been summarized below:

Particulars	As at March 31, 2015		As at March 31, 2014	
	Number of options	Weighted average exercise price (Rs.)	Number of options	Weighted average exercise price (Rs.)
Outstanding at the beginning of the year	3,000	70.67	3,000	70.67
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	3,000	70.67	3,000	70.67
Exercisable at the end of the year	3,000	70.67	3,000	70.67
Weighted average remaining contractual life (years)*	0.8	-	1.8	-

Weighted average fair value of options granted	-	52.14	-	52.14
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* Exercise period ending on February 1, 2013, extended up to February 1, 2016.

The details of **Tranche IV** have been summarized below:

Particulars	As at March 31, 2015		As at March 31, 2014	
	Number of options	Weighted average exercise price (Rs.)	Number of options	Weighted average exercise price (Rs.)
Outstanding at the beginning of the year	18,000	300.00	18,000	300.00
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	18,000	300.00	18,000	300.00
Exercisable at the end of the year	18,000	300.00	18,000	300.00
Weighted average remaining contractual life (years)*	0.3	-	0.3	-
Weighted average fair value of options granted	-	21.57	-	21.57

* Original exercise period ending on July 29, 2014, extended up to July 29, 2015. Due to the increase in exercise period, an extension cost of Rs. 1,045,620 was booked.

The details of **Tranche V** have been summarized below:

Particulars	As at March 31, 2015		As at March 31, 2014	
	Number of options	Weighted average exercise price (Rs.)	Number of options	Weighted average exercise price (Rs.)
Outstanding at the beginning of the year	49,500	300.00	49,500	300.00
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	4,500	300.00	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	45,000	300.00	49,500	300.00
Exercisable at the end of the year	45,000	300.00	49,500	300.00
Weighted average remaining contractual life (years)*	0.8	-	0.8	-
Weighted average fair value of options granted	-	72.53	-	72.53

The weighted average share price on the date of exercise of stock option was Rs. 363.25

*Original exercise period ending on February 01, 2015, extended up to February 01, 2016. Due to the increase in exercise period, an extension cost of Rs. 1,518,300 was booked.

Details of options granted to Independent Directors are set forth below:

Name of Director	Plan	Total No. of options granted	No. of options exercised	Total No. of options outstanding	No. of Equity Shares held as on March 31, 2015
Mr. Geoffrey Tanner Woolley	Tranche IV	18,000	-	18,000	-
	Tranche V	18,000	-	18,000	-
Mr. Gurcharan Das*	Tranche I	15,000	15,000	-	5,500
Mr. P. H. Ravikummar	Tranche I	15,000	15,000	-	10,500
	Tranche III	3,000	3,000	-	
	Tranche V	18,000	9,000	9,000	
Mr. Pramod Bhasin**	Tranche V	36,000	-	-	-

Dr. Tarun Khanna	Tranche II	15,000	-	15,000	-
	Tranche III	3,000	-	3,000	
	Tranche V	18,000	-	18,000	

* Resigned with effect from January 5, 2010

** Resigned with effect from August 12, 2011 and options granted to him have lapsed.

C. SKS Microfinance Employee Stock Option Plan 2008 (ESOP 2008)

The Company instituted ESOP 2008 pursuant to a special resolution dated November 8, 2008 passed at an EGM of the Company. The ESOP 2008 was amended pursuant to the resolutions passed through Postal Ballot on December 7, 2011.

The total number of Equity Shares that may be issued under ESOP 2008 are 2,669,537 Equity Shares. ESOP 2008 came into effect on November 10, 2008. ESOP 2008 was implemented by the Board of Directors and the Nomination and Remuneration Committee. Unless otherwise specified, the vested options were to be exercised prior to the expiry of 60 months from the date of vesting.

The following table sets forth the particulars of the options granted under ESOP 2008 as on March 31, 2015:

Particulars	Tranche I	Tranche II	Tranche III	Tranche IV
Options granted	1,769,537	900,000	449,897	2,082,200
Pricing formula	The Exercise Price for the Shares to be issued pursuant to the Exercise of an Option shall be such a price as is determined by the the Compensation Committee (rechristened Nomination and Remuneration Committee) -- and set forth in the SKS Microfinance Stock Option Agreement -- based on the Fair Market Value per Share on the date of Grant of the Option but it shall not be lower than the face value of the Equity Shares to be issued.			
Date of grant	November 10 , 2008	December 8, 2008	September 7, 2011	August 16, 2014
Exercise price of options (Rs.)	300.00	300.00	229.40	264.75
Total options vested	1,769,537	450,000	255,877	-
Options exercised	-	225,000	28,467	-
Total number of Equity Shares that would arise as a result of full exercise of options already granted	1,769,537	900,000	449,897	2,082,200
Options forfeited/ lapsed/ cancelled	1,769,537	675,000	266,519	18,100
Variation in terms of options	-	-	-	-
Money realized by exercise of options (Rs.)	-	67,500,000	6,530,330	-
Options outstanding (in force)	-	-	154,911	2,064,100
Person-wise details of options granted to				
i) Directors and Key Managerial Employees	1,769,537	900,000	-	756,500
ii) Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	-	-	-	-
iii) Identified employees who are granted options during any one year equal to exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	-	-	-	-
Diluted EPS on issue of shares on exercise calculated as per AS 20	Rs. 15.04 as on March 31, 2015			
Method of calculation of employee compensation cost	Fair Value Method			
Weighted average exercise price of options (Rs.)	300.00	300.00	229.40	264.75

Weighted average fair value of options (Rs.)	2.92	1.81	146.37	109.40
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The details of **Tranche III** have been summarized below:

Particulars	As at March 31, 2015		As at March 31, 2014	
	Number of options	Weighted average exercise price (Rs.)	Number of options	Weighted average exercise price (Rs.)
Outstanding at the beginning of the year	205,411	229.40	257,283	229.40
Granted during the year	-	-	-	-
Forfeited/ surrendered during the year	22,033	229.40	51,872	229.40
Exercised during the year	28,467	229.40	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	154,911	229.40	205,411	229.40
Exercisable at the end of the year	154,911	229.40	205,411	229.40
Weighted average remaining contractual life (years)	1.4	-	2.4	-
Weighted average fair value of options granted	-	146.37	-	146.37

The details of **Tranche IV** have been summarized below:

Particulars	As at March 31, 2015		As at March 31, 2014	
	Number of options	Weighted average exercise price (Rs.)	Number of options	Weighted average exercise price (Rs.)
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	2,082,200	264.75	-	-
Forfeited during the year	18,100	264.75	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	2,064,100	264.75	-	-
Exercisable at the end of the year	-	-	-	-
Weighted average remaining contractual life (years)	3.4	-	-	-
Weighted average fair value of options granted	-	109.40	-	-

Details of options granted to Directors and Key Managerial Personnel are set forth below:

Tranche	Name of Director/ Key Managerial Personnel	Total No. of options granted	No. of options exercised	Total No. of options outstanding	No. of Equity Shares held
I	Dr. Vikram Akula*	1,769,537	-	-	-
II	Mr. Suresh Gurumani **	900,000	225,000	-	-
III	Mr. M. R. Rao	292,500	-	292,500	-
IV	Mr. S. Dilli Raj	195,000	-	195,000	-
V	Mr. Ashish Damani	97,500	--	97,500	-
VI	Mr. K. V. Rao	97,500	--	97,500	-
VII	Mr. Rajendra Patil	24,000	-	24,000	-

* Dr. Vikram Akula resigned as Director with effect from November 23, 2011, consequent to which 1,769,537 vested options lapsed as on November 9, 2013.

** Mr. Suresh Gurumani resigned as Director with effect from May 27, 2011, consequent to which 450,000 unvested options were forfeited during the financial year ended March 31, 2012 and 225,000 vested options lapsed as on May 25, 2012.

D. SKS Microfinance Employee Stock Option Plan 2009 (ESOP 2009)

The Company instituted ESOP 2009 pursuant to a special resolution dated September 30, 2009 and, as amended, pursuant to a special resolution dated December 10, 2009 passed at an EGM of the Company. This was further amended pursuant to the resolutions passed through Postal Ballot on December 7, 2011.

The total number of Equity Shares that may be issued under ESOP 2009 (as amended, pursuant to a resolution of shareholders dated December 10, 2009) are 2,499,490 Equity Shares. ESOP 2009 came into effect on September 30, 2009. ESOP 2009 was implemented by the Board of Directors and the Nomination and Remuneration Committee. The vested options have to be exercised prior to the expiry of six (6) years from the date of grant of the options as may be determined by the Board/ Nomination and Remuneration Committee.

The following table sets forth the particulars of the options granted under ESOP 2009 as on March 31, 2015:

Particulars	Tranche I	Tranche II	Tranche III	Tranche IV
Options granted	514,750	1,881,160	10,340	470,332
Pricing formula	The Exercise Price for the Shares to be issued pursuant to the Exercise of an Option shall be such a price as is determined by the Nomination and Remuneration Committee, and set forth in the SKS Microfinance Stock Option Agreement -- based on the Fair Market Value per Share on the date of Grant of the Option.			
Date of grant	November 3, 2009	December 16, 2009	May 4, 2010	September 7, 2011
Exercise price of options	Rs. 300.00	(a) 1,313,160 at Rs. 150.00 per option; and (b) 568,000 at Rs. 300.00 per option	(a) 4,340 at Rs. 150.00 per option; and (b) 6,000 at Rs. 300.00 per option	Rs. 229.40
Total options vested	389,050	(a) 723,032 at Rs. 150.00 per option; and (b) 261,000 at Rs. 300.00 per option	(a) 2,310 at Rs. 150.00 per option; and (b) 2,400 at Rs. 300.00 per option	233,114
Options exercised	161,230	(a) 343,563 at Rs. 150.00 per option; and (b) 70,260 at Rs. 300.00 per option	(a) 1,550 at Rs. 150.00 per option; and (b) Nil at Rs. 300.00 per option	17,119
Total number of Equity Shares that would arise as a result of full exercise of options already granted	514,750	1,881,160	10,340	470,332
Options forfeited/lapsed/cancelled	213,650	(a) 801,566 at Rs. 150.00 per option; and (b) 392,040 at Rs. 300.00 per option	(a) 2,172 at Rs. 150.00 per option; and (b) 3,000 at Rs. 300.00 per option	310,125
Variation in terms of options	-	-	-	-
Money realised by exercise of options (Rs.)	48,369,000	72,547,650	232,500	3,927,099
Options outstanding (in force)	139,870	(a) 168,031 at Rs. 150.00 per option; and (b) 105,700 at Rs. 300.00 per option	(a) 618 at Rs. 150.00 per option; and (b) 3,000 at Rs. 300.00 per option	143,088
Person-wise details of options granted to				
i) Directors and Key Managerial Personnel	-	-	-	-
ii) Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	-	-	-	-

iii) Identified employees who are granted options 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	-	-	-	-
Diluted EPS on issue of shares on exercise calculated as per AS 20	Rs. 15.04 as on March 31, 2015			
Method of calculation of employee compensation cost	Fair Value Method			
Weighted average exercise price of options (Rs.)	300.00	(a) 300.00 (b) 150.00	(a) 300.00 (b) 150.00	229.40
Weighted average fair value of options (Rs.)	41.18	(a) 115.30 (b) 69.29	(a) 233.75 (b) 152.53	146.37

The details of **Tranche I** have been summarized below:

Particulars	As at March 31, 2015		As at March 31, 2014	
	Number of options	Weighted average exercise price (Rs.)	Number of options	Weighted average exercise price (Rs.)
Outstanding at the beginning of the year	160,590	300.00	192,190	300.00
Granted during the year	-	-	-	-
Forfeited/ surrendered during the year	6,700	300.00	31,600	300.00
Exercised during the year	14,020	300.00	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	139,870	300.00	160,590	300.00
Exercisable at the end of the year	139,870	300.00	160,590	300.00
Weighted average remaining contractual life (years)*	0.6	-	0.6	-
Weighted average fair value of options granted	-	41.18	-	41.18

The weighted average share price during the period was Rs. 412.07.

*Original exercise period ending on November 2, 2014, extended up to November 2, 2015.

The details of **Tranche II** have been summarized below:

Particulars	As at March 31, 2015		As at March 31, 2014	
	Number of options	Weighted average exercise price (Rs.)	Number of options	Weighted average exercise price (Rs.)
Outstanding at the beginning of the year	407,367	150.00	556,319	150.00
Granted during the year	-	-	-	-
Forfeited during the year	28,768	150.00	148,952	150.00
Exercised during the year	210,568	150.00	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	168,031	150.00	407,367	150.00
Exercisable at the end of the year	168,031	150.00	315,101	150.00
Weighted average remaining contractual life (years)	0.6	-	1.6	-

Weighted average fair value of options granted	-	115.30	-	115.30
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Notice of exercise received for 432 options. However, allotment is pending as on March 31, 2015. The weighted average share price during the period was Rs. 385.63.

The details of **Tranche II** have been summarized below:

Particulars	As at March 31, 2015		As at March 31, 2014	
	Number of options	Weighted average exercise price (Rs.)	Number of options	Weighted average exercise price (Rs.)
Outstanding at the beginning of the year	125,240	300.00	153,540	300.00
Granted during the year	-	-	-	-
Forfeited/ surrendered during the year	16,540	300.00	28,300	300.00
Exercised during the year	3,000	300.00	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	105,700	300.00	125,240	300.00
Exercisable at the end of the year	105,700	300.00	104,040	300.00
Weighted average remaining contractual life (years)	0.6	-	1.6	-
Weighted average fair value of options granted	-	69.29	-	69.29

The weighted average share price during the period was Rs. 361.03.

The details of **Tranche III** have been summarized below:

Particulars	As at March 31, 2015		As at March 31, 2014	
	Number of options	Weighted average exercise price (Rs.)	Number of options	Weighted average exercise price (Rs.)
Outstanding at the beginning of the year	1,648	150.00	2,704	150.00
Granted during the year	-	-	-	-
Forfeited during the year	132	150.00	792	150.00
Exercised during the year	898	150.00	264	150.00
Expired during the year	-	-	-	-
Outstanding at the end of the year	618	150.00	1,648	150.00
Exercisable at the end of the year	408	150.00	964	150.00
Weighted average remaining contractual life (years)	1.1	-	2.1	-
Weighted average fair value of options granted	-	233.75	-	233.75

The weighted average share price for the period was Rs. 401.71 (previous year - Rs. 173.47).

The details of **Tranche III** have been summarized below:

Particulars	As at March 31, 2014		As at March 31, 2013	
	Number of options	Weighted average exercise price (Rs.)	Number of options	Weighted average exercise price (Rs.)
Outstanding at the beginning of the year	3,000	300.00	3,000	300.00
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	3,000	300.00	3,000	300.00

Exercisable at the end of the year	2,400	300.00	1,800	300.00
Weighted average remaining contractual life (years)	1.1	-	2.1	-
Weighted average fair value of options granted	-	152.53	-	152.53

The details of **Tranche IV** have been summarized below:

Particulars	As at March 31, 2015		As at March 31, 2014	
	Number of options	Weighted average exercise price (Rs.)	Number of options	Weighted average exercise price (Rs.)
Outstanding at the beginning of the year	179,278	229.40	239,874	229.40
Granted during the year	-	-	-	-
Forfeited/ surrendered during the year	19,071	229.40	60,596	229.40
Exercised during the year	17,119	229.40	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	143,088	229.40	179,278	229.40
Exercisable at the end of the year	143,088	229.40	179,278	229.40
Weighted average remaining contractual life (years)	1.4	-	2.4	-
Weighted average fair value of options granted	-	146.37	-	146.37

Details of options granted to Key Managerial Personnel are set forth below:

Tranche	Name of Director/ Key Managerial Personnel	Total No. of options granted	No. of options exercised	Total No. of options outstanding	No. of Equity Shares held
I	Mr. Ashish Damani	25,000	--	11,250	-
II	Mr. K. V. Rao	20,000	--	8,000	-

E. SKS Microfinance Employee Stock Option Plan 2010 (ESOP 2010)

The Company instituted ESOP 2010 pursuant to a special resolution dated July 16, 2010 passed at an AGM of the Company. ESOP 2010 was amended pursuant to the resolutions passed through the Postal Ballot on December 7, 2011.

The total number of Equity Shares that may be issued under ESOP 2010 are 1,200,000 Equity Shares. ESOP 2010 came into effect on July 16, 2010. ESOP 2010 was implemented by the Board of Directors and the Nomination and Remuneration Committee. Unless otherwise specified, all grants made to any employee would vest not earlier than one year but not later than five years from the date of grant of options.

The Company has granted 866,100 options convertible into 866,100 Equity Shares of face value of Rs. 10 each on various dates as tabulated below and the following table sets forth the particulars of the options granted under ESOP 2010 as on March 31, 2015:

Particulars	Tranche I	Tranche II
Options granted	566,100	300,000
Pricing formula	The Exercise Price for the Shares to be issued pursuant to the Exercise of an Option shall be such a price as is determined by the Nomination and Remuneration Committee, and set forth in the SKS Microfinance Stock Option Agreement -- based on the Fair Market Value per Share on the date of Grant of the Option but it shall not be lower than the face value of the Equity Shares to be issued.	
Date of grant	September 7, 2011	November 23, 2011
Exercise price of options (Rs.)	229.40	109.95
Total options vested	305,011	300,000
Options exercised	73,818	55,000
Total number of Equity Shares that would arise as a result of full exercise of options already granted	566,100	300,000

Options forfeited/ lapsed/ cancelled	341,598	-
Variation in terms of options	-	-
Money realized by exercise of options (Rs.)	16,933,849	6,047,250
Options outstanding (in force)	150,684	245,000
Person-wise details of options granted to		
i) Directors and Key Managerial Personnel	-	300,000
ii) Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	-	-
iii) Identified employees who are granted options 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	-	-
Diluted EPS on issue of shares on exercise calculated as per AS 20	Rs. 15.04 as on March 31, 2015	
Method of calculation of employee compensation cost	Fair Value Method	
Weighted average exercise price of options (Rs.)	229.40	109.95
Weighted average fair value of options (Rs.)	146.37	77.23

The details of **Tranche I** have been summarized below:

Particulars	As at March 31, 2015		As at March 31, 2014	
	Number of options	Weighted average exercise price (Rs.)	Number of options	Weighted average exercise price (Rs.)
Outstanding at the beginning of the year	233,794	229.40	308,942	229.40
Granted during the year	-	-	-	-
Forfeited/ surrendered during the year	9,292	229.40	75,148	229.40
Exercised during the year	73,818	229.40	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	150,684	229.40	233,794	229.40
Exercisable at the end of the year	150,684	229.40	233,794	229.40
Weighted average remaining contractual life (years)	1.4	-	2.4	-
Weighted average fair value of options granted	-	146.37	-	146.37

The details of **Tranche II** have been summarized below:

Particulars	As at March 31, 2015		As at March 31, 2014	
	Number of options	Weighted average exercise price (Rs.)	Number of options	Weighted average exercise price (Rs.)
Outstanding at the beginning of the year	300,000	109.95	300,000	109.95
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	55,000	109.95	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	245,000	109.95	300,000	109.95

Exercisable at the end of the year	245,000	109.95	198,000	109.95
Weighted average remaining contractual life (years)	2.7	-	3.7	-
Weighted average fair value of options granted	-	77.23	-	77.23

Details of options granted to Directors and Key Managerial Personnel are set forth below:

Tranche	Name of Director/ Key Managerial Personnel	Total No. of options granted	No. of options exercised	Total No. of options outstanding	No. of Equity Shares held
II	Mr. P. H. Ravikumar	100,000	55,000	45,000	10,500
II	Dr. Tarun Khanna	100,000	-	100,000	-
II	Mr. Geoffrey Tanner Woolley	100,000	-	100,000	-

F. SKS Microfinance Employee Stock Option Plan 2011 (ESOP 2011)

The Company instituted ESOP 2011 pursuant to a special resolution dated December 7, 2011 passed through the Postal Ballot as per Section 192A of The Companies Act, 1956.

The total number of shares (which mean Equity Shares of the Company and securities convertible into Equity Shares) that may be issued under ESOP 2011 are 1,350,000 Equity Shares. The ESOP 2011 came into effect on December 7, 2011 and shall remain in effect until all options granted under ESOP 2011 have been exercised or have expired or such other date as may be decided by the Board of Directors. No options have been granted under ESOP 2011.

The Company has granted 834,936 options convertible into 834,936 Equity Shares of face value of Rs. 10 each on various dates as tabulated below and the following table sets forth the particulars of the options granted under ESOP 2011 as on March 31, 2015:

Particulars	Tranche I	Tranche II	Tranche III	Tranche IV	Tranche V	Tranche VI	Tranche VII	Tranche VIII
Options granted	400,000	119,112	15,760	11,564	58,000	50,000	87,000	93,500
Pricing formula	The Exercise Price for the Shares to be issued pursuant to the Exercise of an Option shall be such a price as is determined by the Nomination and Remuneration Committee, and set forth in the SKS Microfinance Stock Option Agreement -- based on the Fair Market Value per Share on the date of Grant of the Option but it shall not be lower than the face value of the Equity Shares to be issued.							
Date of grant	March 12, 2013	March 22, 2013	August 23, 2013	October 23, 2014	February 4, 2014	April 28, 2014	October 29, 2014	January 30, 2015
Exercise price of options (Rs.)	150.00	150.00	113.00	160.45	174.95	253.65	316.15	426.85
Total options vested	198,000	68,943	1,545	2,891	14,500	-	-	-
Options exercised	-	2,039	-	-	-	-	-	-
Total number of Equity Shares that would arise as a result of full exercise of options already granted	400,000	119,112	15,760	11,564	58,000	50,000	87,000	93,500
Options forfeited/ lapsed/ cancelled	100,000	15,703	9,582	-	-	-	-	-
Variation in terms of options	-	-	-	-	-	-	-	-
Money realized by exercise of options (Rs.)	-	305,850	-	-	-	-	-	-
Options outstanding (in force)	300,000	101,370	6,178	11,564	58,000	50,000	87,000	93,500
Person-wise details of options granted to								
i) Directors and Key Managerial Employees	400,000	-	-	-	-	-	-	-
ii) Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	-	-	-	-	-	-	-	-

iii) Identified employees who are granted options 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	-	-	-	-	-	-	-	-
Diluted EPS on issue of shares on exercise calculated as per AS 20	Rs. 15.04 as on March 31, 2015							
Method of calculation of employee compensation cost	Fair Value Method							
Weighted average exercise price of options (Rs.)	150.00	150.00	113.00	160.45	174.95	253.65	316.15	426.85
Weighted average fair value of options (Rs.)	71.81	57.43	57.37	76.08	91.52	128.14	145.08	188.68

The details of **Tranche I** have been summarized below:

Particulars	As at March 31, 2015		As at March 31, 2014	
	Number of options	Weighted average exercise price (Rs.)	Number of options	Weighted average exercise price (Rs.)
Outstanding at the beginning of the year	300,000	150.00	400,000	150.00
Granted during the year	-	-	-	-
Forfeited during the year	-	-	100,000	150.00
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	300,000	150.00	300,000	150.00
Exercisable at the end of the year	198,000	150.00	99,000	150.00
Weighted average remaining contractual life (years)	2.9	-	3.9	-
Weighted average fair value of options granted	-	71.81	-	71.81

The details of **Tranche II** have been summarized below:

Particulars	As at March 31, 2015		As at March 31, 2014	
	Number of options	Weighted average exercise price (Rs.)	Number of options	Weighted average exercise price (Rs.)
Outstanding at the beginning of the year	107,548	150.00	119,112	150.00
Granted during the year	-	-	-	-
Forfeited during the year	4,139	150.00	11,564	150.00
Exercised during the year	2,039	150.00	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	101,370	150.00	107,548	150.00
Exercisable at the end of the year	66,904	150.00	35,491	150.00
Weighted average remaining contractual life (years)	3.0	-	4.0	-
Weighted average fair value of options granted	-	57.43	-	57.43

The weighted average share price on the date of exercise of stock option was Rs. 273.08.

The details of **Tranche III** have been summarized below:

Particulars	As at March 31, 2015		As at March 31, 2014	
	Number of options	Weighted average exercise price (Rs.)	Number of options	Weighted average exercise price (Rs.)
Outstanding at the beginning of the year	15,760	113.00	-	-
Granted during the year	-	-	15,760	113.00
Forfeited during the year	9,582	113.00-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	6,178	113.00	15,760	113.00
Exercisable at the end of the year	1,545	113.00	-	-
Weighted average remaining contractual life (years)	3.4	-	4.4	-
Weighted average fair value of options granted	-	57.37	-	57.37

The details of **Tranche IV** have been summarized below:

Particulars	As at March 31, 2015		As at March 31, 2014	
	Number of options	Weighted average exercise price (Rs.)	Number of options	Weighted average exercise price (Rs.)
Outstanding at the beginning of the year	11,564	160.45	-	-
Granted during the year	-	-	11,564	160.45
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	11,564	160.45	11,564	160.45
Exercisable at the end of the year	2,891	160.45	-	-
Weighted average remaining contractual life (years)	3.6	-	4.6	-
Weighted average fair value of options granted	-	76.08	-	76.08

The details of **Tranche V** have been summarized below:

Particulars	As at March 31, 2015		As at March 31, 2014	
	Number of options	Weighted average exercise price (Rs.)	Number of options	Weighted average exercise price (Rs.)
Outstanding at the beginning of the year	58,000	174.95	-	-
Granted during the year	-	-	58,000	174.95
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	58,000	174.95	58,000	174.95
Exercisable at the end of the year	14,500	174.95	-	-
Weighted average remaining contractual life (years)	3.9	-	4.9	-
Weighted average fair value of options granted	-	91.52	-	91.52

The details of **Tranche VI** have been summarized below:

Particulars	As at March 31, 2015		As at March 31, 2014	
	Number of options	Weighted average exercise price (Rs.)	Number of options	Weighted average exercise price (Rs.)
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	50,000	253.65	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	50,000	253.65	-	-
Exercisable at the end of the year	-	-	-	-
Weighted average remaining contractual life (years)	4.1	-	-	-
Weighted average fair value of options granted	-	128.14	-	-

The details of **Tranche VII** have been summarized below:

Particulars	As at March 31, 2015		As at March 31, 2014	
	Number of options	Weighted average exercise price (Rs.)	Number of options	Weighted average exercise price (Rs.)
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	87,000	316.15	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	87,000	316.15	-	-
Exercisable at the end of the year	-	-	-	-
Weighted average remaining contractual life (years)	4.6	-	-	-
Weighted average fair value of options granted	-	145.08	-	-

The details of **Tranche VIII** have been summarized below:

Particulars	As at March 31, 2015		As at March 31, 2014	
	Number of options	Weighted average exercise price (Rs.)	Number of options	Weighted average exercise price (Rs.)
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	93,500	426.85	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	93,500	426.85	-	-
Exercisable at the end of the year	-	-	-	-
Weighted average remaining contractual life (years)	4.8	-	-	-
Weighted average fair value of options granted	-	188.68	-	-

Details of options granted to Directors and Key Managerial Personnel are set forth below:

Tranche	Name of Director/ Key Managerial Personnel	Total No. of options granted	No. of options exercised	Total No. of options outstanding	No. of Equity Shares held
II	Mr. P. H. Ravikumar	100,000	-	100,000	-
II	Dr. Tarun Khanna	100,000	-	100,000	-
II	Mr. Geoffrey Tanner Woolley	100,000	-	100,000	-
II	Mrs. Ranjana Kumar*	100,000	-	-	-
III	Mr. Ashish Damani	8,260	--	8,260	-
IV	Mr. K. V. Rao	6,608	--	6,608	-
V	Mr. Rajendra Patil	50,000	-	50,000	-

* Mrs. Ranjana Kumar resigned as Director with effect from September 10, 2013, consequent to which 100,000 unvested options were forfeited during FY15.

Apart from the options granted under the ESOP 2008, ESOP 2008 (ID), ESOP 2009, ESOP 2010 and ESOP 2011, there are no outstanding financial instruments or any other rights which would entitle the existing promoters or shareholders or any other person, any option to acquire the Company's Equity Shares.

For and on behalf of the Board of Directors

August 18, 2015

**Sd/-
P. H. Ravikumar
Non-Executive Chairman
DIN: 00280010**

**Sd/-
M. R. Rao
Managing Director and CEO
DIN: 03276291**

Annexure - VI to the Directors' Report

**Form No. MGT-9
EXTRACT OF ANNUAL RETURN**

as on the financial year ended on March 31, 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

i.	CIN	L65999MH2003PLC250504
ii.	Registration Date	SEPTEMBER 22, 2003
iii.	Name of the Company	SKS MICROFINANCE LIMITED
iv.	Category/ Sub-Category of the Company	NON-BANKING FINANCE COMPANY – MICROFINANCE INSTITUTION (NBFC-MFI)
v.	Address of the Registered Office and contact details	Registered Office: Unit No. 410, Madhava, Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051, Maharashtra, India Email: skscomplianceofficer@sksindia.com; Website: www.sksindia.com; Phone: 040-4452 6000 Fax No. 040-4452 6001
vi.	Whether listed Company	Yes
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Computershare Private Limited (Unit: SKS Microfinance Limited) Karvy Selenium Tower B, Plot 31-32, Gachibowli Financial District, Nanakramguda, Hyderabad - 500 032, Telangana, India Email: einward.ris@karvy.com; Website: www.karvycomputershare.com; Phone: 040-6716 2222 Fax No. 040-2300 1153

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

S. No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the Company
1.	Providing small value (microfinance) loans	64990 Other financial service activities	90.15%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and Address of the Company	CIN/ GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
- NOT APPLICABLE -					

IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

1. Category-wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year (April 1, 2014)				No. of Shares held at the end of the year (March 31, 2015)				% Change during the year*	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
A. Promoters										
(1) Indian										
a) Individual/ HUF*	10	-	10	0.00%	-	-	-	-	-	0.00%
b) Central Government	-	-	-	-	-	-	-	-	-	-

c) State Government(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks/ Financial Institutions	-	-	-	-	-	-	-	-	-
f) Any Other....									
- Trusts*	13,529,958	-	13,529,958	12.50%	-	-	-	-	-12.50%
Sub-total (A) (1):-	13,529,968	-	13,529,968	12.50%	-	-	-	-	-12.50%
(2) Foreign									
a) NRIs - Individuals	-	-	-	-	-	-	-	-	-
b) Other – Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.*	12,208,723	-	12,208,723	11.28%	9,125,231	-	9,125,231	7.23%	-4.05%
d) Banks/ FI	-	-	-	-	-	-	-	-	-
e) Any Other									
FI Sub Account	4450000	-	4,450,000	4.11%	2,560,292	-	2,560,292	2.03%	-2.08%
Sub-total (A) (2):-	16,658,723	-	16,658,723	15.39%	11,685,523	-	11,685,523	9.25%	-6.14%
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	3,442,367	-	3,442,367	3.18%	16,507,581	-	16,507,581	13.07%	9.89%
b) Banks/ Financial Institutions	1,674,945	-	1,674,945	1.55%	1,702,618	-	1,702,618	1.35%	-0.20%
c) Central Government	-	-	-	-	-	-	-	-	-
d) State Government(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance companies	-	-	-	-	-	-	-	-	-
g) Foreign Institutional Investors	42,001,346	-	42,001,346	38.81%	55,393,992	-	55,393,992	43.86%	5.05%
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify) - Foreign Portfolio Investors	-	-	-	-	4,142,062	-	4,142,062	3.28%	3.28%
Sub-total (B)(1):-	47,118,658	-	47,118,658	43.54%	77,746,253	-	77,746,253	61.56%	18.02%
2. Non-Institutions									
a) Bodies Corporate									
i) Indian	3,023,123	-	3,023,123	2.79%	8,890,389	-	8,890,389	7.04%	4.25%
ii) Overseas	14,881,842	-	14,881,842	13.75%	10,355,100	-	10,355,100	8.20%	-5.55%
b) Individuals									
i) Individual shareholders holding nominal share capital up to Rs. 1 lakh	5,130,447	95,929	5,226,376	4.83%	7012,569	113,238	7,125,807	5.64%	0.81%
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	2,127,999	375,408	2,503,407	2.31%	3,499,072	417,577	3,916,649	3.10%	0.79%
C. Others (specify)									
1. Trusts	1,100	66,774	67,874	0.06%	-	17411	17,411	0.01%	-0.05%
2. Resident Directors	13,400	294,166	307,566	0.28%	10,500	294,166	304,666	0.24%	-0.04%
3. Non-resident Directors	8,080	-	8,080	0.00%	8,080	-	8,080	0.00%	0.00%
4. Non-resident Indians	315,138	4,238,866	4,554,004	4.21%	1,659,901	4,238,866	5,898,767	4.67%	0.46%
5. Clearing Members	333,341	-	333,341	0.31%	343,848	-	343,848	0.27%	-0.04%
Sub-total (B)(2):-	25,834,470	28,322,172	30,905,613	28.56%	31,779,459	3,081,258	36,860,717	29.19%	0.63%

Total Public Shareholding (B) = (B)(1)+ (B)(2)	72,953,128	5,071,143	78,024,271	72.10%	109,525,712	5,081,258	114,606,970	90.75%	18.65%
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A + B + C)	103,141,819	5,071,143	108,212,962	100.00%	121,211,235	5,081,258	126,292,493	100.00%	0.00%

*Certain Promoters were depromoterized with effect from May 2, 2014.

#Company issued equity shares under various ESOP Plans and Qualified Institutional Placement to Qualified Institutional Buyers during FY15.

2. Shareholding of Promoters

S. No.	Shareholder's Name	Shareholding at the beginning of the year (April 1, 2014)			Shareholding at the end of the Year (March 31, 2015)			% Change in Shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
1	WestBridge Ventures II LLC	6,573,914	6.07%	- Nil -	3,490,422	2.76%	- Nil -	-3.31%
2	Kismet Microfinance	5,634,809	5.21%	- Nil -	5,634,809	4.46%	- Nil -	-0.75%
3	Kumaon Investment Holdings (FII sub Account with HSBC Bank (Mauritius) Limited)	4,450,000	4.11%	- Nil -	2,560,292	2.03%	- Nil -	-2.08%
4	SKS Trust Advisors Private Limited*	3,030,547	2.80%	- Nil -	-	-	- Nil -	-2.80%
5	SKS Trust Advisors Private Limited*	2,658,186	2.46%	- Nil -	-	-	- Nil -	-2.46%
6	SKS Trust Advisors Private Limited*	2,658,177	2.46%	- Nil -	-	-	- Nil -	-2.46%
7	SKS Trust Advisors Private Limited*	2,602,707	2.41%	- Nil -	-	-	- Nil -	-2.41%
8	SKS Trust Advisors Private Limited*	2580341	2.38%	- Nil -	-	-	- Nil -	-2.38%
9	Vikram Akula*	10	0.00%	- Nil -	10	0.00%	- Nil -	-
10	Sequoia Capital India Growth Investments*	0	0.00%	- Nil -	-	-	- Nil -	-
11	Mauritius Unitus Corporation*	0	0.00%	- Nil -	-	-	- Nil -	-

* Depromoterized with effect from May 2, 2014. Therefore, details of the promoters who were depromoterized were captured up to May 2, 2014.

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

S. No.	Shareholder's name	Shareholding at the beginning of the year (As on April 1, 2014)		Date#	Increase/ Decrease In shareholding	Reason	Cumulative shareholding during the year (01.04.2014 – 31.3.2015)	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
1	WestBridge Ventures II LLC	6,573,914	6.07%	19-06-2014 25-06-2014 26-06-2014	-1,506,000 -404,000 -1,173,492	Transfer	3,490,422	2.76%
2	Kismet Microfinance	5,634,809	5.21%	-	-	-	5,634,809	4.46%
3	Kumaon Investment Holdings [FII Sub Account with HSBC Bank (Mauritius) Limited]	4,450,000	4.11%	26-06-2014 01-07-2014 07-07-2014	-326,508 -490,000 -1,073,200	Transfer	2,560,292	2.03%
4	SKS Trust Advisors Private Limited*	3,030,547	2.80%	30-04-2014 21-05-2014 03-11-2014	36,835 1,583,657 1,410,055	Transfer	-	-
5	SKS Trust Advisors Private Limited*	2,658,186	2.46%	21-05-2014 03-11-2014	1,662,266 995,920	Transfer	-	-
6	SKS Trust Advisors Private Limited*	2,658,177	2.46%	21-05-2014 03-11-2014	1,662,266 995,911	Transfer	-	-
7	SKS Trust Advisors Private Limited*	2,602,707	2.41%	21-05-2014 03-11-2014	1,595,266 1,007,441	Transfer	-	-
8	SKS Trust Advisors Private Limited*	2,580,341	2.38%	21-05-2014 03-11-2014	1,705,585 874,756	Transfer	-	-
9	Vikram Akula*	10	0.00%	-	-	-	10	0.00%
10	Sequoia Capital India Growth Investments*	-	-	-	-	-	-	-
11	Mauritius Unitus Corporation*	-	-	-	-	-	-	-

* Depromoterized with effect from May 2, 2014. Therefore, details of promoters who were depromoterized were captured up to May 2, 2014.

Date of transfer has been considered as the date on which the beneficiary position was provided by the Depositories to the Company.

4. Shareholding Pattern of Top Ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

S. No.	Shareholder's name	Shareholding at the beginning of the year (As on April 1, 2014)		Date#	Increase/ Decrease In shareholding	Reason	Cumulative shareholding during the year (01.04.2014 - 31.3.2015)	
		No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
1	Sandstone Investment Partners I	8,341,792	7.71%	12.09.2014	-2,502,892	Transfer	5,838,900	4.62%
2	Merrill Lynch Capital Markets Espana S.A. S.V	6,112,173	5.65%	20.06.2014 30.06.2014 18.07.2014 25.07.2014 01.08.2014 08.08.2014 05.09.2014 12.09.2014 19.09.2014 30.09.2014 24.10.2014 31.10.2014 07.11.2014 28.11.2014 05.12.2014 12.12.2014 19.12.2014 31.12.2014 09.01.2015 16.01.2015 23.01.2015 30.01.2015 13.02.2015 27.02.2015 20.03.2015 27.03.2015	-918,685 -342,176 -450,000 -620,510 -633,753 -1,034,876 -600,000 +49,900 +89,000 -422,000 -35,000 -36,000 +319,765 +43,000 +11,157 +85,371 +4,052 +131,000 -87,000 +10,608 -561,608 -48,000 +1,203 -292,557 +22,990 -17,846	Transfer	780,208	0.62%
3	Crown Capital Limited	5,356,528	4.95%	31.10.2014 07.11.2014 14.11.2014	-1,717,253 -2,639,275 -1,000,000	Transfer	0	0

4	Morgan Stanley Asia (Singapore) Pte	4,446,807	4.11%	23.05.2014 30.05.2014 06.06.2014 13.06.2014 30.06.2014 04.07.2014 11.07.2014 18.07.2014 25.07.2014 01.08.2014 08.08.2014 15.08.2014 22.08.2014 29.08.2014 05.09.2014 12.09.2014 19.09.2014 30.09.2014 03.10.2014 10.10.2014 17.10.2014 24.10.2014 31.10.2014 07.11.2014 14.11.2014 21.11.2014 28.11.2014 05.12.2014 12.12.2014 19.12.2014	-58,766 +1,504,693 +258,881 +10,145 +368,878 +695 +110,357 +249,264 +52,000 +50,000 +432,384 -108,828 -519,412 -1,594,631 -530,546 +1,478,955 +1,151,965 -115,121 +123,573 +307,797 -34,182 +123,582 +107,422 +172,066 -538,155 +9,905 -51,183 -92,306 -24,973 -7,291,266	Transfer	6,907,651	5.47%
5	Vinod Khosla	4,238,866	3.92%	-	-	-	4,238,866	3.36%
6	CLSA (Mauritius) Limited	4,138,243	3.82%	04.04.2014 30.05.2014 01.08.2014 05.09.2014 12.09.2014 19.09.2014 30.09.2014	+381,916 +2,365,840 -779,714 -1,583,083 -1,330,577 -2,389,721 -802,904	Transfer	0	0
7	Kismet SKS II	3,660,500	3.38%	11.04.2014 25.04.2014 05.09.2014 31.10.2014 07.11.2014 12.12.2014	-21,760 -22,464 -86,276 -106,724 -300,000 -100,000	Transfer	3,023,276	2.39%
8	Government Pension Fund Global	2,938,284	2.72%	25.07.2014 01.10.2014 05.09.2014 21.11.2014	+200,000 +332,495 +270,000 -3,740,779	Transfer	2,791,664	2.21%
9	Morgan Stanley Investment Management. Inc A/C Morgan Stanley India Investment Fund Inc.	2,394,300	2.21%	11.04.2014 18.04.2014 02.05.2014 23.05.2014 06.06.2014 22.08.2014 29.08.2014 05.09.2014 12.09.2014	-214,016 -200,000 -125,271 -86,729 -78,160 -231,685 -229,672 -87,909 -77,176	Transfer	1,063,682	0.84%
10	Tree Line Asia Master Fund (Singapore) PTE Ltd	2,357,076	2.18%	-	-	-	2,357,076	1.87%

Date of transfer has been considered as the date on which the beneficiary position was provided by the Depositories to the Company.

5. Shareholding of Directors and Key Managerial Personnel:

S. No.	Director's/ KMP name	Category of Directors/ KMP	Shareholding at the beginning of the year (As on April 1, 2014)		Date#	Increase/ Decrease In shareholding	Reason	Cumulative shareholding during the year (01.04.2014 - 31.3.2015)	
			No. of shares	% of total shares of the Company				No. of shares	% of total shares of the Company
1	Mr. P. H. Ravikumar	Independent Director	13,400	0.01%	06.05.2014 07.05.2014 08.05.2014 09.05.2014 15.05.2014 09.09.2014 11.09.2014 12.09.2014 23.09.2014 10.11.2014 11.11.2014 17.11.2014 16.02.2015 18.02.2015 19.02.2015	-2,000 -2,000 -3,000 -2,000 +15,000 -4,487 -8,513 -2,000 +25,000 -4,569 -5,831 +19,500 -15,000 -12,500 -500	Transfer " " " Allotment Transfer " " Allotment Transfer " " Allotment Transfer " "	10500	0.00%
2	Mr. Geoffrey Tanner Woolley	Independent Director	-	-	-	-	-	-	-
3	Mr. M. R. Rao	Managing Director and CEO	294,166	0.28%	-	-	-	294,166	0.24%
4	Mr. P. Krishnamurthy	Nominee Director (SIDBI)	-	-	-	-	-	-	-
5	Dr. Punita Kumar-Sinha ¹	Additional and Independent Director	-	-	-	-	-	-	-
6	Mr. Paresh Patel	Director	-	-	-	-	-	-	-
7	Mr. S. Balachandran ²	Independent Director	-	-	-	-	-	-	-
8	Mr. Sumir Chadha	Director	-	-	-	-	-	-	-
9	Dr. Tarun Khanna	Independent Director	-	-	-	-	-	-	-
10	Mr. S. Dilli Raj	President	127,666	0.12%	-	-	-	127,666	0.10%
11	Mr. K. V. Rao	Chief Operating Officer	25,892	0.02%	-	-	-	25,892	0.02%
12	Mr. Ashish Damani	Chief Financial Officer	17,726	0.01%	-	-	-	17,726	0.01%
13	Mr. Rajendra Patil	Company Secretary	-	-	-	-	-	-	-

¹ Dr. Punita Kumar-Sinha was appointed as Additional and Independent Director of the Company with effect from March 23, 2015.

² Mr. S. Balachandran was appointed as Independent Director of the Company with effect from July 25, 2014.

V. INDEBTEDNESS

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

(Rs.)

S. No.	Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
1	Indebtedness at the beginning of the financial year				
	i) Principal Amount	15,281,429,787	31,193,549	-	15,312,623,336
	ii) Interest due but not paid	15,569,907	-	-	15,569,907
	iii) Interest accrued but not due	62,356,608	-	-	62,356,608
	Total (i+ii+iii)	15,359,356,302	31,193,549	-	15,390,549,851

2	Change in Indebtedness during the financial year				
	Addition (Only principal)	53,734,540,504	2,281,274,747	-	56,015,815,251
	Reduction (Only principal)	37,174,475,399	1,355,593,786	-	38,530,069,185
	Net Change	16,560,065,105	925,680,961	-	17,485,746,066
3	Indebtedness at the end of the financial year				
	i) Principal Amount	31,841,494,892	956,874,510	-	32,798,369,402
	ii) Interest due but not paid	63,530,296	-	-	63,530,296
	iii) Interest accrued but not due	101,846,187	-	-	101,846,187
	Total (i+ii+iii)	32,006,871,375	956,874,510	-	32,963,745,885

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Rs. in lakh)

S. No.	Particulars of Remuneration	Name of Managing Director
		M. R. Rao
1	Gross salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	139.96
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	7.51
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	-
2	Stock Options*	
3	Sweat Equity	-
4	Commission - as % of profit - others, specify...	-- --
5	Others, please specify	
	a) Bonus	63.00
	b) Contribution to PF	9.66
	c) Leave encashment	3.07
	Total (A)	223.21
	Ceiling as per the Act	984.22

* Additionally, during FY15, Mr. M. R. Rao was granted 292,500 stock options. The said stock options will vest over a period of three years from the grant date.

2. Remuneration to other Directors

(Rs. in lakh)

A	Name of the Independent Director	P. H. Ravikumar	Geoffrey Tanner Woolley	S. Balachandran	Tarun Khanna
1	Fee for attending Board/ committee meetings	12.85	6.90	12.00	0.85
2	Commission	10.00	10.00		10.00
3	Others, please specify	-	-	-	-
	Total	22.85	16.90	12.00	10.85
	Total (A)				62.60

B	Name of Non-executive Director	P. Krishnamurthy	Paresh Patel	Sumir Chadha	
1	Fee for attending Board/ committee meetings	9.70	-	-	-
2	Commission	-	-	-	-
3	Others, please specify	-	-	-	-
	Total	9.70	-	-	-
	Gross Total (B)				9.70
	TOTAL (A) + (B)				72.30
Total Managerial Remuneration (1) + (2)					295.51
Overall Ceiling as per the Act					1181.07

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

(Rs. in lakh)

S. No.	Particulars of Remuneration	Key Managerial Personnel					Total
		S. Dilli Raj, President	K. V. Rao, Chief Operating Officer	Ashish Damani, Chief Financial Officer	Rajendra Patil, Company Secretary		
1.	Gross salary						
a)	Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	117.17	48.23	36.11	43.95		245.45
b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	1.63	8.90	5.20	1.43		17.16
c)	Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	-	-	-	-		-
2.	Stock Options (1)	-	-	-	-		-
3.	Sweat Equity	-	-	-	-		-
4.	Commission - as % of profit - others, specify	- - -	- - -	- - -	- - -		- - -
5.	Others, please specify						
	- Bonus	50.75	12.22	8.61	-		71.58
	- Contribution to PF	7.78	3.74	2.71	2.97		17.20
	- Leave encashment	-	-	0.86	-		0.86
	Total	177.33	73.09	53.49	48.35		352.26

Additionally, during FY15:

- Mr. S. Dilli Raj was granted 192,500 stock options.
- Mr. K. V. Rao was granted 97,500 stock options.
- Mr. Ashish Damani was granted 97,500 stock options.
- Mr. Rajendra Patil was granted 74,000 stock options.

The said stock options will vest over a period of three years from the grant date.

VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES:

There are no penalties/ punishment/ compounding of offences for the year ending March 31, 2015.

For and on behalf of the Board of Directors

August 18, 2015

Sd/-
P. H. Ravikumar
Non-Executive Chairman
DIN: 00280010

Sd/-
M. R. Rao
Managing Director and CEO
DIN: 03276291

Management Discussion and Analysis

THE MICROFINANCE INDUSTRY

Growth momentum continues in FY15

Building on the momentum of FY14 and with a stable regulatory environment, the microfinance industry in India posted strong growth in FY15 with an increase in new loan disbursements, Gross Loan Portfolio, clients, employees and branches.

During FY15, the Microfinance Institution (“MFI”) industry disbursed new loans of Rs. 54,591 crore, representing a 55% increase over the previous year. This resulted in a 61% growth in the total Gross Loan Portfolio (“GLP”) to Rs. 40,138 crore. During the same period, the number of clients increased by 29% to 3.1 crores as of March 31, 2015, while the number of people employed by the industry grew by 20% to 80,097 and the number of branches rose by 8%. Average loan amount disbursed per account is now Rs. 16,327.

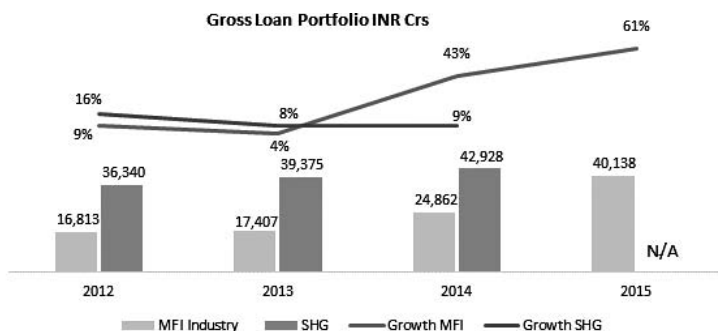
The MFI industry figures

Particulars	FY14	FY15	% increase
Disbursements (Rs. in crore)	35,118	54,591	55%
Gross Loan Portfolio (Rs. in crore)	24,862	40,138	61%
No. of clients (crores)	2.4	3.1	29%
No. of employees	66,959	80,097	20%
No. of branches	9,741	10,553	8%

Source: MFI Micrometer 2015

Portfolio growth

In contrast to the MFIs, the self help group (“SHG”) portfolio grew by 9% (as compared to 43% YoY for MFIs) in FY14. The total portfolio outstanding of SHGs as on March 31, 2014 was Rs. 42,928 crore.

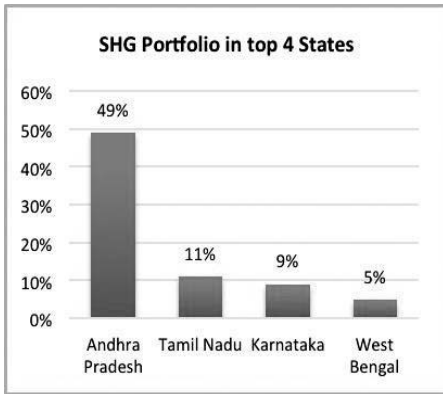


Source: MFI data – Micrometer & SHG data – Inclusive Finance India Report 2014

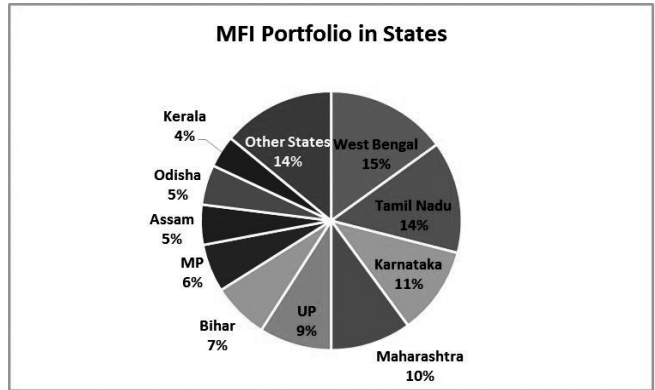
Geographical mix

The SHG portfolio continues to be concentrated in the states of Andhra Pradesh (hitherto undivided state including Telangana), Tamil Nadu, Karnataka and West Bengal with a 75% share. The SHG exposure in these top four states is given in the graph below.

MFIs now cover 32 states/ union territories (489 districts) of India. The coverage of microfinance institutions is now geographically well dispersed with GLP in South at 30%, East at 28%, North at 22% and West at 20%. The portfolio exposure for MFIs is diversified with exposure to the largest state, that is West Bengal being 15%.



Source: NABARD 2014



Source: MFIN Micrometer 2015

Credit quality of MFIs

Portfolio at Risk (PAR) figures (PAR 30,90,180 days) remained under 1% for FY15 (excluding figures from MFIs under CDR).

Source: MFIN Micrometer 2015

Debt funding to MFIs

During FY15, MFIs received a total of Rs. 27,682 crore in debt funding from banks and other financial institutions. This represents a growth of 84% compared to FY14. Out of the total debt funding, 78% came from banks and the rest from other financial institutions. Securitization of MFI's portfolio increased by 39% in FY15.

Source: MFIN Micrometer 2015

MFIs and market share

As on March 31, 2015, top five (5) MFIs accounted in aggregate for approximately 57% of the Gross Loan Portfolio (outside Andhra Pradesh and Telangana) of all MFIs.

Bandhan Financial Services, which received an approval from the Reserve Bank of India to commence banking operations, led with a loan portfolio of Rs. 9,530 crore, followed by SKS Microfinance Limited (Rs. 4,171 crore), Janalakshmi Financial Services (Rs. 3,773 crore), Ujjivan Financial Services (Rs. 3,274 crore) and Equitas Microfinance (Rs. 2,144 crore).

Source: MFIN Micrometer 2015

OVERVIEW OF THE REGULATORY FRAMEWORK AND RECENT REGULATORY DEVELOPMENTS

The Non-Banking Financial Company - Micro Finance Institutions (Reserve Bank) – Directions, 2011 (“NBFC-MFI Directions”) were issued in December 2011 by the Reserve Bank of India (RBI) pursuant to the Reserve Bank of India Act, 1934 (“RBI Act”). The NBFC-MFI Directions apply to all Non-Deposit Taking Non-Banking Financial Companies (“NBFCs”) (other than companies registered under Section 25 of the Companies Act, 1956) that satisfy certain conditions.

The Company satisfies these conditions and was re-classified as a Non-Banking Financial Company - Micro Finance Institution (“NBFC-MFI”) on November 18, 2013. As a result, the Company is required to comply with the NBFC-MFI Directions. These Directions include guidelines on qualifying assets criteria, asset classification and provisioning, pricing of credit, capital adequacy and fair practices.

Changes in NBFC-MFI directions

On April 8, 2015, the RBI vide its notification DNBR.CC.PD.No.027/03.10.01/2014-15 modified certain regulations related to operations. Key guidelines and modifications are highlighted below:

	Earlier/ Existing	Revised
NBFC-MFIs	Qualifying assets to constitute not less than 85% of its total assets (excluding cash and bank balances)	No change
	At least 70% of loans for income generation activities	At least 50% of loans for income generation activities
Qualifying assets criteria		
Annual Income of Borrowers Household	Rural <=Rs. 60,000	Rural <=Rs. 100,000
	Non-Rural <=Rs. 120,000	Non-Rural <=Rs. 160,000
Ticket Size	<= Rs. 35,000 - 1st Cycle	<= Rs. 60,000 - 1st Cycle
	<=Rs. 50,000 - Subsequent Cycle	<=Rs. 100,000 - Subsequent Cycle
Indebtedness	<=Rs. 50,000	<=Rs. 100,000
Tenure	If loan amount > Rs.15,000, then >= 24 months	No change
Collateral	Without Collateral	No change
Repayment Frequency	Weekly, Fortnightly and Monthly	No change
Pricing guidelines		
Interest Rate	A. Margin cap – 10% above cost of borrowings	No change
	B. Avg. base rate of top 5 commercial banks X 2.75	No change
	Lower of the A and B.	No change
Processing Fee	<= 1% of loan amount	No change
Insurance Premium	Actual cost of insurance can be recovered from Borrower and spouse	No change
	Administrative charges can be recovered as per the Insurance Regulatory and Development Authority guidelines	No change
Security deposit	No security deposit/ margin to be taken	No change
Capital adequacy	15%	No change
Margin cap	10% for MFIs with loan portfolio > Rs. 100 crore	No change

Priority Sector Lending (PSL)

Priority Sector funds have been a major contributor to the funding source for the overall MFI sector. On April 23, 2015 and July 16, 2015, the RBI issued revised guidelines (FIDD.CO.Plan.BC.54/04.09.01/2014-15 & FIDD.CO.Plan.BC.08/04.09.01/2015-16) for PSL, which are as follows:

S. No.	Sector	Category	Target for Banks %*
1	Agriculture	Target	18%
	- Direct Agriculture	Sub-target	~13.5%#
	- Direct Small & Marginal farmers	Sub-target	7% (with effect from Mar '16) 8% (with effect from Mar '17)
2	Weaker	Target	10%
3	Micro-enterprises	Target	7% (with effect from Mar '16)
			7.5% (with effect from Mar '17)

* Target details given in the table are applicable to domestic scheduled commercial banks and foreign banks with 20 branches and above

As per RBI notification dated July 16, 2015, Banks are directed to ensure that overall direct lending to non-corporate farmers does not fall below the system wide average of last three years achievement. They should also continue to maintain all efforts to reach the level of 13.5% direct lending to beneficiaries.

The new guidelines envisage banks to monitor their PSL compliance every quarter (with effect from FY17) instead of annually, which will lead to a flow of PSL funds throughout the year rather than being skewed towards financial year-end.

Credit bureau reporting

As per the Microfinance India Social Performance Report 2014 (an ACCESS publication), CRIF High Mark Credit Information Services Private Limited and Equifax Credit Information Services Private Limited collect and collate data from MFIs and banks lending directly to the client segment of MFIs. MFIs use credit bureau data for checking regulatory compliances.

In February 2015, the RBI mandated all NBFCs to become members of all credit bureaus, viz Credit Information Bureau (India) Limited, Equifax Credit Information Services Private Limited, Experian Credit Information Company of India Private Limited and CRIF High Mark Credit Information Services Private Limited and submit data with respect to lending to its clients (including historical data).

The Company is a member of all the above-named credit bureaus.

Andhra Pradesh – The AP MFI Act

In January 2011, the then Government of the hitherto undivided Andhra Pradesh state enacted the Andhra Pradesh Micro Finance Institutions (Regulation of Money Lending) Act, 2011 (the “AP MFI Act”) to regulate the activities of the microfinance institutions in the undivided Andhra Pradesh. The AP MFI Act imposed significant restrictions on the business and operations of microfinance companies in the hitherto undivided Andhra Pradesh, and several companies, including your Company, challenged the validity of the AP MFI Act. The proceedings are pending before the Honourable Supreme Court of India and, pursuant to the interim orders of the Honourable Supreme Court in March 2013, the Company is required to comply with only Sections 9 and 16 of the AP MFI Act to carry on its business in the hitherto undivided Andhra Pradesh. These provisions limit the amount of interest recoverable on loans to no more than the principal amount loaned as well as prohibit coercive actions in connection with the conduct of microfinance business. The Company complies with the interim orders of the Honourable Supreme Court and the two provisions of the AP MFI Act.

MFIs as business correspondents

The Reserve Bank of India has permitted Non-Deposit Taking NBFCs to act as business correspondents for banks with effect from June 2014. The Company has an arrangement to act as business correspondent with a leading private sector bank and had a managed loan portfolio of Rs. 342 crore as on March 31, 2015 under the said arrangement.

Small Finance Bank licence

In November 2014, the RBI issued Guidelines for Licensing of ‘Small Finance Banks’ in the private sector. The RBI has received 72 applications, including from NBFC-MFIs, for this differentiated bank licence. The Company is one of the applicants.

The objective of setting up Small Finance Banks will be to further financial inclusion by (i) provision of savings vehicles primarily to unserved and underserved sections of the population, and (ii) supply of credit to small business units; small and marginal farmers; micro and small industries; and other unorganized sector entities, through high technology-low cost operations. (Source: RBI Small Finance Bank guidelines)

Pradhan Mantri Jan-Dhan Yojana

The Pradhan Mantri Jan-Dhan Yojana (PMJDY) is a National Mission for Financial Inclusion to ensure access to financial services, namely, banking/ savings and deposit accounts, remittance, credit, insurance and pension in an affordable manner. Accounts can be opened in any bank branch or Business Correspondent (Bank Mitra) outlet. PMJDY accounts are being opened with zero balance.

As on July 1, 2015, 16.57 crore bank accounts have been opened under this scheme (public sector banks opened 12.94 crore accounts, Regional Rural Banks 2.95 crore accounts and private sector banks opened 0.68 crore accounts).

(Source: <http://www.pmjdy.gov.in/>)

These accounts can help the MFI industry to implement cashless disbursements directly to customer bank accounts and help MFIs reduce the related operating cost.

Micro Units Development & Refinance Agency Ltd. (MUDRA Bank)

The Central Government proposes to set up a Micro Units Development and Refinance Agency (MUDRA) Bank through a statutory enactment. The Bank would be responsible for developing and refinancing all MFIs which are in the business of lending to micro/ small business entities engaged in manufacturing, trading and service activities. The Bank would partner with state-level/ regional-level coordinators to provide finance to last-mile financiers of small/ micro business enterprises.

A sum of Rs. 20,000 crore would be allocated to MUDRA Bank from the money available from the shortfall of Priority Sector Lending for creating a Refinance Fund to provide refinance to the last-mile financiers. Another Rs. 3,000 crore would be provided to MUDRA Bank from the Union Budget to create a credit guarantee corpus for guaranteeing loans being provided to the micro enterprises. (Source: <http://pib.nic.in/newsite/PrintRelease.aspx?relid=116209>)

The above measures would not only help in increasing access to finance to the unbanked but also bring down the cost of finance for the last-mile financiers and, in turn, to the micro/ small enterprises, most of which are in the informal sector.

Since the enactment is likely to take some time, it is proposed to initiate MUDRA Bank as a unit of Small Industries Development Bank of India (SIDBI).

CREDIT OUTLOOK ON THE SECTOR BY CARE

According to the CARE Report on the Indian Microfinance Sector (June 2014), the microfinance sector in India has gone through three broad risk phases in the past – high growth (till 2010), high volatility (2010-11), consolidation (2011-13) – and is now entering its fourth phase of relative stability.

After the Andhra Pradesh microfinance situation of 2010 and the regulatory intervention by the RBI, the microfinance sector has seen growth in loan portfolio but with consolidation in expansion plans. Overall, the credit profile of MFIs has shown improvement with increasing loan portfolio on account of improving funding profile, control in operating expenses, improving margins post removal of interest rate cap and moderate leverage levels.

Going forward, according to the report, MFIs are likely to expand their client base and reach out to more underserved areas of the country. The sector is now entering Phase IV from a credit risk perspective, and MFIs have adapted themselves to the new business environment post the Andhra Pradesh microfinance situation. This phase is expected to be characterized by a more stable regulatory environment, steady availability of funds, improving profitability with comfortable asset quality and capital adequacy and relatively lesser impact of concentration risk.

Source: CARE Report on the Indian Microfinance Sector (June 2014).

THE COMPANY'S OVERVIEW

The Company is one of the largest MFIs in India by Gross Loan Portfolio as also number of Borrowers and branches as on March 31, 2015, and the only microfinance Company to be publicly listed in India. The Company is primarily engaged in providing microfinance to economically weaker individuals in India, who are classified by the Company as its "Members". Further, the Company classifies Members whose loans are outstanding as "Borrowers".

The Company's core business is providing small value loans and certain other basic financial services to its Members. Its Members are predominantly located in rural areas in India, and the Company extends loans to them mainly for use in small businesses or for other income-generating activities and not for personal consumption. These individuals often have no, or very limited, access to loans from institutional sources of financing. The Company believes that non-institutional sources typically charge very high rates of interest.

In its core business, the Company utilizes a village-centric, group-lending model to provide unsecured loans to its Members. This model relies on a form of 'social collateral', and ensures credit discipline through peer support within the group. The Company believes this model makes its Members prudent in conducting their financial affairs and prompt in repaying their loans. Failure by an individual Borrower to make timely loan repayments will prevent other Members in the group from being able to borrow from the Company in future. Therefore, the group will use peer support to encourage the delinquent Borrower to make timely repayments or will often make a repayment on behalf of a defaulting Borrower, effectively providing an informal joint guarantee on the Borrower's loan.

In addition to its core business of providing micro credit, the Company uses its distribution channel to provide certain other financial products and services that its Members may need. The Company offers loans for the purchase of mobile phones and solar lamps. The Company also operates a number of pilot programmes that it may gradually consider converting into separate business verticals or operate through subsidiaries, subject to satisfactory results of the pilot programmes and receipt of regulatory approvals. The existing pilot programmes primarily relate to giving loans to its Members for the purchase of certain productivity-enhancing products such as sewing machines, bio-mass stoves and loans against gold as collateral. The Company intends to expand its involvement in these other financial products and services to the extent consistent with its mission, client-focus and commercial viability.

In 2005, the Company registered with and has since been regulated by the RBI as a Non-Deposit Taking Non-Banking Financial Company (NBFC-ND). In 2009, the Company became a public limited Company. The Company completed its IPO and its equity shares were listed on BSE Limited and the National Stock Exchange of India Limited in August 2010. In November 2013, the RBI re-classified the Company as an NBFC-MFI permitting it to carry on the business of a Non-Banking Financial Company - Micro Finance Institution, a separate category of Non-Deposit Taking Non-Banking Financial Companies engaged in microfinance activities.

For FY15, the Company's total revenue and profit after tax was Rs. 803.1 crore and Rs. 187.7 crore respectively. As of March 31, 2015, the Company had 64 lakh Members (45 lakh Members outside the states of Andhra Pradesh and Telangana), including 53 lakh Borrowers (36 lakh Borrowers outside the states of Andhra Pradesh and Telangana) spread across 1,268 branches (1,135 branches outside the states of Andhra Pradesh and Telangana), with a Gross Loan Portfolio of Rs. 4,184.5 crore (Rs. 4,171.2 crore outside the states of Andhra Pradesh and Telangana).

COMPETITIVE STRENGTHS

The Company believes it has the following competitive strengths:

Market leadership

According to the MFIN Micrometer, as on March 31, 2015, the Company is the second largest MFI in India by Gross Loan Portfolio, number of Borrowers and branches. The Company focuses its operations across 17 states in India.

The Company believes that its consistent position among the leading MFIs in the microfinance sector enhances its reputation and credibility with its Members and its lenders. This enhanced reputation and credibility has numerous benefits, including the ability to secure capital at lower costs, recruit and retain skilled employees, optimize staff productivity, retain existing Borrowers and add new Members, as also expand into new regions and product areas.

Expertise in the microfinance industry and ability to adapt to the changing regulatory environment

The Company believes that its long-standing experience in the microfinance industry has given it a specialized understanding of the needs and behaviour of the Borrowers and Lenders in this industry, particularly in rural areas across India, the complexities of lending to these individuals and issues specific to the microfinance industry in India. The Company believes this expertise gives it a competitive advantage in this industry.

The Company has developed skills in training its Members. The Company uses its knowledge of its Members, including their culture, habits and education, to design customized financial products and pricing plans. Further, consultation and dialogue with regulators and policy-makers in the recent past has provided the Company with an opportunity to understand their concerns while growing its business in a prudent manner.

Improving profitability, stable financial condition and emphasis on asset and liability management

Although the Company's financial condition deteriorated in the aftermath of events in Andhra Pradesh and the Company incurred losses during FY12 and FY13, the Company believes it has maintained sufficient financial discipline as well as a relative degree of financial strength during these periods. For instance, your Company satisfied all its debt repayment obligations even during the Andhra Pradesh microfinance situation, that is, in FY12 and FY13, and thereafter. Its revenues grew at a CAGR of 50.9% from FY13 to FY15, and the Company reported a profit of Rs. 187.7 crore for FY15.

As of March 31, 2015, the Company's net worth was Rs. 1,046.5 crore and its debt to equity ratio was 3.1. The Company's capital adequacy ratio was 31.7% (without the Andhra Pradesh and Telangana dispensation as the entire old portfolio in these two states is written off) of risk-weighted assets as of March 31, 2015, which is well above the requirement of 15% of risk-weighted assets prescribed by the RBI under the NBFC-MFI Directions. Moreover, the Company's gross NPA and net NPA were 0.1% and 0.05% as of March 31, 2015. The Company believes that these factors provide it with a competitive advantage when borrowing funds for its operations.

In addition to traditional cash flow management techniques, the Company also manages its cash flows through an active asset and liability management strategy. The Company has structured its model to primarily borrow for a longer tenure while lending for a shorter tenure, and hence the Company has a positive asset liability management structure. As of March 31, 2015, the average maturity of its arrear-free Gross Loan Portfolio as assets was 5.7 months, while the average maturity of its outstanding borrowings including principal amounts outstanding for securitization transactions was 9.2 months. The Company believes this strategy allows it to better manage liquidity and meet the growing loan demands of an increasing Membership, even if external borrowings and funding sources face temporary disruption.

Access to several sources of capital and cost-effective funding

The Company constantly strives to diversify its sources of capital. During FY11, the Company raised Rs. 722.2 crore through its IPO, followed by a QIP and preferential allotment, raising Rs. 263.5 crore in FY13 and another QIP raising Rs. 397.6 crore in May 2014. Its incremental borrowings from banks and financial and other institutions, including net proceeds from securitizations between April 1, 2011 and March 31, 2015 were Rs. 12,882.2 crore. As on March 31, 2015, the Company had an outstanding debt in principal amount of Rs. 3,279.8 crore (Rs. 4,369.5 crore outstanding in principal amount including securitization transactions) from more than 15 banks and financial institutions and other institutions. During FY15, the Company received net proceeds of Rs. 1,432.5 crore from securitization of loans and also raised Rs. 200 crore through private placement of Non-Convertible Debentures (NCDs) rated 'A+' and Rs. 213.4 crore through issuance of Commercial Papers (CPs) rated 'A1+'.

Historically, the MFI sector has significantly relied on PSL funds from commercial banks. The Company believes that the cost of such funds is considerably lower than the cost of other bank funds. The Company is eligible to borrow PSL funds from banks as an NBFC-MFI.

CARE has provided the Company with a grading of 'MFI 1' or 'MFI One' as an MFI, which is the highest obtainable grading on an eight-point scale. The Company has also obtained bank debt ratings for a funding exposure of Rs. 3,300 crore which was upgraded during the year as CARE 'A1+' (for its short-term facilities) and CARE 'A+' (for its long-term facilities). The Company also has a long-term NCD rating of 'A+' for Rs. 400 crore from CARE and short-term (CP/ NCD) rating of 'A1+' for Rs. 750 crore from ICRA. Its securitized transactions during FY15 were provisionally rated by CARE at 'AA(SO)' and ICRA at 'AA(SO)', signifying levels of safety regarding timely servicing of financial obligations and levels of credit risk.

Streamlined and scalable operating model with effective use of technology

The Company recognizes that establishing and growing a successful rural microfinance business in India involves the significant challenge of addressing a Borrower base that is quite large and typically lives in remote locations. To address this challenge, the Company believes it has designed a streamlined and scalable model, and developed systems and solutions for the following three components, which the Company believes are required to effectively scale up its business:

- **Capital:** Historically, the Company has successfully obtained a variety of funds required to finance its lending operations;
- **Capacity:** With its pan-India presence and extensive distribution network, the Company believes it has the capacity to provide products and services to a large number of Members;
- **Cost reduction:** The Company believes it has implemented process-based systems and customized software that reduce the cost of conducting transactions across a widespread branch network and a substantial Member base. To manage its operating expenses and increase efficiency, the Company has deployed 'SKS Smart' (a significant upgrade to the earlier Portfolio Tracker), a customized and comprehensive software which simplifies data entry and targets to improve accuracy and efficiency of collections and fraud detection.

The Company's business processes, from Member acquisition to cash collections, have been standardized and documented. Its branch offices are similarly structured, allowing for quick rollout of new branches. In addition, the terms and conditions of its loan products are generally uniform throughout India. Further, the Company has standardized its recruitment and training programmes and materials so that they are easily replicated across its entire organization. This standardized approach also allows employees to efficiently move from one region to the other based on demand and growth requirements.

Pan-India presence and extensive distribution network

As of March 31, 2015, the Company had 64 lakh Members, including 53 lakh Borrowers, and 1,268 branches. The Company focuses its operations across 17 states in India. Further, as of March 31, 2015, the Company had 8,329 (7,433 outside the states of Andhra Pradesh and Telangana) Branch Managers, Assistant Branch Managers and Sangam Managers, including Trainees, who comprise 85.9% (85.2% outside the states of Andhra Pradesh and Telangana) of its total workforce. During FY15, each of its Sangam Managers managed 966 Members on an average in states other than Andhra Pradesh and Telangana. Your Company believes that its presence throughout India and its distribution network in rural India results in significant competitive advantages, particularly in the following areas:

Distribution platform: The Company's pan-India presence allows it to lend across the country and enables it to mitigate its exposure to local economic factors and disruptions resulting from political circumstances or natural disasters. Furthermore, its well-developed distribution network in rural India gives it the capability to offer a variety of financial products nationally in areas that the Company believes most companies do not currently reach.

Product pricing power: The Company believes that its national presence and the ability to access a large Member base gives it the leverage to negotiate favourable terms with institutions which would like to distribute their products through its network. This, in turn, results in lower pricing for the products that are distributed to its Members. For instance, the Company currently works with Nokia India Sales Private Limited and with D. Light Energy Private Limited for the financing of mobile phones and solar lamps, respectively for its Members. The Company financed 4.5 lakh mobile phones and 3.9 lakh solar lamps during FY15.

Experienced management team and Board

The Company's Board comprises experienced investors, industry experts and management professionals. The Company believes that it has a strong Senior Management team to lead it, which includes Mr. M. R. Rao, Managing Director and Chief Executive Officer, as well as Mr. S. Dilli Raj, President. The Company's Senior Management team has Members who have significant experience in the microfinance and financial services industry. The team has developed the knowledge to identify and offer products and services that meet the needs of its Members, while maintaining effective risk management and competitive margins. The Company's mid-level management personnel also have years of experience, in-depth industry knowledge and expertise.

BUSINESS STRATEGY

Target a large share of industry's portfolio outside the states of Andhra Pradesh and Telangana

Industry sources estimate the total demand for micro credit in India to be approximately Rs. 3,30,050 crore and, as of 2009, MFIs met

only 3.6% of this demand. (Source: Inverting the Pyramid Report, third edition, published by Intellect in 2009). During FY15, NBFC-MFIs disbursed Rs. 54,591 crore, as per MFIN Micrometer.

A large part of the MFI demand-and-supply gap is currently being met by informal sources, including moneylenders. The Company believes this represents an attractive business opportunity for MFIs such as SKS Microfinance Limited. With the increase in demand for microfinance, the Company believes that, with its operating strength and focus on 17 states, it will be able to capture a significant share of the demand for micro credit in India.

Continue to strengthen Client Protection initiatives

The Company has been implementing several Client Protection initiatives to align its Client Protection and Customer Grievance Redressal with globally recognized benchmarks, and it continues to invest in Client Protection Practices. The Company has identified five elements of these initiatives:

- Strengthening privacy of its client data;
- Transparent and responsible pricing of loans;
- Timely redressal of queries and grievances of its Members;
- Avoidance of over-indebtedness and multiple borrowing among its Borrowers;
- Establishing appropriate collection practices by its employees.

The Company has been conducting Client Protection awareness programmes for its Members and employees pan-India in several vernacular languages with a greater focus in the last three years. The Client Protection Programme of the Company has been certified by Smart Campaign, USA. The Company has also voluntarily adopted a ceiling of 3% Return on Assets (RoA) from its micro credit business.

The Company has further strengthened its three-pronged grievance redressal mechanism that is fully automated with well-defined turnaround times. The Company has appointed Mr. Verghese Jacob as Independent Ombudsman with effect from January 1, 2012.

The Company has also taken up several other initiatives such as conducting customer feedback surveys through a Voice of Customer programme (connected with more than 1,35,000 customers) to understand the needs of the Members; use of client feedback to improve its products and services; adhering to the RBI policy of using credit bureau reports for disbursing loans; disclosure of all product-related information on the Member passbook in their vernacular languages; and educating the Members on their right to submit a complaint through the Member helpline. During FY15, the Company's well-established inbound toll-free Member helpline successfully serviced 3,56,598 customer calls. Inbound calls have doubled over the previous year indicating growing awareness amongst customers about the Member helpline.

Bring down the cost to Borrowers

The Company has reduced the interest rates it charges on loans, with the objective of bringing down the cost to its Borrowers. During FY15, the Company reduced the interest rate on its income-generating loans from 24.55% to 23.55% effective from October 1, 2014. With diversification of funding sources and further reduction in cost of borrowing, the Company has again reduced the interest rate on its income-generating loans to 22% effective from July 1, 2015, making the Company's interest rate the lowest among NBFC-MFIs. The Company intends to leverage opportunities in future to further reduce the interest rates to Borrowers.

Diversification of revenue streams and cross selling of products and services

The Company has built a large distribution network in rural India. The Company believes it can leverage this network to distribute financial and non-financial products of other institutions to its Members at a cost lower than competition. Its network also allows such distributors to access a segment of the market to which many do not otherwise have access.

While the Company continues to focus on its core business of providing micro credit services, it seeks to diversify into other businesses by scaling up certain pilot projects involving fee-based services and secured lending, and will gradually convert them into separate business verticals or operate them through subsidiaries. Its objective in these other businesses is to focus on lending that will allow it to maintain repayment rates, increase Member loyalty and also provide economic benefits to its Members and their families. The Company believes that such other products and services may offer higher operating margins as compared to micro credit under the new regulatory framework and will help it increase its overall RoA.

The Company's existing initiatives in relation to financial products and services other than micro credit include providing:

- Loans to its Members for the purchase of mobile handsets and solar lamps in association with Nokia India Sales Private Limited and D. Light Energy Private Limited respectively;
- Secured loans to its Members against gold as collateral, which is in pilot stage;
- Loans to its Members to facilitate the purchase of sewing machines and bio-mass stoves, which are in the pilot stage.

Enhance operating and financial leverage

The Company provides collateral-free credit to a majority of its Members in their neighbourhood, and its Sangam Managers assist with the processes related to credit verification. While this helps its Borrowers save on travel costs, it results in high operating expenses for the Company, particularly personnel and administrative costs. Personnel costs accounted for 72.4% of its operating expenses during FY15.

The Company has embarked on cost-optimization initiatives by improving its ratio of Borrowers per Sangam Manager, while realizing the benefits of economies of scale. The Borrowers per Sangam Manager ratio was 411 (312 outside the states of Andhra Pradesh and Telangana) as of March 31, 2012 and has been improved to 1,007 (787 outside the states of Andhra Pradesh and Telangana) as of March 31, 2015. Further, the Company has merged branches, both in the hitherto undivided Andhra Pradesh and other states. In addition, the Company grew its loan portfolio in FY14 and FY15 without adding a significant number of new branches or incurring additional capital expenditure. There was a net reduction of approximately 200 branches during FY13, six branches during FY14 and net addition of 13 branches in FY15. As of March 31, 2015, the Company had 1,268 branches. Its total headcount was reduced from 16,194 as of March 31, 2012 to 8,932 as of March 31, 2014. With resumption of hiring, the headcount increased to 9,698 as of March 31, 2015. To implement its growth strategy, though the Company plans to increase its headcount and open branches in certain areas, it will continue to focus on efficiencies to maintain and improve operating leverage.

Other factors that the Company continues to focus on to optimize its cost structure include enhancing the productivity of employees, introducing technology for expedient reporting and re-engineering the internal processes. The results of cost optimization are evident in the reduction in cost-to-income ratio from 74.5% in FY14 to 61.1% in FY15.

Its debt to equity ratio was 3.1 as of March 31, 2015. With a return to full-year profitability in FY14, improved profitability in FY15, growth in its portfolio outside the states of Andhra Pradesh and Telangana, and increase in the availability of financing, the Company aims to maximize its operating and financial leverage.

FY15 – UPDATE

Operational and financial highlights

During FY15, the Company reported a profit after tax of Rs. 187.7 crore as compared to a profit of Rs. 69.9 crore in FY14. The Company reported profits for 10 consecutive quarters and for two full years -- FY14 and FY15. Revenue increased by 47.4% during FY15.

The Company obtained incremental drawdowns (including securitization) of Rs. 5,019.9 crore in FY15, an increase of 43.3% compared to FY14. This aided higher disbursements and the Company registered growth in the loan portfolio in states other than Andhra Pradesh and Telangana during FY15. Gross Loan Portfolio in states other than Andhra Pradesh and Telangana increased by 47% from Rs. 2,836.8 crore as on March 31, 2014 to Rs. 4,171.2 crore as on March 31, 2015. Gross Loan Portfolio in states other than Andhra Pradesh and Telangana increased at a CAGR of 46.7% from Rs. 1,320 crore as on March 31, 2012 to Rs. 4,171.2 crore as on March 31, 2015. Further, average loan recovery rates in states other than Andhra Pradesh and Telangana were robust at 99.8% for FY15.

Operational highlights

Particulars	Mar-11	Mar-12	Mar-13	Mar-14	Mar-15
No. of branches	2,379	1,461	1,261	1,255	1,268
No. of districts	378	329	298	294	314
No. of employees	22,733	16,194	10,809	8,932	9,698
No. of Members (in Lakhs)	73.1	53.5	50.2	57.8	64.0
Disbursements for the year (Rs. in Crore)	7,831	2,737	3,320	4,788	6,891
Gross Loan Portfolio (Rs. in Crore)*	4,111	1,669	2,359	3,113	4,185

*Includes securitized, assigned and managed loan portfolio

Financial highlights

Particulars	Mar-11	Mar-12	Mar-13	Mar-14	Mar-15
Incremental borrowings* (Rs. in Crore)	5,338	1,823	3,149	3,703	5,561
Total revenue (Rs. in Crore)	1,270	472	353	545	803
Profit after tax (Rs. in Crore)	112	(1,361)	(297)	70	188
Total assets (Rs. in Crore)	4,326	1,681	2,511	2,497	4,699
Return on average asset^	2.0%	-40.3%	-11.7%	2.3%	4.3%
Return on average equity	7.5%	-118.9%	-74.4%	16.7%	21.6%

*Amount of sanctions received from banks and financial institutions

^ Assets include securitized, assigned and managed loan portfolio

Financial performance (FY15 versus FY14)

Particulars	FY15		FY14		Increase/ Decrease
	Rs. in Crore	Per cent to Revenue	Rs. in Crore	Per cent to Revenue	
Income from operations	724.0	90.1%	519.0	95.3%	39.5%
Other income	79.1	9.9%	25.8	4.7%	206.1%
Gross revenue	803.1	100.0%	544.8	100.0%	47.4%
Employee benefit expenses	231.9	28.9%	165.6	30.4%	40.0%
Finance costs	279.0	34.7%	214.2	39.3%	30.3%
Other expenses	84.0	10.5%	76.6	14.1%	9.7%
Depreciation and amortization	4.6	0.6%	4.1	0.7%	11.9%
Provisions and write-offs	10.0	1.3%	14.6	2.7%	-31.1%
Total expenditure	609.5	75.9%	475.0	87.2%	28.3%
Profit before tax	193.6	24.1%	69.9	12.8%	177.1%
Tax expense	5.9	0.7%	-	0.0%	-
Profit after tax	187.7	23.4%	69.9	12.8%	168.7%

Income from operations

Income from operations increased by 39.5%, from Rs. 519 crore in FY14 to Rs. 724 crore in FY15. This growth is primarily due to an increase in average (quarterly) Gross Loan Portfolio by 31% from Rs. 2,566.5 crore in FY14 to Rs. 3,362.9 crore in FY15. The opening and closing Gross Loan Portfolio for FY15 were Rs. 3,112.8 crore (March 2014) and Rs. 4,184.5 crore (March 2015) respectively.

Other income

Other income increased by 206.1%, from Rs. 25.8 crore in FY14 to Rs. 79.1 crore in FY15. The increase in other income was primarily due to an increase in the Company's other fee income. Other fee income relates to service provider fees with regard to managed loans and fee received from strategic alliance partners for financing their products, such as mobile phones, solar lamps, etc.

Financial expenses

The Company's financial expenses represent 45.8% of the total expenses for FY15. Financial expenses increased by 30.3% from Rs. 214.2 crore in FY14 to Rs. 279.0 crore in FY15 due to an increase in average (quarterly) borrowings by 46.8% from Rs. 1,557.5 crore in FY14 to Rs. 2,286.7 crore in FY15.

Employee benefit expenses

Employee benefit expenses consist of salaries and other employee benefits. Employee benefit expenses increased by 40% from Rs.165.6 crore in FY14 to Rs. 231.9 crore in FY15, due to annual increments and increase in the number of employees from 8,932 at the end of FY14 to 9,698 at the end of FY15.

Other expenses

Other expenses represented 13.8% of the total expenses for FY15 and increased by 9.7% from Rs. 76.6 crore in FY14 to Rs. 84.0 crore in FY15. This increase was primarily due to an increase in travelling and conveyance expenses.

Depreciation and amortization

Depreciation and amortization increased by 11.9%, from Rs. 4.1 crore in FY14 to Rs. 4.6 crore in FY15. This increase was primarily on account of net additions of fixed and intangible assets of Rs. 5 crore during FY15.

Provisions and write-offs

Provisions and write-offs represented 1.6% of the total expenses for FY15 and decreased by 31.1%, from Rs. 14.6 crore in FY14 to Rs. 10 crore in FY15. Provisions and write-offs were higher in FY14 due to additional standard assets provision of Rs. 11 crore made towards its Joint Liability Group (JLG) loan portfolio to maintain provisioning required by the NBFC-MFI Directions issued by the Reserve Bank of India vide its circular dated December 2, 2011 and as amended vide circular dated March 20, 2012.

Auction of pledged gold

During FY15, the Company has conducted auction of pledged gold jewellery pertaining to 3,944 loan accounts with total outstanding amount of Rs. 9.2 crore (principal of Rs. 6.7 crore plus outstanding interest of Rs. 2.5 crore) and the value fetched was Rs. 8.1 crore.

The Company does not have any sister concerns, who have participated in these auctions. Further, the Company has a policy on refund to Borrowers of any surplus that arises on auction of pledged gold after settling amount due to your Company.

Fund raising

In FY15, the Company received sanctions for Rs. 5,561 crore as compared to Rs. 3,703 crore during FY14. The Company raised funds of Rs. 5,019.9 crore in FY15 as compared to Rs. 3,503.1 crore in FY14. Funds raised in FY15 include Rs. 1,432.5 crore through securitization of portfolio loans and Rs. 200 crore through private placement of Non-Convertible Debentures (NCDs) and Rs. 213.4 through issuance of Commercial Papers (CPs).

The Company's debt funding sources are broad based and, as of March 31, 2015, its total outstanding borrowings and funds from securitization of loans from public sector banks, domestic private banks, foreign banks, and financial and other institutions were 26.4%, 55.2%, 5.1% and 13.2% respectively of its total borrowed funds and funds from securitization of loans. As of March 31, 2014, its total outstanding borrowings and funds from securitization of loans from public sector banks, domestic private banks, foreign banks, and financial institutions and other institutions were 33.7%, 57.1%, 1.5% and 7.7% respectively of its total borrowed funds and funds from securitization of loans.

The Company meets the requirements of PSL guidelines and regularly accesses bank financing that qualifies as PSL. The RBI on April 23, 2015 revised PSL norms for all the scheduled commercial banks (excluding regional rural banks). The scope of PSL has been expanded to include new segments for lending such as medium enterprises, social infrastructure and renewable energy. Changes in the PSL norms have been detailed earlier in this section.

The recent PSL guidelines also specify that, going forward, the monitoring on compliance for banks on Priority Sector targets will be done on a more frequent basis, that is, quarterly (instead of yearly) and banks will have to publish the information of their Priority Sector advances on both quarterly as well as annual basis. With the quarterly compliance on PSL reporting for banks, the seasonality in funding may reduce and ensure credit flow to the MFI sector on a regular basis through the year.

Internal controls and their adequacy

The Company has a well-established Internal Audit Department which ensures adherence to systems, policies and procedures to maintain financial discipline. The Internal Audit Department aims at checking the operational risks through its control mechanism and by conducting inspection of branches/ offices. Based on the guidelines received on various issues of control from the Reserve Bank of India, the Government of India, the Company's Board of Directors and the Audit Committee of the Board have become part of the Internal Control System for better compliance at all levels.

The Company's Internal Control Systems are commensurate with the nature of its business and the size and complexity of its operations. These are routinely tested and cover all Branches, Regional Offices and the Head Office. Significant audit observations and follow-up actions thereon are reported to the Audit Committee.

The Audit Committee of the Board oversees the Internal Audit function of the Company. The Audit Committee reviews the adequacy and effectiveness of the Company's Internal Control System, and monitors the implementation of audit recommendations including those related to strengthening of the Company's risk management policies and systems. The Audit Committee monitors compliance with inspection and audit reports of the Reserve Bank of India, other regulators and statutory auditors.

Risk Management

Risk is an integral part of the Company's business, and sound risk management is critical to the success of the organization. As a financial intermediary, the Company is exposed to risks that are particular to its lending and the environment within which it operates. The Company has identified and implemented comprehensive policies and procedures to assess, monitor and manage risk throughout the Company. The risk management process is continuously improved and adapted to the changing global risk scenario. The agility of the risk management process is monitored and reviewed for its appropriateness in the changing risk landscape. The process of continuous evaluation of risks includes taking stock of the risk landscape on an event-driven basis.

The Company has an elaborate process for risk management. This rests on the three pillars of Business Risk Assessment, Operational Controls Assessment and Policy Compliance Processes. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. These are discussed with both the Management and the Risk Management Committee. Some of the risks relate to competitive intensity and the changing legal and regulatory environment. The Risk Management Committee of the Board reviews the risk management policies in relation to various risks and regulatory compliance issues.

The core business of the Company is to provide collateral-free loans in rural areas and consequently requires enhanced operational risk management. The Company adopts a standardized approach to product design and operational procedures at the Branches and centers to enable predictability of transactions, as a risk mitigant.

Concentration norms

In order to mitigate the risk of external intervention, concentration in any particular state, district or Branch, as well as to manage non-payment risk, the Company has implemented the following monthly limits:

- **Disbursements:** The disbursement limits stipulate each state to entail less than 15% of the total disbursements for the Company (except states of Karnataka and Odisha which have a 20% limit); each district to entail less than 3% of the total disbursements for the Company (except districts in states of Karnataka and Odisha which have a 4% limit); each Branch to entail less than 1% of the total disbursements for the Company (except branches in states of Karnataka and Odisha which have a 1.25% limit); no disbursements to be made by branches that have an NPA of more than 1% or collection efficiency of less than 95%;
- **Gross Loan Portfolio:** Each state to ensure that its Gross Loan Portfolio will not exceed 50% of the Company's net worth (except states of Karnataka, Odisha and Maharashtra which have a 75% limit); each district to maintain that its Gross Loan Portfolio will not exceed 5% of the Company's net worth (up to 5% of the operating districts may go up to 10% of the Company's net worth); each Branch to maintain that its Gross Loan Portfolio will not exceed 1% of the Company's net worth (up to 5% of the operating branches may go up to 2% of the Company's net worth);
- **Loan Portfolio Outstanding:** Each state to ensure that its Gross Loan Portfolio will not exceed 15% of the Company's total portfolio (except states of Karnataka and Odisha which have a 20% limit).

Cash management

All of the Company's disbursements and collections from Borrowers are done in cash, making cash management an important element of the business. To reduce the potential risks of theft, fraud and mismanagement, the Company has been implementing an integrated cash management system since July 2009 which is operational in approximately 1,249 of its branches as of March 31, 2015. The system utilizes an Internet banking software platform that interfaces with various banks to provide the Company with real-time cash information for these branches and the loan activity therein. The Company believes this integrated system augments its management information systems and facilitates its bank reconciliations, audits and cash flow management. The system also reduces errors. The Company has adopted a cash investment policy that limits cash investments to interest-bearing fixed deposit accounts. The Company does not invest cash in any other instruments or securities.

Human resources

The Company always banks on the contributions of its field employees in embarking on a new growth journey. During FY15, the Company continued to show signs of positivity and growth, providing the Management an appetite for enhancing potential and driving growth and development of its people. Talent Engagement, Talent Management, Leadership Development and HR Technology were the key focus areas for the period.

With key leaders joining the bandwagon, the Company could successfully stabilize the structural changes. Continuing the thrust on developing and grooming of internal leadership among middle-level managers, a series of programmes were initiated. 'Lakshya', a unique programme for assessment and development of Unit Managers, is one such programme, built on sustainable and distant mode learning, fulfilling the next level capability requirement, by encompassing modules on leadership – Communication, Computer Proficiency, Leadership and Process Knowledge Excellence. Continuing the mandated 48 human-hours of Leadership and Skill Training during the year, programmes of LEAP – "Leadership Exploration through Action and Passion" and SAYL – "SKS Academy for Young Leaders" have been the focus.

The Company is recognized as one of the top 100 India's Best Places to Work for 2015, announced after a study by Great Place to Work Institute (GPTW) and The Economic Times.

Apart from external surveys like GPTW, the Company has conducted an annual Engagement Survey and the results were the guiding force in elevating engagement plans under CARE – 'Communicate, Appreciate, Reward and Energize'. The Company also conducted All employee meets across regions in an attempt to involve first line officers in taking the agenda forward and setting direction, ensuring a transparent and open communication channel. All other engagement programmes were aimed at instilling pride and respect in one's job and fun at work.

The Company focuses strongly on building process capabilities among the field employees. Annually around 4,49,502 human-hours of technical training is provided for the field employees in seven major Indian languages. Emphasis is laid on new methods of training which includes 'Gamification' to make learning fun and impactful.

Cumulative coverage of ESOPs to employees stands at 48.5%, reflecting shared ownership and fairness as the Company philosophy.

The Company constantly strives to improve process excellence within the HR operations team. The Company identifies gaps in processes, and bridges them primarily through capability building of every HR business partner. Constant efforts are directed by the Company to move from the manual system to the HRIS - SPARK (Systems for People Action, Rewards and Knowledge). Compliance with applicable acts and ensuring timely response to various statutory norms are minimum expectations fulfilled to avoid potential business risks.

Overall employee strength of the Company was 9,698 as on March 31, 2015. The human resource distribution shows that the field employees in branch offices totaled 8,329 (85.9%) and Head Office & Regional Office staff totaled 1,369 (14.1%). Voluntary attrition rate during FY15 was 19.8%.

INFORMATION TECHNOLOGY

Technology combined with innovation and business process change brings in the greatest return. Pursuing this line, your Company has focused on advanced technology solutions that drives it to growth through the following:

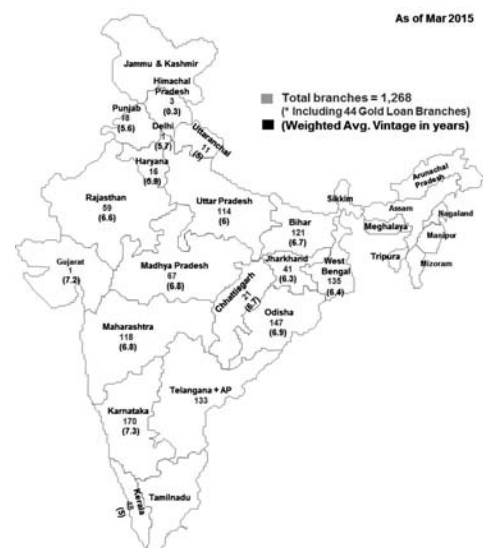
- The Company changed its Core Lending Software to a new generation platform which is scalable for its future growth;
- Migrated more than 400 million records seamlessly from the legacy system to a new system; completed over 20,000 human hours of training;
- Embraced Enterprise Mobility which increases the efficiency of loan officers at the point of delivery in the village and results in productivity gain. Engaged with IBM and other SIs in designing and delivery of the solution;
- Major Data Center Consolidation took place during the year;
- Migrated the existing Data Center to a world class Tier 4 Data Center with redundancies for high availability at all levels;
- Built a robust technology framework with backward integration to OEM and forward integration to Members by delivering goods and services in remote hinter parts of India, comprising order aggregation, logistics and supply chain while maintaining optimum inventory with a linkage to SKS ERP for Accounts Receivables and Accounts Payables.
- Helped in delivering about a million products to Members during the year, who earlier did not have access to the Services;
- Email migration from on-premises Exchange 2007 to Office 365
- A number of internal processes have been automated during the year, resulting in increased efficiency and greater client satisfaction levels

Distribution Network

The Company's fund-based and fee-based products are distributed by its Branch Managers, Assistant Branch Managers and Sangam Managers, who use weekly Sangam meetings as a distribution platform. As of March 31, 2015, each of its Sangam Managers managed approximately 966 Members on an average in states other than Andhra Pradesh and Telangana. As of March 31, 2015, the Company had 8,329 Branch Managers, Assistant Branch Managers and Sangam Managers including Trainees, who comprised 85.9% of the Company's total workforce. As of March 31, 2015, the Company had 1,268 branches.

These Sangam Managers are typically hired and trained locally so that they have a strong understanding of the local areas in which they would eventually work. In many cases, the Company's Sangam Managers hail from the Members' villages. However, in order to avoid conflicts of interest, the Company ensures that the Sangam Managers are not appointed to the same village or adjoining villages from where they come. The Company believes this has the additional benefit of creating additional employment in the villages where the Company operates in. The Company trains each employee through a two-month programme that covers both financing principles and field operations.

In addition, the Company maintains a direct customer contact programme (Sangam Leader Meeting). As part of this programme, Members in a Sangam elect a Sangam Leader to serve as the key contact and relationship person for the Sangam with the Company. The Company conducts Sangam Leader Meetings to inform the Sangam Leaders about its current and historical events, which allows them to better communicate the objectives of the Company with their Members and understand their expectations from the Company's services.



Report on Corporate Governance

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

SKS Microfinance Limited ("SKS" or "the Company") follows the highest standards of governance principles, given the profile of customers that the Company works with. This approach has helped the Company weathering the turbulent times that the MFI sector has faced over the last five years. This approach has also demonstrated that the vulnerability to a financial crisis is reduced through acceptance of the Company's approach by other stakeholders in the ecosystem in which the Company operates. It has also ensured sustained access to capital and debt markets on a continuing basis. The Company is committed to strengthen this approach through adoption of 'best in class' philosophy, systems and processes in the realm of governance.

In India, corporate governance standards for listed companies are also mandated under the Companies Act, 2013 ("the Act") and Clause 49 of the Listing Agreement executed between the Company and the Stock Exchanges, viz., BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE"). In addition to the above, corporate governance standards for Non-Banking Finance Companies ("NBFCs") are also prescribed by Reserve Bank of India ("RBI"). To align corporate governance standards with the provisions of the Act, Securities and Exchange Board of India ("SEBI") through circulars dated April 17, 2014, and September 15, 2014, had revised Clause 49 and mandated listed companies to comply with the same.

The Company has always believed in implementing corporate governance guidelines and practices that go beyond meeting the letter of the law and has comprehensively adopted practices mandated in the revised Clause 49 and the Act to fulfil its responsibility towards the stakeholders. These guidelines ensure that the Board of Directors ("the Board") will have the necessary authority to review and evaluate the operations when required. Further, these guidelines allow the Board to make decisions that are independent of the Management.

This chapter, along with the chapters on Management Discussion and Analysis and Additional Shareholders Information, reports the Company's compliance with Clause 49.

BOARD OF DIRECTORS

Composition and category of the Board

As on March 31, 2015, the Company's Board comprised of nine (9) Directors, including five (5) Independent Directors. The Chairman of the Board is a Non-Executive and Independent Director. The composition of the Board is in conformity with Clause 49 of the Listing Agreement, which stipulates that fifty per cent (50%) of the Board should consist of Non-Executive Directors, and if the Chairman is Non-Executive and Non-Promoter, one-third of the Board should be independent.

During the year under review, the Board met nine (9) times on April 28, 2014, May 19, 2014, May 22, 2014, May 27, 2014, July 24, 2014, October 20, 2014, October 29, 2014, January 2, 2015 and January 29, 2015. The time gap between any two meetings was less than four months.

The names of the members of the Board, their status, their attendance at the Board Meetings and the last AGM, number of other Directorships and Committee membership(s)/ chairmanship(s) of each Director are as under:

Name of Director	Category of Director	No. of meetings held in FY15	No. of meetings attended (including through electronic mode) in FY15	Whether attended last AGM	No. of Directorships held in other public companies	No. of other Board Committee Members	No. of Chairmanships of other Board Committees
Mr. P. H. Ravikumar	Non-Executive Chairman & Independent Director	9	9	Yes	8	4	1
Mr. S. Balachandran (with effect from July 24, 2014)	Independent Director	5	5	Yes	4	1	3
Mr. Geoffrey Tanner Woolley	Independent Director	9	4	-	-	-	-

Dr. Punita Kumar-Sinha (with effect from March 23, 2015)	Additional and Independent Director	-	-	-	9	5	-
Dr. Tarun Khanna	Independent Director	9	2	-	1	-	-
Mr. P. Krishnamurthy	Nominee Director (SIDBI)	9	9	Yes	1	1	-
Mr. Paresh Patel	Director	9	3	-	-	-	-
Mr. Sumir Chadha	Director	9	4	-	-	-	-
Mr. M. R. Rao	Managing Director & CEO	9	9	Yes	-	-	-

Notes:

1. None of the Directors of the Company were members in more than ten (10) committees or acted as Chairpersons of more than five (5) committees across all public limited companies in which they were Directors. For the purpose of reckoning the limit, Chairmanship/ membership of the Audit Committee and the Stakeholders' Relationship Committee alone have been considered;
2. None of the Directors held directorships in more than ten (10) public limited companies;
3. None of the Directors is related to any Director or is a member of an extended family;
4. None of the employees of the Company is related to any of the Directors;
5. None of the Directors has any business relationship with the Company;
6. None of the Directors has received any loans or advances from the Company during the year.

Information Supplied to the Board

The Board has complete access to all information with the Company; *inter alia*, the following information is regularly provided to the Board as part of the agenda papers well in advance of the Board meetings or is tabled in the course of the Board meeting:

- Annual operating plans, budgets and any update thereof;
- Capital budgets and any updates thereof;
- Quarterly results of the Company, operating divisions and business segments;
- Minutes of the meetings of the Audit Committee and other Committees of the Board;
- Information on recruitment and remuneration of senior officers just below the Board level, including the appointment or removal of the Chief Financial Officer and the Company Secretary;
- Show cause/ demand/ prosecution/ penalty notices which are materially important;
- Fatal or serious accidents, dangerous occurrences, etc;
- Any material default in financial obligations to and by the Company;
- Non-compliance of any regulatory, statutory nature or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer, etc.

The Board works closely with the Executive Management Team to constantly review the evolving operating environment and strategies best suited to enhance the Company's performance and periodically reviews compliance reports of all laws applicable to the Company as well as steps taken by the Company to rectify instances of non-compliance, if any.

Code of Conduct

The Board has laid down a Code of Conduct for all the Board Members and Senior Management of the Company. The Code of Conduct is available on the website of the Company: www.sksindia.com. All Board Members and Senior Management personnel have affirmed compliance with the Code of Conduct. A declaration signed by the Chief Executive Officer (CEO) to this effect is enclosed at the end of this report.

Committees of the Board

The Board has constituted committees to delegate particular matters that require greater and more focussed attention in the affairs of the Company. These committees prepare the groundwork for decision-making and report to the Board.

All decisions pertaining to the constitution of committees, appointment of members and fixing of terms of reference for committee members is taken by the Board. Details on the role and composition of these committees, including the number of meetings held during the financial year and the related attendance, are provided below:

a) **Audit Committee**

The Audit Committee (the "Committee") is comprised of three (3) members including two (2) Independent Directors:

1. Mr. P. H. Ravikumar (Chairman);
2. Mr. S. Balachandran; and
3. Mr. P. Krishnamurthy.

The Committee oversees the financial reporting process and reviews, with the Management, the financial statements to ensure that the same are correct and credible. The Committee has the ultimate authority and responsibility to select and evaluate the Independent Auditors in accordance with the law. The Committee also reviews performance of the Statutory Auditors, the Internal Auditors, adequacy of the internal control system and Whistle-blower mechanism.

The Audit Committee charter is available on the website of the Company: www.sksindia.com.

During the year under review, the Committee met five (5) times. These meetings were held on April 28, 2014, July 18, 2014, July 24, 2014, October 20, 2014 and January 29, 2015. The time gap between any two meetings was less than four months.

The details of the attendance of the Directors at the Committee meetings are given below:

Attendance record of the Audit Committee

Name of the Member	Position	Status	No. of Meetings Held	No. of Meetings Attended
Mr. P. H. Ravikumar	Independent Director	Chairman	5	5
Mr. S. Balachandran (with effect from July 24, 2014)	Independent Director	Member	3	3
Mr. P. Krishnamurthy	Nominee Director	Member	5	5
Dr. Tarun Khanna (up to July 24, 2014)	Independent Director	Member	2	1
Mr. Paresh Patel (up to July 24, 2014)	Director	Member	2	2

The President and the Chief Financial Officer, who are responsible for the finance function, the Head of Internal Audit and the representative of the Statutory Auditors are regularly invited to attend meetings of the Committee. Mr. Rajendra Patil, Company Secretary & Compliance Officer, is the secretary to the Committee.

All members of the Audit Committee have accounting and financial management expertise. Mr. P. H. Ravikumar, Chairman of the Audit Committee, was present at the Company's Eleventh Annual General Meeting (AGM) held on September 29, 2014 to answer shareholder queries.

b) **Asset Liability Management Committee**

Till May 4, 2015, the Asset Liability Management Committee ("ALM Committee") was comprised of four (4) members:

1. Mr. P. H. Ravikumar (Chairman);
2. Mr. Paresh Patel;
3. Mr. P. Krishnamurthy; and
4. Mr. M. R. Rao.

The functions of the ALM Committee include addressing concerns regarding asset liability mismatches, interest rate risk exposure, and achieving optimal return on capital employed while maintaining acceptable levels of risk including and relating to liquidity, market and operational aspects and adhering to the relevant policies and regulations.

The ALM Committee charter is available on the website of the Company: www.sksindia.com.

During the year under review, the ALM Committee did not meet.

c) **Corporate Social Responsibility Committee**

Till May 4, 2015, the Corporate Social Responsibility Committee ("CSR Committee") was comprised of four (4) members including two (2) Independent Directors:

1. Mr. Geoffrey Tanner Woolley (Chairman);
2. Mr. S. Balachandran;
3. Mr. P. Krishnamurthy; and
4. Mr. M. R. Rao.

The functions of the CSR Committee include formulation and monitoring of CSR Policy, recommending CSR Projects and budgets thereof, review of CSR initiatives undertaken/ to be undertaken by the Company and to do such other things as directed by the Board and in compliance with the applicable laws.

The CSR Committee charter and the CSR policy of the Company are available on the website of the Company: www.sksindia.com.

During the year under review, the CSR Committee met two (2) times. These meetings were held on October 29, 2014 and January 29, 2015. The details of the attendance of the Directors at the Committee meetings are given below:

Attendance record of the CSR Committee

Name of the Member	Position	Status	No. of Meetings Held	No. of Meetings Attended
Mr. Geoffrey Tanner Woolley	Independent Director	Chairman	2	2
Mr. S. Balachandran	Independent Director	Member	2	2
Mr. P. Krishnamurthy	Nominee Director	Member	2	2
Mr. M. R. Rao	Managing Director & CEO	Member	2	2

d) Nomination and Remuneration Committee

Till May 4, 2015, the Nomination and Remuneration Committee (“NRC Committee”) was comprised of six (6) members including four (4) Independent Directors:

1. Dr. Tarun Khanna (Chairman);
2. Mr. S. Balachandran (Alternate Chairman);
3. Mr. Geoffrey Tanner Woolley;
4. Mr. P. H. Ravikumar;
5. Mr. Paresh Patel; and
6. Mr. Sumir Chadha

During the year under review, the NRC Committee met four (4) times. These meetings were held on April 28, 2014, July 24, 2014, October 29, 2014 and January 29, 2015. The details of the attendance of the Directors at the NRC Committee meetings are given below:

Attendance record of the NRC Committee

Name of the Member	Position	Status	No. of Meetings Held	No. of Meetings Attended
Dr. Tarun Khanna	Independent Director	Chairman	4	1
Mr. S. Balachandran (with effect from July 24, 2014)	Independent Director	Member & Alternate Chairman	2	2
Mr. Geoffrey Tanner Woolley	Independent Director	Member	4	4
Mr. P. H. Ravikumar	Independent Director	Member	4	4
Mr. Paresh Patel	Director	Member	4	0
Mr. Sumir Chadha	Director	Member	4	3

The NRC Committee charter is available on the website of the Company: www.sksindia.com.

Performance evaluation of Board Members

The Act and the revised Clause 49 of the Listing Agreement entered into with the Stock Exchanges stipulates the performance evaluation of the Directors including Chairperson, Board and its Committees. Considering the said provisions, the Company has devised a process and criteria for the performance evaluation which has been recommended by the NRC Committee and approved by the Board.

The evaluations for the Directors and the Board were done through separate structured questionnaires, one each for Independent and Non-Executive Directors, Managing Director & CEO, Board and the Committees of the Board.

A separate exercise was carried out to evaluate the performance of all Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution; knowledge, skill and understanding of the areas which are relevant to them in their capacity as members of the Board; independence of judgement; safeguarding the interest of the Company, etc. The performance of the Managing Director & CEO was evaluated on additional parameters such as strategy formulation and execution; financial performance; leadership; knowledge of the product, etc. The performance evaluation of each Independent Director

was carried out by the entire Board, excluding the Independent Director concerned. The performance evaluation of the Non-Executive Directors was carried out by the Independent Directors.

Remuneration Policy

The NRC Committee determines and recommends to the Board the compensation payable to the Directors. The NRC Committee reckons the performance of the team, the manner in which the sector is performing and the prevailing and emerging levels of compensation while submitting to the Board their views. All Board-level compensation is approved by the shareholders and disclosed separately in the financial statements.

Remuneration for the Managing Director and CEO and other senior executives consists of a fixed component and a variable component. The NRC Committee conducts an annual appraisal of the performance of the Managing Director and CEO and other senior executives based on a performance-related matrix. The annual compensation of the senior executives is approved by the NRC Committee. It also recommends the annual compensation of the Managing Director and CEO, which is approved by the Board.

The Managing Director and CEO of the Company is entitled to an annual variable pay each fiscal year, which is subject to the achievement of certain fiscal year milestones by the Company, as determined by the Board.

The compensation payable to the Independent Directors is limited to a fixed amount per year, as determined and approved by the Board, the sum of which does not exceed 1% of the net profits for the year, calculated as per the provisions of the Act. The performance of the Independent Directors is reviewed by the Board on an annual basis.

Remuneration paid to all Directors for FY15

Rs. in lakh

Name of the Director	Sitting Fees	Salary and Perquisites	Contribution to Provident and Other Funds	Performance Linked Incentive	Commission & Others#	Total
Mr. P. H. Ravikumar	12.85	-	-	-	10.00	22.85
Mr. S. Balachandran*	12.00	-	-	-	-	12.00
Mr. Geoffrey Tanner Woolley	6.90	-	-	-	10.00	16.90
Mr. M. R. Rao	Nil	150.54	9.66	63.00	-	223.20
Mr. P. Krishnamurthy	9.70	-	-	-	-	9.70
Mr. Paresh Patel	Nil	-	-	-	-	-
Mr. Sumir Chadha	Nil	-	-	-	-	-
Dr. Tarun Khanna	0.85	-	-	-	10.00	10.85

* with effect from July 24, 2014.

Commission to Independent Directors for FY14 was paid during FY15.

During FY15, the Company has not advanced loans to any of its Directors. Mr. M. R. Rao was granted 2,92,500 stock options during FY15.

Familiarization programme

The Board has been apprised/ familiarized about the business performance, product and processes, business model, nature of the industry in which the Company operates, roles and responsibilities of the Board Members under the applicable laws, etc., on a periodic basis and the details of such familiarization programmes are available at www.sksindia.com.

All new Directors inducted into the Board are introduced to the Company through appropriate orientation sessions. Presentations are made by senior management officers to provide an overview of the Company's operations and to familiarize the new Directors with the operations. They are also introduced to the organization's culture, services, constitution, Board procedures, matters reserved for the Board and risk management strategy.

The Company also facilitates the continual education requirements of its Directors. Support is provided for Independent Directors, if they choose to attend educational programmes in the areas of Board/ corporate governance.

e) Risk Management Committee

The Company follows well-established and detailed risk assessment and minimization procedures. The Company especially focuses on improving its sensitivity to the assessment of risks and improving methods of computation of risk weights. The risk assessment and mitigation procedures are reviewed by the Board periodically. The Company's risk management framework is discussed in detail in the chapter on Management Discussion and Analysis.

Till May 4, 2015, the Risk Management Committee (“RM Committee”) was comprised of four (4) members including two (2) Independent Directors:

1. Mr. P. H. Ravikumar (Chairman);
2. Mr. S. Balachandran;
3. Mr. P. Krishnamurthy; and
4. Mr. M. R. Rao.

The functions of the RM Committee include monitoring and reviewing risk management plan, operational risk, information technology risk, integrity risk, etc., and taking strategic actions in mitigating risk associated with the business.

The RM Committee charter is available on the website of the Company: www.sksindia.com.

During the year under review, the RM Committee did not meet.

f) Stakeholders’ Relationship Committee

Till May 4, 2015, the Stakeholders’ Relationship Committee (“SRC Committee”) was comprised of three (3) members including two (2) Independent Directors:

1. Mr. P. H. Ravikumar (Chairman);
2. Mr. Geoffrey Tanner Woolley; and
3. Mr. P. Krishnamurthy.

The functions and powers of the SRC Committee include review and resolution of grievances of shareholders, debenture holders and other security holders; dealing with all aspects relating to the issue and allotment of shares, debentures and other securities; approve sub-division, consolidation, transfer and issue of duplicate share/ debenture certificate.

The SRC Committee charter is available on the website of the Company: www.sksindia.com.

During the year under review, the SRC Committee met twice (2) on July 24, 2014 and October 29, 2014. Details of the attendance are given below:

Attendance record of the SRC Committee

Name of the Member	Position	Status	No. of Meetings Held	No. of Meetings Attended
Mr. P. H. Ravikumar	Independent Director	Chairman	2	2
Mr. Geoffrey Tanner Woolley	Independent Director	Member	2	2
Mr. P. Krishnamurthy	Independent Director	Member	2	2

Mr. Rajendra Patil, Company Secretary & Compliance Officer, is the Secretary to the SRC Committee.

Details of queries and grievances received and attended to by the Company during FY15 are given below:

Nature of complaints received and attended to during FY15

Nature of Complaint	Pending as on April 1, 2014	Received during 2014-15	Answered during 2014-15	Pending as on March 31, 2015
1. Transfer/ Transmission/ Duplicate	Nil	1	1	Nil
2. Non-receipt of Dividend	Nil	1	1	Nil
3. Dematerialization/ Rematerialization of shares	Nil	Nil	Nil	Nil
4. Complaints received through:				
- The Securities and Exchange Board of India	Nil	Nil	Nil	Nil
- Stock Exchanges	Nil	Nil	Nil	Nil
- Registrar of Companies/ Ministry of Corporate Affairs	Nil	Nil	Nil	Nil
- Company & Registrar	Nil	25	25	Nil
5. Legal	Nil	Nil	Nil	Nil

In addition to the aforesaid Committees, the Board has constituted three (3) non-mandatory Committees to oversee specific operational activities, namely the ESOP Allotment Committee, the Finance Committee and the Small Finance Bank (Project Advisory) Committee.

Shares and convertible instruments held by the Non-Executive Directors

Details of shares or convertible instruments of the Company held by the Non-Executive Directors as on March 31, 2015 are given below:

S. No.	Director's name	No. of Stock Options	No. of Equity Shares
1	Mr. P. H. Ravikumar	1,24,000	10,500
2	Mr. Geoffrey Tanner Woolley	2,36,000	0
3	Dr. Tarun Khanna	2,36,000	8,080

The Board, at its meeting held on May 4, 2015, reconstituted some of the Committees and details of the revised composition of the said Committees are given in **Annexure A**.

MANAGEMENT

Management Discussion and Analysis

The Annual Report has a detailed chapter on Management Discussion and Analysis.

SHAREHOLDERS

Re-appointment/ Appointment of Directors

Dr. Punita Kumar-Sinha, who was appointed as Additional Director and Independent Director to hold the office of Director till the date of the ensuing Annual General Meeting (AGM), is eligible for appointment. The Company has received a notice from a member under Sections 149 and 160 of the Act, proposing the candidature of the above-mentioned for appointment as Independent Director of the Company under the Act, with effect from March 23, 2015 for a period of five (5) years.

Mr. Paresh Patel is retiring by rotation and, being eligible, offers himself for re-appointment in the ensuing AGM.

The detailed profiles of the above Directors are provided in the Notice convening the ensuing AGM.

GENERAL BODY MEETINGS

Details of the last three Annual General Meetings.

Financial Year	Category	Location of the meeting	Date	Time
2013-14	AGM	Mumbai	29.09.2014	11.00 a.m.
2012-13	AGM	Mumbai	03.12.2013	11.00 a.m.
2011-12	AGM	Hyderabad	10.08.2012	10.00 a.m.

The following Special Resolutions were taken up in the last three AGMs, and were passed with the requisite majority:

FY14: Special Resolutions passed at the Eleventh Annual General Meeting

1. Payment of Commission to Independent Directors; and
2. Adoption of new Articles of Association of the Company containing regulations in conformity with the Act.

FY13: Special Resolutions passed at the Tenth Annual General Meeting

1. Re-appointment of Mr. M. R. Rao as the Managing Director and Chief Executive Officer of the Company; and
2. Payment of Commission to Independent Directors.

FY12: Special Resolutions passed at the Ninth Annual General Meeting

1. Payment of remuneration to Mr. M. R. Rao as the Managing Director and Chief Executive Officer of the Company; and
2. Issue of equity shares on Preferential Basis.

Postal Ballot

During the year, a Special Resolution, as proposed in the Postal Ballot notice dated November 6, 2014, was passed on December 16, 2014 with the requisite majority, for the following purpose:

1. Issue and allotment of Non-Convertible Debentures and/ or other debt securities on private placement basis.

Mr. K. V. S. Subramanyam, Practising Company Secretary, Partner of M/s. Ravi & Subramanyam Company Secretaries, was appointed as the Scrutinizer.

The Company has complied with the procedures for the Postal Ballot in terms of provisions of Section 110 and other applicable provisions, if any, of the Act, read with Rule 22 of the Companies (Management and Administration) Rules, 2014 and amendments thereto made, from time to time.

Details of the Voting Pattern for the Postal Ballot notice dated November 6, 2014 and results announced on December 16, 2014 are as follows:

Promoter/ Public	No. of shares held	No. of votes polled	% of votes polled on outstanding shares	No. of votes – in favour	No. of votes – against	% of votes in favour on votes polled	% of votes against on votes polled
	1	2	3	4	5	6	7
Promoter and Promoter Group	11,685,523	11,685,523	100	11,685,523	0	100	-
Public Institutional Holders	79,286,473	44,313,419	55.89	35,348,454	7,855,419	79.77	17.73
Public-Others	35,043,427	7,199,766	20.54	7,045,383	3,637	97.85	0.05
Total	126,015,423	63,198,708	-	54,079,360	7,859,056	-	-

None of the businesses proposed to be transacted in the ensuing Twelfth AGM requires passing of a Special Resolution through Postal Ballot.

DISCLOSURES

Materially significant related party transactions

No materially significant related party transactions that may have potential conflict with the interests of the Company at large were reported during FY15.

Details of non-compliance by the Company

The Company has complied with all the requirements of regulatory authorities. No penalties/ strictures were imposed on the Company by the stock exchanges or the SEBI or any statutory authority on any matter relating to the capital market during the last three years.

Whistle-blower mechanism

The Company has adopted the Whistle-blower Policy pursuant to which employees of the Company can raise their concerns relating to malpractices, inappropriate use of funds or any other activity or event which is against the interest of the Company. Further, the mechanism adopted by the Company encourages the employees to report genuine concerns or grievances, and provides for adequate safeguards against victimization of employees who avail of such a mechanism and also provides for direct access to the Chairperson of the Audit Committee, in exceptional cases.

Disclosure of accounting treatment in preparation of financial statements

The Company has followed the guidelines of accounting standards laid down by the Institute of Chartered Accountants of India (ICAI) in preparation of its financial statements.

Code of Conduct for prevention of insider trading

In compliance with the SEBI (Prohibition of Insider Trading) Regulations, 2015 on prevention of insider trading, the Company has adopted a revised Code of Conduct for prevention of Insider Trading to regulate, monitor and report trading; and preserve confidentiality of unpublished price sensitive information to prevent misuse of such information by its employees and other connected persons. The Code of Conduct lays down guidelines which advise them on procedures to be followed and disclosures to be made while dealing with shares of the Company, and cautioning them of the consequences of violations.

CEO/ CFO Certification

The CEO and the CFO certification on the audited financial statements for the year has been submitted to the Board.

Details of compliance with mandatory requirements

The Company is fully compliant with the applicable mandatory requirements of Clause 49.

Compliance Report as on March 31, 2015

Particulars	Clause of Listing Agreement	Compliance status
I. Board of Directors	49 (II)	
(A) Composition of Board	49 (IIA)	Compliant
(B) Independent Directors	49 (IIB)	Compliant
(C) Non-Executive Directors' compensation & disclosures	49 (IIC)	Compliant
(D) Other provisions as to Board and Committees	49 (IID)	Compliant
(E) Code of Conduct	49 (IIE)	Compliant
(F) Whistle-blower Policy	49 (IIF)	Compliant
II. Audit Committee	49 (III)	
(A) Qualified and Independent Audit Committee	49 (IIIA)	Compliant
(B) Meeting of Audit Committee	49 (IIIB)	Compliant
(C) Powers of Audit Committee	49 (IIIC)	Compliant
(D) Role of Audit Committee	49 (IIID)	Compliant
(E) Review of Information by Audit Committee	49 (IIIE)	Compliant
IV. Nomination and Remuneration Committee	49 (IV)	Compliant
V. Subsidiary Companies	49 (V)	- NA-
VI. Risk Management	49 (VI)	Compliant
VII. Related Party Transactions	49 (VII)	Compliant
VIII. Disclosures	49 (VIII)	
(A) Related party transactions	49 (VIIIA)	Compliant
(B) Disclosure of Accounting Treatment	49 (VIIIB)	Compliant
(C) Remuneration of Directors	49 (VIIC)	Compliant
(D) Management	49 (VIID)	Compliant
(E) Shareholders	49 (VIIE)	Compliant
(F) Proceeds from public issues, rights issue, preferential issues, etc.	49 (VII F)	-NA-
IX. CEO/ CFO Certification	49 (IX)	Compliant
X. Report on Corporate Governance	49 (X)	Compliant
XI. Compliance	49 (XI)	Compliant

Adoption of non-mandatory requirements

Although it is not mandatory, the Board has appointed separate persons for the post of Chairman of the Board [Non-Executive (Independent) Director] and Managing Director and CEO; and the Internal Auditor reports directly to the Audit Committee.

MEANS OF COMMUNICATION WITH SHAREHOLDERS

All important information relating to the Company and its performance, including financial results and shareholding pattern, are posted on the website of the Company: www.sksindia.com. The website also displays all official press releases and presentation to analysts made by the Company.

The quarterly, half yearly and annual results of the Company's performance are published in leading newspapers like The Financial Express (English) and Loksatta (Marathi).

GENERAL SHAREHOLDER INFORMATION

i. Annual General Meeting

Date: September 23, 2015

Time: 11.00 a.m.

Venue: Y. B. Chavan Auditorium, General Jagannath Bhosle Marg, Mumbai - 400 021, Maharashtra

ii. Financial Calendar

Financial year: April 1 to March 31

For the year ended March 31, 2015, results were announced on:

- July 24, 2014 : First quarter
- October 29, 2014 : Half yearly
- January 29, 2015 : Third quarter
- May 4, 2015: Fourth quarter and annual

For the year ending March 31, 2016, results were announced on/ will be announced by

- July 22, 2015 : First quarter
- On or before November 14, 2015: Half yearly
- On or before February 14, 2016 : Third quarter
- On or before May 30, 2016 : Fourth quarter and annual

iii. Dates of Book Closure

The dates of book closure are from September 16, 2015 to September 23, 2015 inclusive of both days.

iv. Listing on Stock Exchanges & Stock Codes

At present, the equity shares of the Company are listed on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE). The annual listing fees for FY16 to BSE and NSE has been paid.

Stock Exchange codes

Name of the Stock Exchange	Stock Code
BSE Limited, Mumbai	533228
National Stock Exchange of India Limited, Mumbai	SKSMICRO

v. Market Price Data & Performance in comparison to broad-based indices

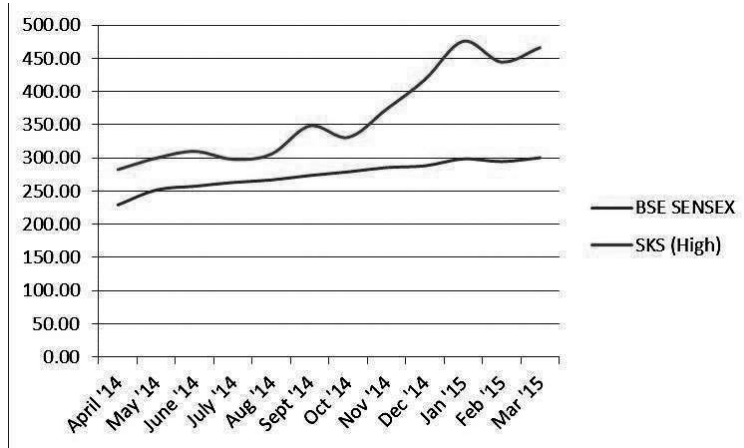
High, lows and volumes of the Company's shares for FY15 at BSE and NSE

	BSE			NSE		
	High	Low	Volume	High	Low	Volume
Apr 2014	282.40	203.00	8,897,587	282.40	203.00	23,658,042
May 2014	299.70	224.70	8,561,650	299.80	220.50	35,299,300
June 2014	309.90	259.65	6,542,408	309.90	259.60	22,774,246
July 2014	297.95	249.50	7,340,976	297.00	250.05	23,719,998
Aug 2014	305.75	260.55	5,474,389	306.00	260.30	18,346,460
Sep 2014	348.35	278.00	10,547,611	348.60	277.70	46,596,055
Oct 2014	330.95	278.65	5,010,600	331.30	279.25	22,902,843
Nov 2014	373.40	322.25	7,256,562	373.70	322.20	42,910,394
Dec 2014	417.90	336.30	10,613,910	418.00	342.00	60,734,201
Jan 2015	475.75	407.40	6,837,441	475.80	407.00	51,645,442
Feb 2015	444.50	399.55	5,177,675	444.75	400.00	25,683,020
Mar 2015	466.20	415.00	4,520,370	466.40	414.70	26,571,498

Note: High and low are in rupees per traded share

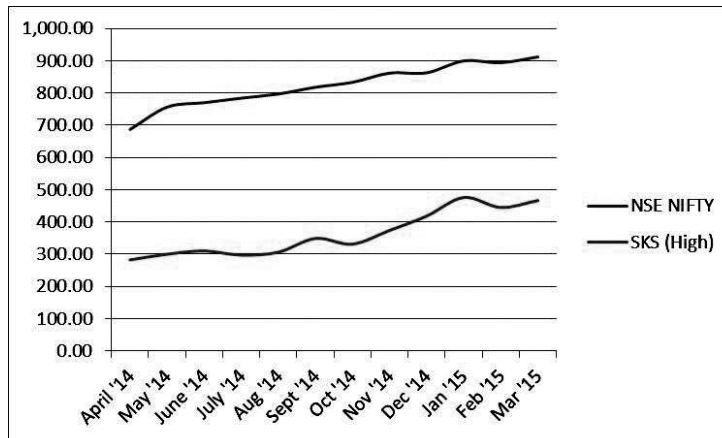
Volumes is the total monthly volume of trade in number of SKS shares

SKS Share Performance on BSE versus BSE Sensex



Note: SKS share prices at the BSE and the BSE Sensex have been indexed to 100 as on the first working day of FY15

SKS Share Performance on NSE versus Nifty



Note: SKS share prices at the NSE and the NSE S&P Nifty have been indexed to 10 as on the first working day of FY15

Outstanding GDRs/ ADRs/ Warrants/ Options or any Convertible instruments, conversion date and likely impact on equity

Nil

Registrar & Share Transfer Agents

The Company has appointed Karvy Computershare Private Limited (Karvy) as its Registrar and Transfer Agent. All share transfers and related operations are conducted by Karvy, which is registered with the SEBI.

Karvy Computershare Private Limited

(Unit : SKS Microfinance Limited)

Karvy Selenium Tower B, Plot 31-32,

Gachibowli Financial District,

Nanakramguda,

Hyderabad 500 032.

Email: einward.ris@karvy.com

Phone No: 040-67162222

Fax No: 040-23001153

Share Transfer System

The Company has constituted a Stakeholders Relationship Committee for redressing shareholder and investor complaints.

Dematerialization of Shares

As at March 31, 2015, over 95.99% shares of the Company were held in dematerialized form.

Branch Offices

The Company has 1,268 branches as on March 31, 2015 across India.

Address for correspondence

Shareholders/ Investors may write to the Company Secretary at the following address:

The Company Secretary

SKS Microfinance Limited

Registered Office Address:

Unit No. 410, 'Madhava',

Bandra-Kurla Complex,

Bandra (East),

Mumbai – 400 051.

Email: skscomplianceofficer@sksindia.com

Phone No: 040-4452 6000

Fax No: 040-4452 6001/ 022-2659 2375

In addition to the aforesaid, Debentureholders may write to the Debenture Trustee at the following address:

IDBI Trusteeship Services Limited

Asian Building, Ground Floor,

17, R. Kamani Marg, Ballard Estate,

Mumbai 400 001, India

Email: itsl@idbitrustee.co.in

Phone No: +91 22 4080 7000

Fax No: +91 22 6631 1776

Investor Grievance Email: response@idbitrustee.com

CEO CERTIFICATION ON CODE OF CONDUCT

I, M. Ramachandra Rao, Managing Director and CEO of SKS Microfinance Limited, hereby certify that all the Board Members and Senior Managerial Personnel (Core Management Team) have affirmed compliance with the Code of Conduct of the Company laid down by the Board of Directors in accordance with Clause 49 of the Listing Agreement, for the year ended March 31, 2015.

Sd/-

M. R. Rao

Managing Director and CEO

Annexure A

Committee	Revised Constitution approved by the Board at its Meeting held on May 4, 2015
Asset Liability Management Committee	Mr. P. Krishnamurthy (Chairman); Mr. S. Balachandran; Mr. M. R. Rao; and Mr. P. H. Ravikumar.
Corporate Social Responsibility Committee	Mr. Geoffrey Tanner Woolley (Chairman); Mr. M. Ramachandra Rao; Mr. P. Krishnamurthy; Dr. Punita Kumar-Sinha; and Dr. Tarun Khanna.
Nomination and Remuneration Committee	Mr. S. Balachandran (Chairman); Mr. Geoffrey Tanner Woolley; Mr. Paresh Patel; Dr. Punita Kumar-Sinha; Mr. Sumir Chadha; and Dr. Tarun Khanna.
Risk Management Committee	Mr. P. H. Ravikumar (Chairman); Mr. S. Balachandran; and Mr. P. Krishnamurthy.

CORPORATE GOVERNANCE CERTIFICATE

To
The Members
SKS Microfinance Limited
Hyderabad

We have examined all the relevant records of **SKS Microfinance Limited** (the Company) for the purpose of certifying the compliance of the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreements with BSE Limited and National Stock Exchange of India Limited for the financial year ended March 31, 2015 (i.e. from April 1, 2014 to March 31, 2015). We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of certification.

The compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the listing agreement.

This Certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

For BS & Company
Company Secretaries

Sd/-
(Soumya D)
Associate Partner
C. P No. 13199

Place: Hyderabad
Date: May 4, 2015

INDEPENDENT AUDITOR'S REPORT

To the Members of SKS Microfinance Limited

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with 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 the design, implementation and maintenance of adequate internal financial control 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, issued by the Institute of Chartered Accountants of India, as 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 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 effectiveness of such controls. An audit also includes evaluating the appropriateness of 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 financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2015, its profit, and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. 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 paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

- (c) The Balance Sheet, Statement of Profit and Loss, and 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 written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 38 to the financial statements;
 - ii. The Company did not have any outstanding long-term contracts including derivative contracts as at March 31, 2015 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.

For S. R. BATLIBOI & CO. LLP
ICAI Firm's Registration Number: 301003E
Chartered Accountants

per Viren H. Mehta
Partner
Membership No.: 048749
Hyderabad
May 4, 2015

Annexure referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date

Re: SKS Microfinance Limited

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 4(ii) of the Order are not applicable to the Company and hence not commented upon.
- (iii) According to the information and explanations 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 Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a) and (b) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for rendering of services. The activities of the Company do not involve purchase of inventory and the sale of goods. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.
- (v) The Company has not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under clause 148(1) of the Companies Act, 2013, for the products/services of the Company.
- (vii) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax and cess on account of any dispute, are as follows:

Name of the Statute	Nature of dues	Amount under dispute*(Rs.)	Amount paid (Rs.)	Period to which its relates	Forum where dispute is pending
Chapter V of the Finance Act, 1994	Service Tax	460,522,537	Nil	Financial years 2006-07 to 2011-12	Customs Excise & Service Tax Appellate Tribunal ('CESTAT')
	Interest on service tax dues mentioned above	434,786,212			
	Penalty on service tax dues mentioned above	460,537,537			

* Includes a demand of Rs.351,926,175 (including interest and penalty) against which the Company has received a stay order dated February 3, 2015 from the CESTAT

- (d) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.
- (viii) The Company's accumulated losses at the end of the financial year are more than fifty percent of its net worth. The Company has not incurred cash losses in the current and immediately preceding financial year.
- (ix) Based on our audit procedures and as per the information and explanations given by the management, we are of the

opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.

- (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) Based on the information and explanation given to us by the management, term loans were applied for the purpose for which the loans were obtained, though idle/surplus funds which were not required for immediate utilization have been gainfully invested in liquid assets payable on demand.
- (xii) We have been informed that during the year there were instances of misappropriation of cash and gold (pledged as collateral) by the employees of the Company aggregating Rs.2,014,725; loans given to non-existent borrowers on the basis of fictitious documentation created by the employees of the Company aggregating Rs.643,681; and misrepresentation by certain borrowers for obtaining loans aggregating Rs.161,600. As informed, services of employees involved have been terminated and the Company is in the process of taking legal action against the employees and the borrowers. The outstanding balance (net of recovery) aggregating Rs.1,415,527 has been written off.

For S. R. BATLIBOI & CO. LLP
ICAI Firm's Registration Number: 301003E
Chartered Accountants

per Viren H. Mehta
Partner
Membership No.: 048749
Hyderabad
May 4, 2015

Balance Sheet as at March 31, 2015*(Amount in Rupees unless otherwise stated)*

	Notes	31-Mar-15	31-Mar-14
Equity and liabilities			
Shareholders' funds			
Share capital	4	1,262,924,930	1,082,129,620
Reserves and surplus	5	9,201,633,570	3,510,006,938
		10,464,558,500	4,592,136,558
Share application money pending allotment	6	64,800	-
Non-current liabilities			
Long-term borrowings	7	10,572,211,910	3,002,070,202
Long-term provisions	8	127,184,909	1,862,151,448
		10,699,396,819	4,864,221,650
Current liabilities			
Short-term borrowings	9	6,096,276,475	3,323,504,752
Other current liabilities	10	19,271,887,706	11,806,546,938
Short-term provisions	8	455,073,842	385,552,732
		25,823,238,023	15,515,604,422
TOTAL		46,987,258,142	24,971,962,630
Assets			
Non-current assets			
Fixed assets			
Tangible assets	11	51,505,818	65,860,359
Intangible assets	12	38,019,928	30,912,889
Intangible assets under development		12,447,576	15,039,988
Non-current investments	13	2,000,000	2,000,000
Deferred tax assets	14	-	-
Long-term loans and advances	15	2,448,460,510	2,292,684,559
Other non-current assets	16	1,252,264,079	328,513,303
		3,804,697,911	2,735,011,098
Current assets			
Trade receivables	17	34,169,498	25,728,385
Cash and bank balances	18	15,367,730,515	6,397,075,083
Short-term loans and advances	15	27,135,519,718	15,235,013,622
Other current assets	16	645,140,500	579,134,442
		43,182,560,231	22,236,951,532
TOTAL		46,987,258,142	24,971,962,630

Summary of significant accounting policies 2.1

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S. R. BATLIBOI & CO. LLP
ICAI Firm registration number : 301003E
Chartered Accountants

per **Viren H. Mehta**
Partner
Membership No.048749

For and on behalf of the Board of Directors of
SKS Microfinance Limited

P.H. Ravikumar
Non-Executive Chairman

S. Dilli Raj
President

Rajendra Patil
Company Secretary

M.R. Rao
Managing Director and
Chief Executive Officer

Ashish Damani
Chief Financial Officer

Date: May 4, 2015
Place: Hyderabad

Place: Hyderabad

Statement of profit and loss for the year ended March 31, 2015*(Amount in Rupees unless otherwise stated)*

	Notes	31-Mar-15	31-Mar-14
Income			
Revenue from operations	19	7,239,568,175	5,189,918,403
Other income	20	791,088,168	258,434,910
Total revenue (I)		8,030,656,343	5,448,353,313
Expenses			
Employee benefit expenses	21	2,318,537,910	1,655,632,711
Finance costs	22	2,790,451,852	2,142,214,375
Other expenses	23	839,933,356	765,527,459
Depreciation and amortization expenses	24	45,612,324	40,756,383
Provisions and write-offs	25	100,456,998	145,712,570
Total expenses (II)		6,094,992,440	4,749,843,498
Profit before tax (III) = (I)-(II)		1,935,663,903	698,509,815
Tax expenses			
Current tax (MAT)		59,416,387	-
Excess provision of tax relating to earlier years (net)		(395,920)	-
Total tax expense (IV)		59,020,467	-
Profit after tax (III)-(IV)		1,876,643,436	698,509,815
Earnings per equity share			
[Nominal value of share Rs.10 (March 31, 2014: Rs.10)]	26		
Basic (Computed on the basis of total profit for the year)		15.22	6.45
Diluted (Computed on the basis of total profit for the year)		15.04	6.44

Summary of significant accounting policies 2.1
The accompanying notes are an integral part of the financial statements

As per our report of even date

For S. R. BATLIBOI & CO. LLP
ICAI Firm registration number : 301003E
Chartered Accountants

per **Viren H. Mehta**
Partner
Membership No.048749

For and on behalf of the Board of Directors of
SKS Microfinance Limited

P.H. Ravikumar
Non-Executive Chairman

S. Dilli Raj
President

Rajendra Patil
Company Secretary

M.R. Rao
Managing Director and
Chief Executive Officer

Ashish Damani
Chief Financial Officer

Date: May 4, 2015
Place: Hyderabad

Place: Hyderabad

Cashflow statement for the year ended March 31, 2015*(Amount in Rupees unless otherwise stated)*

	31-Mar-15	31-Mar-14
Cash flow from operating activities		
Profit before tax	1,935,663,903	698,509,815
Adjustments to reconcile profit before tax to net cash flows:		
Interest on shortfall in payment of advance income tax	6,078,501	16,358,708
Depreciation and amortization	45,612,324	40,756,383
Provision for employee benefits	38,271,997	26,436,079
(Profit) / loss on sale of fixed assets	(495,322)	(319,996)
Stock option expenditure	106,334,775	(10,332,968)
Contingent provision against standard assets	120,947,422	132,325,317
Provision for non-performing assets	(1,779,602,571)	(792,543,557)
Portfolio loans and other balances written off	1,756,038,528	696,936,611
Loss from assignment of loans	3,073,619	108,994,199
Other provisions and write offs	31,987,634	40,917,041
Operating profit before working capital changes	2,263,910,810	958,037,632
Movements in working capital :		
Increase / (decrease) in other current liabilities	318,995,725	698,865,577
Decrease / (increase) in trade receivables	(8,441,113)	(20,172,097)
Decrease / (increase) in loans and advances	(13,842,075,260)	(2,578,736,143)
Decrease / (increase) in other current assets	(66,006,058)	(197,157,483)
Decrease / (increase) in other non-current assets	(18,047,435)	9,787,010
Cash generated from / (used in) operations	(11,351,663,331)	(1,129,375,504)
Direct taxes paid (net of refunds)	(111,955,405)	(195,096,890)
Net cash flow from / (used in) operating activities (A)	(11,463,618,736)	(1,324,472,394)
Cash flows from investing activities		
Purchase of fixed assets, including capital work in progress and capital advances	(47,715,256)	(40,738,404)
Proceeds from sale of fixed assets	1,629,929	1,612,923
Margin money deposit (net)	346,150,233	(196,366,887)
Net cash flow from / (used in) investing activities (B)	300,064,906	(235,492,368)
Cash flows from financing activities		
Proceeds from issuance of equity share capital (including share application money)	4,047,790,428	39,600
Share issue expenses	(147,473,658)	-
Long-term borrowings (net) (including non-convertible debentures)	14,712,974,343	1,510,501,916
Short-term borrowings (net) (including commercial paper)	2,772,771,723	(2,381,708,034)
Net cash flow from / (used in) financing activities (C)	21,386,062,836	(871,166,518)
Net increase / (decrease) in cash and cash equivalents (A + B + C)	10,222,509,006	(2,431,131,280)
Cash and cash equivalents at the beginning of the year	4,152,129,121	6,583,260,401
Cash and cash equivalents at the end of the year (refer note 18)	14,374,638,127	4,152,129,121

Summary of significant accounting policies
The accompanying notes are an integral part of the
financial statements

2.1

As per our report of even date

For S. R. BATLIBOI & CO. LLP
ICAI Firm registration number : 301003E
Chartered Accountants

For and on behalf of the Board of Directors of
SKS Microfinance Limited

per Viren H. Mehta
Partner
Membership No.048749

P.H. Ravikumar
Non-Executive Chairman

M.R. Rao
Managing Director and
Chief Executive Officer

S. Dilli Raj
President

Ashish Damani
Chief Financial Officer

Rajendra Patil
Company Secretary

Date: May 4, 2015
Place: Hyderabad

Place: Hyderabad

1. Corporate information

SKS Microfinance Limited ('the Company') is a public company domiciled in India and incorporated under the provision of the Companies Act, 1956. The Company was registered as a non-deposit accepting Non-Banking Financial Company ('NBFC-ND') with the Reserve Bank of India ('RBI') and has got classified as a Non-Banking Financial Company – Micro Finance Institution ('NBFC-MFI') with effect from November 18, 2013. Its shares are listed on two stock exchanges in India.

The Company is engaged primarily in providing micro finance services to women in the rural areas of India who are enrolled as members and organized as Joint Liability Groups ('JLG'). The Company has its operation spread across 16 states.

In addition to the core business of providing micro-credit, the Company uses its distribution channel to provide certain other financial products and services to the members. Programs in this regard primarily relate to providing of loans to the members for the purchase of certain productivity-enhancing products such as mobile handsets, solar lamps and loans against gold as collateral.

2. Basis of preparation

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the Accounting Standards notified under section 133 of the Companies Act, 2013 ('the Act'), read with Rule 7 of the Companies (Accounts) Rules, 2014 and the provisions of the RBI as applicable to a NBFC-MFI and NBFC-ND-SI. The financial statements have been prepared on an accrual basis and under the historical cost convention except interest on loans which have been classified as non-performing assets and are accounted for on realisation basis.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

2.1. 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 reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

b. Revenue recognition

Revenue is recognised 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 given is recognised under the internal rate of return method. Income or any other charges on non-performing asset is recognised only when realised and any such income recognised before the asset became non-performing and remaining unrealised is reversed.
- ii. Interest income on deposits with banks is recognised on a time proportion accrual basis taking into account the amount outstanding and the rate applicable.
- iii. Loan processing fees are amortised over the tenure of the loan on straight-line basis.
- iv. Profit / premium arising at the time of securitisation of loan portfolio is amortised over the life of the underlying loan portfolio / securities and any loss arising therefrom is accounted for immediately. Income from interest strip (excess interest spread) is recognized in the statement of profit and loss account net of any losses when redeemed in cash.
- v. All other income is recognised on an accrual basis.

c. Tangible fixed assets

All fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price and directly attributable cost of bringing the asset to its working condition for the intended use.

d. Intangible assets

Computer software costs are capitalised and amortised using the written down value method at a rate of 40% per annum.

e. Depreciation

Depreciation on tangible fixed assets is provided on the written down value method using the rates arrived at based on useful life of the assets prescribed under Schedule II of the Companies Act, 2013 which is also as per the useful life of the assets estimated by the management (also refer note 3).

f. Impairment

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. 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 the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

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

g. Leases (where the Company is the lessee)

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the lower of the fair value of the leased property and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are recognised as finance costs in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs are capitalised. A leased asset is depreciated on a straight-line basis over the useful life of the asset. However, if there is no reasonable certainty that the company will obtain the ownership by the end of the lease term, the capitalized asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor effectively retains, substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

h. Investments

Investments which are readily realisable 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. Current investments are carried in the financial statement at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, 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 the carrying amount and net disposal proceeds are charged or credited to the statement of profit and loss.

i. Borrowing costs

All borrowing costs are expensed in the period they occur. Borrowing cost includes interest and other costs incurred in connection with the arrangement of borrowings.

j. Foreign currency transactions

- i. All transactions in foreign currency are recognised at the exchange rate prevailing on the date of the transaction.
- ii. Foreign currency monetary items are reported using the exchange rate prevailing at the close of the financial year.
- iii. Exchange differences arising on the settlement of monetary items or on the restatement of Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

k. Retirement and other employee benefits

- i. Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service.
- ii. Gratuity liability is a defined benefit obligation 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 and losses for defined benefit plans are recognized in full in the period in which they occur in the statement of profit and loss.
- iii. The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date.
- iv. Accumulated leave, which is expected to be utilised within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.
- v. The Company recognizes termination benefit as a liability and an expense when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

l. Income taxes

- i. 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. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit and loss.
- ii. Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit and loss.
- iii. Deferred tax assets are recognised for deductible timing differences 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.
- iv. The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of 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. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.
- v. Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the MAT Credit Entitlement asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

m. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Partly paid equity shares are treated as fraction of an equity share to the extent that they were entitled to participate in dividends related to a fully paid equity share during the reporting year.

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

n. Provisions

A provision is recognised when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. 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.

o. Contingent liabilities

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 recognised 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 recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

p. Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash in hand and cash at bank and short-term investments with an original maturity of three months or less.

q. Share based payments

In case of stock option plan, measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The Company measures compensation cost relating to employee stock options using the fair value method. Compensation expense is amortised over the vesting period of the option on the straight line basis.

With effect from October 28, 2014 the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 have become applicable to the Company and measurement and disclosure of the employee share-based payments is done accordingly.

r. Classification of loan portfolio

- i. Loans to JLG are classified as follows:

Asset classification	Arrear period
Standard assets	Overdue for less than 8 weeks
Non-performing assets	
Sub-standard assets	Overdue for more than 8 weeks upto 25 weeks
Loss assets	Overdue for more than 25 weeks

“Overdue” refers to interest and / or installment remaining unpaid from the day it became receivable.

The above classification is in compliance with Non-Banking Financial Company-Micro Finance Institutions (NBFC-MFIs) Directions, December 02, 2011, as amended from time to time (‘the NBFC-MFI Directions’).

- ii. Loans and advances other than loans to JLG are classified as standard, sub-standard, doubtful and loss assets in accordance with the Systemically Important Non – Banking financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 issued vide Notification No. DNBR. 009/ CGM (CDS) -2015 dated March 27, 2015 (‘the NBFC-ND-SI Prudential Norms’).

s. Provisioning policy for loan portfolio

i. Provisioning policy for loans to JLG:

Asset classification	Arrear period	Provisioning percentage
Standard assets	Overdue for less than 8 weeks	Refer note 1 and 2
Sub-standard assets	Overdue for more than 8 weeks upto 25 weeks	50%
Loss assets	Overdue for more than 25 weeks	Written off

Note 1: The above mentioned provision for standard assets is linked to the Portfolio at Risk (PAR) as shown below:

Portfolio at Risk	Provisioning percentage (% of Standard Assets)
0 – 1%	0.25%
Above 1% to 1.5%	0.50%
Above 1.5% to 2%	0.75%
Above 2%	1.00%

Note 2: The overall provision for JLG determined as per the above mentioned provisioning policy is subject to the provision prescribed in the NBFC-MFI Directions. These Directions require the total provision for JLG loans to be higher of (a) 1% of the outstanding loan portfolio or (b) 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.

Such additional provision created in order to comply with the NBFC-MFI Directions is classified and disclosed in the Balance Sheet alongwith the contingent provision for standard assets.

- ii. Loans and advances other than loans to JLG are provided for at the higher of management estimates and provision required as per the NBFC-ND-SI Prudential Norms.
- iii. Provision for losses arising under securitisation / managed arrangements is made as higher of the incurred loss and provision as per the Company's provisioning policy for JLG loans mentioned in (i) above and subject to the maximum guarantee given in respect of these arrangements.
- iv. All overdue loans, where the tenure of the loan is completed and in the opinion of the management any amount is not recoverable, are written off.

3. Change of Estimates

In accordance with the requirements of Schedule II to the Companies Act, 2013, the Company has re-assessed the useful lives and residual values of its fixed assets and:

- i. An amount of Rs.10,808,240 has been charged to the opening balance of the retained earnings in respect of assets whose remaining useful life is nil as at April 1, 2014, and;
- ii. An amount of Rs.17,342,399 has been charged to the statement of profit and loss for the year ended March 31, 2015 representing the additional depreciation on the carrying value of the assets as at April 1, 2014 due to change in useful life of asset.

Notes to financial statements for the year ended March 31, 2015
(Amount in Rupees unless otherwise stated)

4. Share capital	31-Mar-15	31-Mar-14
Authorized shares		
142,000,000 (March 31, 2014: 122,000,000) equity shares of Rs.10/- each	1,420,000,000	1,220,000,000
13,000,000 (March 31, 2014: 13,000,000) preference shares of Rs.10/- each	130,000,000	130,000,000
Issued, subscribed and fully paid-up shares		
126,292,493 (March 31, 2014: 108,212,962) equity shares of Rs.10/- each fully paid up	1,262,924,930	1,082,129,620
Total issued, subscribed and fully paid-up share capital	1,262,924,930	1,082,129,620

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year
Equity shares

	31-Mar-15		31-Mar-14	
	No. of Shares	Rs. in lakhs	No. of Shares	Rs. in lakhs
At the beginning of the year	108,212,962	1,082,129,620	108,212,698	1,082,126,980
Issued during the year – Stock options	408,997	4,089,970	264	2,640
Issued during the year - Qualified Institutional Placement	17,670,534	176,705,340	-	-
Outstanding at the end of the year	126,292,493	1,262,924,930	108,212,962	1,082,129,620

(b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having 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. Dividend declared and paid would be in Indian rupees.

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

(c) Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:

The Company has issued 2,871,772 shares (March 31, 2014: 2,462,755) during the period of five years immediately preceding the reporting date on exercise of options granted under stock option plans wherein part consideration was received in the form of services rendered to the Company.

(d) Details of shareholders holding more than 5% shares in the Company

Equity shares of Rs.10 each fully paid	As at March 31, 2015	
	No. of Shares	% holding in the class
Morgan Stanley Asia (Singapore) PTE	6,907,651	5.47%
IDFC Premier Equity Fund	6,488,100	5.14%
Equity shares of Rs.10 each fully paid	As at March 31, 2014	
	No. of Shares	% holding in the class
Sandstone Investment Partners I	8,341,792	7.71%
Westbridge Ventures II, LLC (Formerly Sequoia Capital India II, LLC)	6,573,914	6.07%
Merrill Lynch Capital Markets Espana S.A.S.V	6,112,173	5.65%
Kismet Microfinance	5,634,809	5.21%

As per the records of the Company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

(e) For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, refer note 31.

Notes to financial statements for the year ended March 31, 2015*(Amount in Rupees unless otherwise stated)*

5. Reserves and surplus	31-Mar-15	31-Mar-14
Securities premium account		
Balance as per the last financial statements	15,325,687,947	15,325,589,911
Add: additions on Qualified Institutional Placement	3,799,164,810	-
Add: additions on stock option exercised (cash premium)	67,765,508	36,960
Add: transferred from stock options outstanding (non-cash premium)	47,929,770	61,076
Less: share issue expenses	(147,473,658)	-
Closing Balance	19,093,074,377	15,325,687,947
Employee stock options outstanding*		
Balance as per the last financial statements	196,926,761	207,320,805
Add / (Less): compensation options granted/modified/lapsed/forfeited during the year	106,334,776	(10,332,968)
Less: amount transferred towards options expired unexercised	(3,858,925)	-
Less: transferred to securities premium on exercise of stock options	(47,929,770)	(61,076)
Closing Balance	251,472,842	196,926,761
Statutory reserve		
Balance as per the last financial statements	912,941,921	773,239,958
Add: amount transferred from surplus balance in the statement of profit and loss	375,328,687	139,701,963
Closing Balance	1,288,270,608	912,941,921
Surplus/ (deficit) in the statement of profit and loss		
Balance as per last financial statements	(12,925,549,691)	(13,484,357,543)
Less: Adjustment of carrying amount of the tangible assets in accordance with schedule II of the Companies Act, 2013	(10,808,240)	-
Add: amount transferred towards options expired unexercised	3,858,925	-
Add: Profit/ (Loss) for the year	1,876,643,436	698,509,815
Less: transferred to Statutory Reserve [@ 20% of profit after tax as required by section 45-IC of Reserve Bank of India Act, 1934]	(375,328,687)	(139,701,963)
Net surplus/ (deficit) in the statement of profit and loss	(11,431,184,257)	(12,925,549,691)
Total reserves and surplus	9,201,633,570	3,510,006,938

*Pursuant to applicability of the SEBI (Share Based Employee Benefits) Regulations, 2014, the manner of presentation of "Employee Stock Option Outstanding Account" under the head "Reserves and Surplus" has been changed. Such change has been carried out in respect of current as well as previous year.

6. Share application money pending allotment	31-Mar-15	31-Mar-14
Share application money pending allotment on exercise of options	64,800	-
	64,800	-

7. Long-term borrowings	Non-current portion		Current maturities	
	31-Mar-15	31-Mar-14	31-Mar-15	31-Mar-14
Debentures (Refer note below)				
1,000 (March 31, 2014 : Nil), Series 1, 11.48% Secured, Redeemable, Non-Convertible Debentures of Rs. 1,000,000 each redeemable at par on March 30, 2018	1,000,000,000	-	-	-
1,000 (March 31, 2014 : Nil), Series 2, 11.48% Secured, Redeemable, Non-Convertible Debentures of Rs. 1,000,000 each redeemable at par on March 30, 2018	1,000,000,000	-	-	-
Term loans				
Indian rupee loan from banks (secured)	7,545,516,963	2,519,523,795	15,174,029,568	7,807,813,149
Indian rupee loan from financial institutions (secured)	1,025,541,126	476,190,482	950,649,346	1,169,666,607
Indian rupee loan from non banking financial companies (secured)	1,153,821	6,355,925	5,202,103	9,568,626
	10,572,211,910	3,002,070,202	16,129,881,017	8,987,048,382
The above amount includes				
Secured borrowings	10,572,211,910	3,002,070,202	16,129,881,017	8,987,048,382
Amount disclosed under the head "other current liabilities" (note 10)	-	-	(16,129,881,017)	(8,987,048,382)
Net amount	10,572,211,910	3,002,070,202	-	-

Notes:

1. The Series 1 non-convertible debentures have Put Option, which if exercised, shall be redeemed on March 30, 2017 or September 30, 2017.
2. The Series 2 non-convertible debentures have Put Option, which if exercised, shall be redeemed on April 30, 2017 or October 30, 2017.
3. Interest on the Series 1 & Series 2 non-convertible debentures at the fixed rate of approx.11.48% per annum compounded on a monthly basis equating to effective interest rate of 12.10% per annum payable on an annual basis.

Nature of security	31-Mar-15	31-Mar-14
a) Loans secured by hypothecation (exclusive charge) of portfolio loans	9,236,752,745	6,247,761,512
b) Loans secured by hypothecation (exclusive charge) of portfolio loans and margin money deposits	17,465,340,182	5,741,357,072
Total outstanding	26,702,092,927	11,989,118,584

(Amount in Rupees unless otherwise stated)

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

7. Long-term borrowings (Contd.)

Terms of repayment of long term borrowings (term loans and non convertible debenture) as on March 31, 2015

Original maturity of loan	Interest rate	Due within 1 year		Due between 1 to 2 Years		Due between 2 to 3 Years		Due between 3 to 4 Years		Total
		No. of installments	Amount (in Rupees)	No. of installments	Amount (in Rupees)	No. of installments	Amount (in Rupees)	No. of installments	Amount (in Rupees)	
Monthly repayment schedule										
1-3 Yrs	11.00%-11.50%	9	432,000,000	6	288,000,000	-	-	-	-	720,000,000
		12	166,666,667	6	83,333,333	-	-	-	-	250,000,000
		12	166,666,667	6	83,333,333	-	-	-	-	250,000,000
	11.51%-12.00%	12	1,714,285,714	2	285,714,286	-	-	-	-	2,000,000,000
		11	68,750,000	12	75,000,000	1	6,250,000	-	-	150,000,000
		10	113,636,364	12	136,363,636	-	-	-	-	250,000,000
	12.01%-12.50%	12	750,000,000	-	-	-	-	-	-	750,000,000
		8	777,777,778	10	972,222,222	-	-	-	-	1,750,000,000
		12	133,333,328	-	-	-	-	-	-	133,333,328
		11	611,111,111	-	-	-	-	-	-	611,111,111
		8	500,000,000	-	-	-	-	-	-	500,000,000
		6	857,142,857	-	-	-	-	-	-	857,142,857
12.51%-13.00%	9	1,285,714,286	-	-	-	-	-	-	1,285,714,286	
	3	42,857,143	-	-	-	-	-	-	42,857,143	
	12	433,333,333	-	-	-	-	-	-	433,333,333	
	12	171,428,571	12	171,428,571	11	157,142,857	-	-	500,000,000	
	10	257,575,758	12	309,090,909	11	283,333,333	-	-	850,000,000	
	10	45,454,545	12	54,545,455	11	50,000,000	-	-	150,000,000	
	2	214,285,714	-	-	-	-	-	-	214,285,714	
	12	80,000,000	2	13,333,333	-	-	-	-	93,333,333	
	9	600,000,000	-	-	-	-	-	-	600,000,000	
	12	200,000,000	2	33,333,333	-	-	-	-	233,333,333	
	10	476,190,472	-	-	-	-	-	-	476,190,472	
	13.01%-14.00%	4	2,758,250	-	-	-	-	-	-	2,758,250
12		2,443,853	5	1,153,826	-	-	-	-	3,597,679	
12		2,443,853	5	1,153,826	-	-	-	-	3,597,679	

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

7. Long-term borrowings (Contd.)

Terms of repayment of long term borrowings (term loans and non convertible debenture) as on March 31, 2015

Quarterly repayment schedule										
11.51%- 12.00%	4	360,000,000	1	90,000,000	-	-	-	-	-	450,000,000
	4	40,000,000	1	10,000,000	-	-	-	-	-	50,000,000
	4	280,000,000	4	280,000,000	2	140,000,000	-	-	-	700,000,000
	4	40,000,000	4	40,000,000	2	20,000,000	-	-	-	100,000,000
	3	321,428,571	3	321,428,571	1	107,142,849	-	-	-	749,999,991
	2	50,000,000	4	100,000,000	4	100,000,000	-	-	-	250,000,000
	4	166,666,667	4	166,666,667	-	-	-	-	-	333,333,333
	4	250,000,000	2	125,000,000	-	-	-	-	-	375,000,000
	4	500,000,000	4	500,000,000	-	-	-	-	-	1,000,000,000
	3	272,727,273	4	363,636,364	4	363,636,364	-	-	-	1,000,000,000
12.01%- 12.50%	4	166,666,667	1	41,666,667	-	-	-	-	-	208,333,333
	3	150,000,000	4	200,000,000	3	150,000,000	-	-	-	500,000,000
	4	142,857,143	-	-	-	-	-	-	-	142,857,143
	4	142,857,143	-	-	-	-	-	-	-	142,857,143
	4	285,714,286	1	71,428,571	-	-	-	-	-	357,142,857
	4	371,428,571	2	185,714,286	-	-	-	-	-	557,142,857
	4	85,714,286	2	42,857,143	-	-	-	-	-	128,571,429
	4	500,000,000	2	250,000,000	-	-	-	-	-	750,000,000
	4	250,000,000	3	187,500,000	-	-	-	-	-	437,500,000
	4	83,600,000	4	83,600,000	3	61,900,000	-	-	-	229,100,000
12.51%- 13.00%	4	166,672,000	4	166,672,000	3	124,988,000	-	-	-	458,332,000
	4	83,336,000	4	83,336,000	2	41,660,000	-	-	-	208,332,000
	3	93,750,000	-	-	-	-	-	-	-	93,750,000
	3	56,250,000	-	-	-	-	-	-	-	56,250,000
	4	75,000,000	-	-	-	-	-	-	-	75,000,000
	4	60,000,000	-	-	-	-	-	-	-	60,000,000
	4	165,000,000	-	-	-	-	-	-	-	165,000,000
	4	200,000,000	3	150,000,000	-	-	-	-	-	350,000,000
	4	333,400,000	4	333,400,000	2	166,500,000	-	-	-	833,300,000
	4	233,380,000	4	233,380,000	2	116,550,000	-	-	-	583,310,000
13.01%- 13.50%	4	100,020,000	4	100,020,000	2	49,950,000	-	-	-	249,990,000

(Amount in Rupees unless otherwise stated)

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

7. Long-term borrowings (Contd.)

Terms of repayment of long term borrowings (term loans and non convertible debenture) as on March 31, 2015

Bullet repayment schedule					
3 Yrs	-	-	-	1	2,000,000,000
Total		16,129,881,017	6,633,158,507		3,939,053,403
					2,000,000,000
					26,702,092,927

7. Long-term borrowings (Contd.)

Terms of repayment of long term borrowings (term loans) as on March 31, 2014

Original maturity of loan	Interest rate	Due within 1 year		Due between 1 to 2 Years		Due between 2 to 3 Years		Due between 3 to 4 Years		Total
		No. of installments	Amount (in Rupees)	No. of installments	Amount (in Rupees)	No. of installments	Amount (in Rupees)	No. of installments	Amount (in Rupees)	
Monthly repayment schedule										
1-3 Yrs	11.50%-12%	4	307,692,308	-	-	-	-	-	-	307,692,308
		5	192,307,692	-	-	-	-	-	-	192,307,692
		1	12,500,000	-	-	-	-	-	-	12,500,000
		11	157,142,857	3	42,857,143	-	-	-	-	200,000,000
		12	1,285,714,286	2	214,285,714	-	-	-	-	1,500,000,000
	12% -13%	10	125,000,000	-	-	-	-	-	-	125,000,000
		10	66,666,667	12	80,000,000	2	13,333,333	-	-	160,000,000
		2	41,666,667	-	-	-	-	-	-	41,666,667
		3	50,000,000	-	-	-	-	-	-	50,000,000
		11	392,857,143	-	-	-	-	-	-	392,857,143
		8	923,076,923	-	-	-	-	-	-	923,076,923
13%-13.50%	5	83,333,335	-	-	-	-	-	-	83,333,335	
	3	500,000,000	-	-	-	-	-	-	500,000,000	
	7	875,000,000	-	-	-	-	-	-	875,000,000	
	8	88,900,030	-	-	-	-	-	-	88,900,030	
13.50%-14%	4	83,333,336	-	-	-	-	-	-	83,333,336	
	4	83,333,335	-	-	-	-	-	-	83,333,335	
	9	150,000,000	-	-	-	-	-	-	150,000,000	
12	625,000,004	-	-	-	-	-	-	625,000,004		
11	523,809,524	10	476,190,476	-	-	-	-	-	1,000,000,000	

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

(Amount in Rupees unless otherwise stated)

7. Long-term borrowings (Contd.)

Terms of repayment of long term borrowings (term loans and non convertible debenture) as on March 31, 2015

Above 3 Yrs	11% - 11.50%	5	41,666,635	-	-	-	-	-	41,666,635
		5	41,666,635	-	-	-	-	-	41,666,635
	13%-15%	1	3,000,000	-	-	-	-	-	3,000,000
		12	7,452,800	4	2,758,250	-	-	-	10,211,050
		12	2,115,826	12	2,443,853	5	1,153,813	-	5,713,492
Quarterly repayment schedule									
1-3 Yrs	11.5%-12%	4	360,000,000	4	360,000,000	1	90,000,000	-	810,000,000
		4	40,000,000	4	40,000,000	1	10,000,000	-	90,000,000
	12% -13%	4	166,666,667	4	166,666,667	1	41,666,667	-	375,000,000
		2	125,000,000	-	-	-	-	-	125,000,000
		3	187,500,000	-	-	-	-	-	187,500,000
		3	107,142,857	4	142,857,143	-	-	-	250,000,000
	13%-14%	3	107,142,857	4	142,857,143	-	-	-	250,000,000
		3	150,000,000	4	200,000,000	3	150,000,000	-	500,000,000
		4	125,000,000	3	93,750,000	-	-	-	218,750,000
		4	75,000,000	3	56,250,000	-	-	-	131,250,000
4		75,000,000	4	75,000,000	-	-	-	150,000,000	
4		60,000,000	4	60,000,000	-	-	-	120,000,000	
14% -15%	4	165,000,000	4	165,000,000	-	-	-	330,000,000	
	2	50,000,000	-	-	-	-	-	50,000,000	
	2	83,000,000	-	-	-	-	-	83,000,000	
	2	100,000,000	-	-	-	-	-	100,000,000	
Above 3 Yrs	12%-12.50%	2	122,360,000	-	-	-	-	-	122,360,000
		3	125,000,000	4	166,666,667	4	166,666,667	1	41,666,667
Total			8,987,048,382		2,487,583,055		472,820,480		11,989,118,584

8. Provisions	Long-term		Short-term	
	31-Mar-15	31-Mar-14	31-Mar-15	31-Mar-14
Provision for employee benefits				
Provision for gratuity (refer note 32)	95,102,270	69,870,588	-	-
Provision for leave benefits	-	-	49,347,260	36,306,945
	95,102,270	69,870,588	49,347,260	36,306,945
Other provisions				
Provision for taxation (Net of advance tax)	-	-	17,177,436	61,800,924
Contingent provision against standard assets (refer note 34)	21,882,625	2,478,275	262,068,291	160,525,219
Provision for non-performing assets (refer note 34)	10,200,014	1,789,802,585	-	-
Provision for securitised / managed portfolio (refer note 2.1 (s) (iii))	-	-	126,480,855	126,919,644
	32,082,639	1,792,280,860	405,726,582	349,245,787
	127,184,909	1,862,151,448	455,073,842	385,552,732
9. Short-term borrowings				
			31-Mar-15	31-Mar-14
Loan repayable on demand				
Cash credit from banks			1,235,466,368	970,276,117
Other loans and advances				
Indian rupee loan from banks (secured)			3,065,000,000	1,914,166,667
Indian rupee loan from non banking financial companies (secured)			901,403,893	439,061,968
Commercial paper			894,406,214	-
			6,096,276,475	3,323,504,752
The above amount includes				
Secured borrowings			5,139,401,965	3,292,311,203
Cash credit from banks is secured by hypothecation of portfolio loans and margin money deposit and is repayable on demand				
Indian rupee loan from banks are term loans secured by hypothecation of portfolio loans and margin money deposit				
Indian rupee loan from non banking financial companies are term loans secured by hypothecation of portfolio loans				
10. Other current liabilities				
			31-Mar-15	31-Mar-14
Employee benefits payable			185,511,480	70,957,108
Payable towards securitisation transactions			1,796,176,141	1,798,361,121
Expenses payable			70,254,358	26,993,857
Other payable			161,891,541	252,157,889
Other liabilities				
Current maturities of long-term borrowings (refer note 7)			16,129,881,017	8,987,048,382
Interest accrued but not due on borrowings			101,846,187	62,356,608
Interest accrued and due on borrowings			63,530,296	15,569,907
Statutory dues payable			26,718,071	12,469,960
Unrealised gain on securitisation transactions			424,910,209	371,504,412
Unamortized income				
Unamortized fee income			311,168,406	209,127,694
			19,271,887,706	11,806,546,938

11. Tangible assets	Furniture and fixtures	Computers	Office equipments	Vehicles	Assets on lease (Computers)	Total
Cost						
At April 1, 2013	124,033,255	193,779,328	53,490,847	304,376	22,581,051	394,188,857
Additions	779,651	3,283,536	2,798,185	-	-	6,861,372
Disposals	(6,376,926)	(1,269,706)	(2,054,798)	-	-	(9,701,430)
At March 31, 2014	118,435,980	195,793,158	54,234,234	304,376	22,581,051	391,348,799
Additions	2,338,174	17,886,230	6,101,733	1,544,141	-	27,870,278
Disposals	(2,871,557)	(5,435,703)	(3,949,874)	-	-	(12,257,134)
At March 31, 2015	117,902,597	208,243,685	56,386,093	1,848,517	22,581,051	406,961,943
Depreciation						
At April 1, 2013	102,363,988	161,911,313	22,183,776	67,443	20,159,646	306,686,166
Charge for the year	4,070,280	13,195,287	4,662,463	61,342	2,421,405	24,410,777
Disposals	(6,054,746)	(1,061,933)	(1,088,685)	-	-	(8,205,364)
At March 31, 2014	100,379,522	174,044,667	25,757,554	128,785	22,581,051	322,891,579
Charge for the year	5,744,781	13,929,183	21,341,048	75,195	-	41,090,207
Disposals	(2,807,564)	(5,086,972)	(2,947,419)	-	-	(10,841,955)
At March 31, 2015	103,316,739	182,886,878	44,151,183	203,980	22,581,051	353,139,831
Impairment loss						
At April 1, 2013	200,453	916,562	1,682,985	-	-	2,800,000
Charge for the year	(17,625)	(968)	(184,546)	-	-	(203,139)
At March 31, 2014	182,828	915,594	1,498,439	-	-	2,596,861
Charge for the year	-	(106,260)	(174,307)	-	-	(280,567)
At March 31, 2015	182,828	809,334	1,324,132	-	-	2,316,294
Net Block						
At March 31, 2014	17,873,630	20,832,897	26,978,241	175,591	-	65,860,359
At March 31, 2015	14,403,030	24,547,473	10,910,778	1,644,537	-	51,505,818

All assets have been recognized at cost

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

(Amount in Rupees unless otherwise stated)

12. Intangible assets	Computer software	Total
Gross block		
At April 1, 2013	167,163,661	167,163,661
Addition	20,145,044	20,145,044
At March 31, 2014	187,308,705	187,308,705
Addition	22,437,396	22,437,396
At March 31, 2015	209,746,101	209,746,101
Amortization		
At April 1, 2013	140,050,210	140,050,210
Charge for the year	16,345,606	16,345,606
At March 31, 2014	156,395,816	156,395,816
Charge for the year	15,330,357	15,330,357
At March 31, 2015	171,726,173	171,726,173
Net block		
At March 31, 2014	30,912,889	30,912,889
At March 31, 2015	38,019,928	38,019,928

13. Non-current investments	31-Mar-15	31-Mar-14
Non-trade investments (valued at cost)		
Investment in equity instruments (unquoted)		
200,000 (March 31, 2014 : 200,000) Equity shares of Rs.10/- each fully paid-up in Alpha Micro Finance Consultants Private Limited	2,000,000	2,000,000
	2,000,000	2,000,000
Aggregate amount of unquoted investments	2,000,000	2,000,000

14. Deferred tax asset	31-Mar-15	31-Mar-14
Deferred tax asset		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	16,773,134	12,340,731
Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	19,132,071	17,452,366
Impact of accumulated tax losses and unabsorbed depreciation	4,695,288,289	4,803,425,269
Impact of amortisation of share issue expenses	-	26,784,729
Impact of provision for standard and non performing assets	154,726,119	718,468,830
Others	68,583	84,930
Deferred tax asset	4,885,988,195	5,578,556,855
Deferred tax asset recognised	-	-

The deferred tax asset amounting to Rs.4,885,988,195 as at March 31, 2015 has not been recognized (refer note 2.1 (I)). The said sum of Rs.4,885,988,195 will be available to offset tax on future taxable income.

	Non-current		Current	
15. Loans and advances	31-Mar-15	31-Mar-14	31-Mar-15	31-Mar-14
A. Portfolio Loans				
Joint liability group loans				
Unsecured, considered good*	2,188,262,541	247,827,496	25,678,906,608	13,929,800,736
Unsecured, considered doubtful**	18,693,542	1,707,397,822	-	-
	2,206,956,083	1,955,225,318	25,678,906,608	13,929,800,736
Individual loans				
Secured, considered good*	-	-	487,726,853	543,629,103
Secured, considered doubtful**	4,480,560	98,107,296	-	-
	4,480,560	98,107,296	487,726,853	543,629,103
	2,211,436,643	2,053,332,614	26,166,633,461	14,473,429,839
Joint liability group loans placed as collateral towards securitisation transaction (refer note 40 (d))				
Unsecured, considered good*	-	-	862,800,579	679,663,334
Unsecured, considered doubtful**	523,120	111,766	-	-
	523,120	111,766	862,800,579	679,663,334
	(A) 2,211,959,763	2,053,444,380	27,029,434,040	15,153,093,173
B. Security deposits				
Unsecured, considered good	38,251,183	37,990,516	-	-
	(B) 38,251,183	37,990,516	-	-
C. Advances recoverable in cash or kind				
Unsecured, considered good	6,500,578	6,534,482	74,469,929	55,452,915
Unsecured, considered doubtful	32,262,628	31,442,728	-	-
	38,763,206	37,977,210	74,469,929	55,452,915
Provision for doubtful advances	(32,262,628)	(31,442,728)	-	-
	(C) 6,500,578	6,534,482	74,469,929	55,452,915
D. Other loans and advances (unsecured, considered good)				
Loans to SKS Microfinance Employees Benefit Trust (refer note 36)	48,969,462	54,168,606	-	-
Advance fringe benefit tax (net of provision)	937,183	937,183	-	-
Advance income tax (net of provision)	141,842,341	139,609,392	-	-
Prepaid expenses	-	-	31,615,749	26,467,534
	(D) 191,748,986	194,715,181	31,615,749	26,467,534
Total (A+B+C+D)	2,448,460,510	2,292,684,559	27,135,519,718	15,235,013,622

* Represents standard assets in accordance with Company's asset classification policy (refer note 2.1 (s) & 34)

** Represents non-performing assets in accordance with Company's asset classification policy (refer note 2.1 (s) & 34)

Notes to financial statements for the year ended March 31, 2015
(Amount in Rupees unless otherwise stated)

16. Other assets	Non-current		Current	
	31-Mar-15	31-Mar-14	31-Mar-15	31-Mar-14
Non-current bank balances (refer note18)	1,223,505,298	317,801,957	-	-
Interest accrued but not due on portfolio loans	-	-	108,263,174	73,961,540
Interest accrued and due on portfolio loans	-	-	9,231,151	12,351,702
Interest accrued but not due on deposits placed with banks	28,758,781	10,711,346	50,660,716	86,749,281
Interest strip on securitisation transactions	-	-	424,910,209	371,504,412
Unbilled revenue	-	-	52,075,250	25,342,494
Others-unsecured, considered good	-	-	-	9,225,013
	1,252,264,079	328,513,303	645,140,500	579,134,442

17. Trade receivables	Current	
	31-Mar-15	31-Mar-14
Outstanding for a period less than six months from the date they are due for payment		
Unsecured, considered good	34,169,498	25,728,385
	34,169,498	25,728,385

The Company does not have any trade receivables outstanding for a period exceeding six months from the date they are due for payment

18. Cash and bank balances	Non-current		Current	
	31-Mar-15	31-Mar-14	31-Mar-15	31-Mar-14
Cash and cash equivalents				
Balances with banks				
On current accounts	-	-	4,896,142,382	4,012,334,365
Deposits with original maturity of less than three months	-	-	9,000,000,000	-
Cash on hand	-	-	478,495,745	139,794,756
	-	-	14,374,638,127	4,152,129,121
Other bank balances				
Margin money deposit (refer note (a) below)	1,223,505,298	317,801,957	993,092,388	2,244,945,962
	1,223,505,298	317,801,957	993,092,388	2,244,945,962
Amount disclosed under non-current assets (refer note 16)	(1,223,505,298)	(317,801,957)		
	-	-	15,367,730,515	6,397,075,083

Note (a): Represent margin money deposits placed to avail term loans from banks, financial institutions and as cash collateral in connection with securitization transactions.

19. Revenue from operations	31-Mar-15	31-Mar-14
Interest income on portfolio loans	5,664,537,532	3,930,491,268
Excess interest spread on securitization (refer note 2.1 (b) (iv) & 40 (d))	667,547,446	557,013,966
Other operating revenue		
Loan processing fees	455,002,586	337,535,323
Recovery against loans written off	263,824,773	178,265,915
Interest on margin money deposits*	188,655,838	186,611,931
	7,239,568,175	5,189,918,403

* Represents interest on margin money deposits placed to avail term loans from banks, financial institutions and on deposits placed as cash collateral in connection with securitization.

20. Other income	31-Mar-15	31-Mar-14
Interest on fixed deposits	253,079,627	67,835,277
Other fee income	531,913,971	188,217,521
Profit on sale of assets	495,322	319,996
Miscellaneous income	5,599,248	2,062,116
	791,088,168	258,434,910

21. Employee benefit expenses	31-Mar-15	31-Mar-14
Salaries and bonus/ incentives	1,978,260,855	1,493,262,322
Leave benefits	25,945,779	19,285,668
Contribution to provident fund	60,470,402	51,527,132
Contribution to Employee State Insurance Corporation	28,183,640	26,359,199
Gratuity expenses (refer note 32)	40,244,836	19,600,644
Staff welfare expenses	89,458,181	68,474,015
Stock option expenditure	95,974,217	(22,876,269)
	2,318,537,910	1,655,632,711

Employee benefit expenses include termination benefits of Rs.Nil for the period ended March 31, 2015 (March 31, 2014 Rs. 20,821,941)

22. Finance costs	31-Mar-15	31-Mar-14
Interest		
On term loans from banks	2,220,625,342	1,649,564,916
On term loans from financial institutions	142,004,825	175,896,250
On term loans from non banking financial companies	95,617,336	37,677,525
On bank overdraft facility	47,847,455	58,349,933
On debentures	1,326,027	-
On commercial paper	60,504,064	-
On shortfall in payment of advance income tax	6,078,501	16,358,708
Finance charges for leased assets	-	103,834
Other finance costs	211,026,575	201,672,841
Bank charges	5,421,727	2,590,368
	2,790,451,852	2,142,214,375

Notes to financial statements for the year ended March 31, 2015
(Amount in Rupees unless otherwise stated)

23. Other expenses	31-Mar-15	31-Mar-14
Rent	142,192,035	135,279,346
Rates and taxes	4,179,187	2,613,066
Insurance	18,569,603	20,673,158
Repairs and maintenance		
Plant and machinery	26,529,555	12,538,367
Others	74,700,913	70,300,785
Electricity charges	25,688,302	24,338,218
Travelling and conveyance	282,429,640	254,613,158
Communication expenses	58,892,473	46,185,348
Printing and stationery	61,536,397	37,492,756
Legal and professional fees	70,129,965	78,104,323
Directors' sitting fees	4,230,000	1,020,000
Directors stock option expenditure	10,360,558	12,543,301
Auditors' remuneration (refer details below)	10,166,838	9,290,875
Other provisions and write off	31,987,634	40,917,041
Miscellaneous expenses	18,340,256	19,617,717
	839,933,356	765,527,459
Payment to auditors	31-Mar-15	31-Mar-14
As auditor:		
Audit fee	5,445,000	4,950,000
Limited review	3,150,000	2,850,000
In other capacity:		
Other services (certification fees)	450,000	580,000
Reimbursement of expenses	1,121,838	910,875
	10,166,838	9,290,875
24. Depreciation and amortization expense	31-Mar-15	31-Mar-14
Depreciation of tangible assets	30,281,967	24,410,777
Amortization of intangible assets	15,330,357	16,345,606
	45,612,324	40,756,383
25. Provisions and write-offs	31-Mar-15	31-Mar-14
Contingent provision against standard assets (refer note 34)	120,947,422	132,325,317
Provision for non-performing assets (refer note 34)	(1,779,602,571)	(792,543,557)
Portfolio loans and other balances written off	1,756,038,528	696,936,611
Provision and loss on securitized / managed portfolio (refer note 2.1 (s) (iii))	3,073,619	108,994,199
	100,456,998	145,712,570
26. Earnings per share (EPS)	31-Mar-15	31-Mar-14
The following reflects the profit and share data used in the basic and diluted EPS computations:		
Net Profit for calculation of basic EPS	1,876,643,436	698,509,815
Net Profit for calculation of diluted EPS	1,876,643,436	698,509,815

	No. of shares	No. of shares
Weighted average number of equity shares in calculating basic EPS	123,299,110	108,212,728
Effect of dilution:		
Stock options granted under ESOP	1,459,555	255,385
Weighted average number of equity shares in calculating diluted EPS	124,758,665	108,468,113

27. Segment information

The Company operates in a single reportable segment i.e. financing, which has similar risks and returns for the purpose of AS 17 on 'Segment Reporting' specified under section 133 of the Companies Act 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. The Company operates in a single geographical segment i.e. domestic.

28. Related parties

a. Names of the related parties with whom transactions have been entered

Key Management Personnel	Mr. M. R. Rao, Managing Director and Chief Executive Officer Mr. S. Dilli Raj, President (w.e.f. February 4, 2014; Chief Financial Officer till February 4, 2014) Mr. Ashish Damani, Chief Financial Officer (w.e.f. February 4, 2014) Mr. Rajendra Patil, Company Secretary (w.e.f. May 2, 2014) Mr. K.V. Rao, Chief Operating Officer (w.e.f. February 4, 2014)
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b. Related party transactions

Transactions during the year	31-Mar-15	31-Mar-14
Salary, incentives & perquisites – Mr. M. R. Rao	22,320,729	15,810,800
Salary, incentives & perquisites – Mr. S. Dilli Raj	17,733,095	12,341,674
Salary, incentives & perquisites – Mr. Ashish Damani ^	5,348,975	624,947
Salary, incentives & perquisites – Mr. Rajendra Patil	4,835,264	-
Salary, incentives & perquisites – Mr. K.V. Rao*	7,310,086	886,647

^ Represents salary, incentives & perquisites from the date of appointment as Chief Financial Officer.

*Represents salary, incentives & perquisites from the date of appointment as Chief Operating Officer.

Note: As provisions for gratuity and leave benefits are made for the Company as a whole, the amounts pertaining to the Key Management Personnel are not specifically identified and hence are not included above.

29. Capital and other commitments

Estimated amounts of contracts remaining to be executed on capital account (net of capital advances) and not provided:

Particulars	March 31, 2015	March 31, 2014
For development of computer software	1,425,424	8,551,012
For purchase of computer and computer peripherals	172,750	1,380,000

30. Contingent liabilities not provided for

Particulars	March 31, 2015	March 31, 2014
Credit enhancements provided by the Company towards securitisation (including cash collaterals, principal and interest subordination)	2,216,270,453	2,317,185,220
Performance security provided by the Company pursuant to business correspondent / service provider agreement	477,749,783	327,026,873
Tax on items disallowed by the Income Tax department not acknowledged as debt by the Company *	5,475,348	9,578,882

* Based on the expert opinion obtained by the Company, crystallisation of liability on these items is not considered probable.

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

(Amount in Rupees unless otherwise stated)

31. Stock option scheme

The Company has provided various share-based payment schemes to its Directors and Employees. The plans in operation are Plan II (Other Independent Directors) and Plan III (Employees) while 'a', 'b', 'c', 'd', 'e', 'f', 'g', 'h', 'i', 'j' are the different grants made under these plans. During the year ended March 31, 2015, the following series were in operation:

Particulars	Plan II (b)	Plan II (c)	Plan II (d)	Plan II (e)	Plan II (f)	Plan II (g)
Date of grant	Feb 1, 2008	Nov 10, 2008	July 29, 2009	Feb 1, 2010	Nov 23, 2011	Mar 12, 2013
Date of Board approval	Oct 15, 2007	Oct 15, 2007	Oct 15, 2007	Jan 5, 2010	Nov 23, 2011	Mar 12, 2013
Date of shareholder's approval	Jan 16, 2008	Jan 16, 2008	Jan 16, 2008	Jan 8, 2010	Jul 16, 2010	Dec 07, 2011
Number of options granted	15,000	6,000	18,000	90,000	300,000	400,000
Exercise price	Rs.70.67	Rs.70.67	Rs.300	Rs.300	Rs.109.95	Rs. 150
Method of settlement	Equity	Equity	Equity	Equity	Equity	Equity
Vesting period	** Immediate	* Immediate	* Immediate	25% equally at the end of each year	End of year 1 – 33% End of year 2 – 33% End of year 3 – 34%	End of year 1 – 33% End of year 2 – 33% End of year 3 – 34%
Exercise period	36 months from the date of vesting***	36 months from the date of vesting***	36 months from the date of vesting****	60 months from the date of grant**	36 months from the date of vesting	On or before Mar 11, 2018
Vesting conditions	Refer note 1	Refer note 1	Refer note 1	Refer note 1	Refer note 1	Refer note 1
Name of the plan	ESOP 2008-ID	ESOP 2008-ID	ESOP 2008-ID	ESOP 2008-ID	ESOP 2010	ESOP 2011

* 1/3rd of the options can be exercised within first twelve months from grant date; another 1/3rd of the options can be exercised within twenty four months from grant date and the rest being exercised within thirty six months from grant date.

** ½ of the options can be exercised within twenty four months from grant date; another ½ of the options can be exercised within thirty six months from grant date.

*** Exercise period extended up to February 1, 2016.

**** Exercise period extended up to July 29, 2015.

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

(Amount in Rupees unless otherwise stated)

Particulars	Plan III (a)	Plan III (b)	Plan III (c)	Plan III (d)	Plan III (e)	Plan III (f)	Plan III (g)
Date of grant	Nov 3, 2009	Dec 15, 2009	Dec 15, 2009	May 4, 2010	May 4, 2010	Sep 7, 2011	Mar 22, 2013
Date of Board approval	July 29, 2009	Nov 4, 2009	Nov 4, 2009	May 4, 2010	May 4, 2010	Sep 7, 2011	Mar 22, 2013
Date of shareholder's approval	Sep 30, 2009	Dec 10, 2009	Dec 10, 2009	Dec 10, 2009	Dec 10, 2009	Nov 8, 2008, Sep 30, 2009, July 16, 2010	Dec 07, 2011
Number of options granted	514,750	1,313,160	568,000	4,340	6,000	1,486,329	119,112
Exercise price	Rs.300	Rs.150	Rs.300	Rs.150	Rs.300	Rs.229.40	Rs.150
Method of settlement	Equity	Equity	Equity	Equity	Equity	Equity	Equity
Vesting period	End of year 1 – 40% End of year 2 – 25% End of year 3 – 25% End of year 4 – 10%	20 % equally at the end of each year	20 % equally at the end of each year	20 % equally at the end of each year	20 % equally at the end of each year	50 % equally at the end of each year	End of year 1 – 33% End of year 2 – 33% End of year 3 – 34%
Exercise period	60 months from the date of grant*	72 months from the date of grant	72 months from the date of grant	72 months from the date of grant	72 months from the date of grant	36 months from the date of vesting	On or before Mar 21, 2018
Vesting conditions	Refer note 1	Refer note 1	Refer note 1	Refer note 1	Refer note 1	Refer note 1	Refer note 1
Name of the plan	ESOP 2009	ESOP 2009	ESOP 2009	ESOP 2009	ESOP 2009	ESOP 2008 ESOP 2009 ESOP 2010	ESOP 2011

* Exercise period extended upto November 1, 2015

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

(Amount in Rupees unless otherwise stated)

Particulars	Plan III (h)	Plan III (i)	Plan III (j)	Plan III (k)	Plan III (l)	Plan III (m)	Plan III (n)
Date of grant	Aug 23, 2013	Oct 23, 2013	Feb 04, 2014	April 28, 2014	August 16, 2014	October 29, 2014	January 30, 2015
Date of Board approval	Aug 23, 2013	Oct 23, 2013	Feb 04, 2014	April 28, 2014	August 16, 2014	October 29, 2014	January 30, 2015
Date of shareholder's approval	Dec 07, 2011	Dec 07, 2011	Dec 07, 2011	Dec 07, 2011	Nov 08, 2008	Dec 07, 2011	Dec 07, 2011
Number of options granted	15,760	11,564	58,000	50,000	2,082,200	87,000	93,500
Exercise price	Rs.113	Rs.160.45	Rs.174.95	Rs.253.65	Rs.264.75	Rs.316.15	Rs.426.85
Method of settlement	Equity	Equity	Equity	Equity	Equity	Equity	Equity
Vesting period	25 % equally at the end of each year	25 % equally at the end of each year	25 % equally at the end of each year	25 % equally at the end of each year	End of year 1 – 33% End of year 2 – 33% End of year 3 – 34%	25 % equally at the end of each year	25 % equally at the end of each year
Exercise period	On or before Aug 22, 2018	On or before Oct 22, 2018	On or before Feb 03, 2019	On or before April 27, 2019	On or before August 15, 2018	On or before October 28, 2019	On or before January 29, 2020
Vesting conditions	Refer note 1	Refer note 1	Refer note 1	Refer note 1	Refer note 1	Refer note 1	Refer note 1
Name of the plan	ESOP 2011	ESOP 2011	ESOP 2011	ESOP 2011	ESOP 2008	ESOP 2011	ESOP 2011

Note 1: Option holders are required to continue to hold the services being provided to the Company at the time of exercise of options.

The details of **Plan II (b)** have been summarised below:

Particulars	As at March 31, 2015		As at March 31, 2014	
	Number of options	Weighted average exercise price (Rs.)	Number of options	Weighted average exercise price (Rs.)
Outstanding at the beginning of the year	15,000	70.67	15,000	70.67
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	15,000	70.67	15,000	70.67
Exercisable at the end of the year	15,000	70.67	15,000	70.67
Weighted average remaining contractual life (years)*	0.8	-	1.8	-
Weighted average fair value of options granted	-	17.72	-	17.72

* Exercise period ending on February 1, 2013, extended upto February 1, 2016.

The details of **Plan II (c)** have been summarised below:

Particulars	As at March 31, 2015		As at March 31, 2014	
	Number of options	Weighted average exercise price (Rs.)	Number of options	Weighted average exercise price (Rs.)
Outstanding at the beginning of the year	3,000	70.67	3,000	70.67
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	3,000	70.67	3,000	70.67
Exercisable at the end of the year	3,000	70.67	3,000	70.67
Weighted average remaining contractual life (years)*	0.8	-	1.8	-
Weighted average fair value of options granted	-	52.14	-	52.14

* Exercise period ending on February 1, 2013, extended upto February 1, 2016.

The details of **Plan II (d)** have been summarised below:

Particulars	As at March 31, 2015		As at March 31, 2014	
	Number of options	Weighted average exercise price (Rs.)	Number of options	Weighted average exercise price (Rs.)
Outstanding at the beginning of the year	18,000	300.00	18,000	300.00
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	18,000	300.00	18,000	300.00
Exercisable at the end of the year	18,000	300.00	18,000	300.00
Weighted average remaining contractual life (in years)*	0.3	-	0.3	-
Weighted average fair value of options granted	-	21.57	-	21.57

* Original exercise period ending on July 29, 2014, extended upto July 29, 2015.

The details of **Plan II (e)** have been summarised below:

Particulars	As at March 31, 2015		As at March 31, 2014	
	Number of options	Weighted average exercise price (Rs.)	Number of options	Weighted average exercise price (Rs.)
Outstanding at the beginning of the year	49,500	300.00	49,500	300.00
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	4,500	300.00	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	45,000	300.00	49,500	300.00
Exercisable at the end of the year	45,000	300.00	49,500	300.00
Weighted average remaining contractual life (in years)*	0.8	-	0.8	-
Weighted average fair value of options granted	-	72.53	-	72.53

The weighted average share price on the date of exercise of stock options was Rs.363.25.

*Original exercise period ending on February 01, 2015, extended upto February 01, 2016.

The details of **Plan II (f)** have been summarised below:

Particulars	As at March 31, 2015		As at March 31, 2014	
	Number of options	Weighted average exercise price (Rs.)	Number of options	Weighted average exercise price (Rs.)
Outstanding at the beginning of the year	300,000	109.95	300,000	109.95
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	55,000	109.95	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	245,000	109.95	300,000	109.95
Exercisable at the end of the year	245,000	109.95	198,000	109.95
Weighted average remaining contractual life (in years)	2.7	-	3.7	-
Weighted average fair value of options granted	-	77.23	-	77.23

The weighted average share price during the period was Rs.301.12.

The details of **Plan II (g)** have been summarised below:

Particulars	As at March 31, 2015		As at March 31, 2014	
	Number of options	Weighted average exercise price (Rs.)	Number of options	Weighted average exercise price (Rs.)
Outstanding at the beginning of the year	300,000	150.00	400,000	150.00
Granted during the year	-	-	-	-
Forfeited during the year	-	-	100,000	150.00
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	300,000	150.00	300,000	150.00
Exercisable at the end of the year	198,000	150.00	99,000	150.00
Weighted average remaining contractual life (in years)	2.9	-	3.9	-
Weighted average fair value of options granted	-	71.81	-	71.81

The details of **Plan III (a)** have been summarised below:

Particulars	As at March 31, 2015		As at March 31, 2014	
	Number of options	Weighted average exercise price (Rs.)	Number of options	Weighted average exercise price (Rs.)
Outstanding at the beginning of the year	160,590	300.00	192,190	300.00
Granted during the year	-	-	-	-
Forfeited during the year	6,700	300.00	31,600	300.00
Exercised during the year	14,020	300.00	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	139,870	300.00	160,590	300.00
Exercisable at the end of the year	139,870	300.00	160,590	300.00
Weighted average remaining contractual life (in years)*	0.6	-	0.6	-
Weighted average fair value of options granted	-	41.18	-	41.18

The weighted average share price during the period was Rs.412.07.

* Original exercise period ending on November 02, 2014, extended upto November 02, 2015.

The details of **Plan III (b)** have been summarised below:

Particulars	As at March 31, 2015		As at March 31, 2014	
	Number of options	Weighted average exercise price (Rs.)	Number of options	Weighted average exercise price (Rs.)
Outstanding at the beginning of the year	407,367	150.00	556,319	150.00
Granted during the year	-	-	-	-
Forfeited during the year	28,768	150.00	148,952	150.00
Exercised during the year	210,568	150.00	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	168,031	150.00	407,367	150.00
Exercisable at the end of the year	168,031	150.00	315,101	150.00
Weighted average remaining contractual life (in years)	0.6	-	1.6	-
Weighted average fair value of options granted	-	115.30	-	115.30

Notice of exercise received for 432 options, however the allotment is pending as on March 31, 2015.

The weighted average share price during the period was Rs.385.63.

The details of **Plan III (c)** have been summarised below:

Particulars	As at March 31, 2015		As at March 31, 2014	
	Number of options	Weighted average exercise price (Rs.)	Number of options	Weighted average exercise price (Rs.)
Outstanding at the beginning of the year	125,240	300.00	153,540	300.00
Granted during the year	-	-	-	-
Forfeited during the year	16,540	300.00	28,300	300.00
Exercised during the year	3,000	300.00	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	105,700	300.00	125,240	300.00
Exercisable at the end of the year	105,700	300.00	104,040	300.00
Weighted average remaining contractual life (in years)	0.6	-	1.6	-
Weighted average fair value of options granted	-	69.29	-	69.29

The weighted average share price during the period was Rs.361.03.

The details of **Plan III (d)** have been summarised below:

Particulars	As at March 31, 2015		As at March 31, 2014	
	Number of options	Weighted average exercise price (Rs.)	Number of options	Weighted average exercise price (Rs.)
Outstanding at the beginning of the year	1,648	150.00	2,704	150.00
Granted during the year	-	-	-	-
Forfeited during the year	132	150.00	792	150.00
Exercised during the year	898	150.00	264	150.00
Expired during the year	-	-	-	-
Outstanding at the end of the year	618	150.00	1,648	150.00
Exercisable at the end of the year	408	150.00	964	150.00
Weighted average remaining contractual life (in years)	1.1	-	2.1	-
Weighted average fair value of options granted	-	233.75	-	233.75

The weighted average share price during the period was Rs.401.71 (previous year: Rs.173.47)

The details of **Plan III (e)** have been summarised below:

Particulars	As at March 31, 2015		As at March 31, 2014	
	Number of options	Weighted average exercise price (Rs.)	Number of options	Weighted average exercise price (Rs.)
Outstanding at the beginning of the year	3,000	300	3,000	300
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	3,000	300	3,000	300
Exercisable at the end of the year	2,400	300	1800	300
Weighted average remaining contractual life (in years)	1.1	-	2.1	-
Weighted average fair value of options granted	-	152.53	-	152.53

The details of **Plan III (f)** have been summarised below:

Particulars	As at March 31, 2015		As at March 31, 2014	
	Number of options	Weighted average exercise price (Rs.)	Number of options	Weighted average exercise price (Rs.)
Outstanding at the beginning of the year	618,483	229.40	806,099	229.40
Granted during the year	-	-	-	-
Forfeited during the year	50,396	229.40	187,616	229.40
Exercised during the year	119,404	229.40	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	448,683	229.40	618,483	229.40
Exercisable at the end of the year	448,683	229.40	618,483	229.40
Weighted average remaining contractual life (in years)	1.4	-	2.4	-
Weighted average fair value of options granted	-	146.37	-	146.37

The weighted average share price during the period was Rs.409.90.

The details of **Plan III (g)** have been summarised below:

Particulars	As at March 31, 2015		As at March 31, 2014	
	Number of options	Weighted average exercise price (Rs.)	Number of options	Weighted average exercise price (Rs.)
Outstanding at the beginning of the year	107,548	150.00	119,112	150.00
Granted during the year	-	-	-	-
Forfeited during the year	4,139	150.00	11,564	150.00
Exercised during the year	2,039	150.00	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	101,370	150.00	107,548	150.00
Exercisable at the end of the year	66,904	150.00	35,491	150.00
Weighted average remaining contractual life (in years)	3.0	-	4.0	-
Weighted average fair value of options granted	-	57.43	-	57.43

The weighted average share price on the date of exercise of stock options was Rs.273.08.

The details of **Plan III (h)** have been summarised below:

Particulars	As at March 31, 2015		As at March 31, 2014	
	Number of options	Weighted average exercise price (Rs.)	Number of options	Weighted average exercise price (Rs.)
Outstanding at the beginning of the year	15,760	113.00	-	-
Granted during the year	-	-	15,760	113.00
Forfeited during the year	9,582	113.00	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	6,178	113.00	15,760	113.00
Exercisable at the end of the year	1,545	113.00	-	-
Weighted average remaining contractual life (in years)	3.4	-	4.4	-
Weighted average fair value of options granted	-	57.37	-	57.37

The details of **Plan III (i)** have been summarised below:

Particulars	As at March 31, 2015		As at March 31, 2014	
	Number of options	Weighted average exercise price (Rs.)	Number of options	Weighted average exercise price (Rs.)
Outstanding at the beginning of the year	11,564	160.45	-	-
Granted during the year	-	-	11,564	160.45
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	11,564	160.45	11,564	160.45
Exercisable at the end of the year	2,891	160.45	-	-
Weighted average remaining contractual life (in years)	3.6	-	4.6	-
Weighted average fair value of options granted	-	76.08	-	76.08

The details of **Plan III (j)** have been summarised below:

Particulars	As at March 31, 2015		As at March 31, 2014	
	Number of options	Weighted average exercise price (Rs.)	Number of options	Weighted average exercise price (Rs.)
Outstanding at the beginning of the year	58,000	174.95	-	-
Granted during the year	-	-	58,000	174.95
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	58,000	174.95	58,000	174.95
Exercisable at the end of the year	14,500	174.95	-	-
Weighted average remaining contractual life (in years)	3.9	-	4.9	-
Weighted average fair value of options granted	-	91.52	-	91.52

The details of **Plan III (k)** have been summarised below:

Particulars	As at March 31, 2015		As at March 31, 2014	
	Number of options	Weighted average exercise price (Rs.)	Number of options	Weighted average exercise price (Rs.)
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	50,000	253.65	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	50,000	253.65	-	-
Exercisable at the end of the year	-	-	-	-
Weighted average remaining contractual life (in years)	4.1	-	-	-
Weighted average fair value of options granted	-	128.14	-	-

The details of **Plan III (l)** have been summarised below:

Particulars	As at March 31, 2015		As at March 31, 2014	
	Number of options	Weighted average exercise price (Rs.)	Number of options	Weighted average exercise price (Rs.)
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	2,082,200	264.75	-	-
Forfeited during the year	18,100	264.75	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	2,064,100	264.75	-	-
Exercisable at the end of the year	-	-	-	-
Weighted average remaining contractual life (in years)	3.4	-	-	-
Weighted average fair value of options granted	-	109.40	-	-

The details of **Plan III (m)** have been summarised below:

Particulars	As at March 31, 2015		As at March 31, 2014	
	Number of options	Weighted average exercise price (Rs.)	Number of options	Weighted average exercise price (Rs.)
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	87,000	316.15	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	87,000	316.15	-	-
Exercisable at the end of the year	-	-	-	-
Weighted average remaining contractual life (in years)	4.6	-	-	-
Weighted average fair value of options granted	-	145.08	-	-

The details of **Plan III (n)** have been summarised below:

Particulars	As at March 31, 2015		As at March 31, 2014	
	Number of options	Weighted average exercise price (Rs.)	Number of options	Weighted average exercise price (Rs.)
Outstanding at the beginning of the year	-	-	-	-
Granted during the year	93,500	426.85	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	93,500	426.85	-	-
Exercisable at the end of the year	-	-	-	-
Weighted average remaining contractual life (in years)	4.8	-	-	-
Weighted average fair value of options granted	-	188.68	-	-

Details of exercise price for stock options outstanding as at March 31, 2015:

Series	Range of exercise prices	Number of options outstanding (31-Mar-15)	Number of options outstanding (31-Mar-14)	Weighted average remaining contractual life of options (in years) (31-Mar-15)	Weighted average remaining contractual life of options (in years) (31-Mar-14)	Weighted average exercise price
Options outstanding as on 31-Mar-15 and 31-Mar-14:						
Plan II (b)	70.67	15,000	15,000	0.8	1.8	70.67
Plan II (c)	70.67	3,000	3,000	0.8	1.8	70.67
Plan II (d)	300.00	18,000	18,000	0.3	0.3	300.00
Plan II (e)	300.00	45,000	49,500	0.8	0.8	300.00
Plan II (f)	109.95	245,000	300,000	2.7	3.7	109.95
Plan II (g)	150.00	300,000	300,000	2.9	3.9	150.00
Plan III (a)	300.00	139,870	160,690	0.6	0.6	300.00
Plan III (b)	150.00	168,031	407,367	0.6	1.6	150.00
Plan III (c)	300.00	105,700	125,140	0.6	1.6	300.00
Plan III (d)	150.00	618	1,648	1.1	2.1	150.00
Plan III (e)	300.00	3,000	3,000	1.1	2.1	300.00
Plan III (f)	229.40	448,683	618,483	1.4	2.4	229.40
Plan III (g)	150.00	101,370	107,548	3.0	4.0	150.00
Plan III (h)	113.00	6,178	15,760	3.4	4.4	113.00
Plan III (i)	160.45	11,564	11,564	3.6	4.6	160.45
Plan III (j)	174.95	58,000	58,000	3.9	4.9	174.95
Options granted during the year and outstanding as on 31-Mar-15:						
Plan III (k)	253.65	50,000	-	4.1	-	253.65
Plan III (l)	264.15	2,064,100	-	3.4	-	264.15
Plan III (m)	316.15	87,000	-	4.6	-	316.15
Plan III (n)	426.85	93,500	-	4.8	-	426.85

Stock options granted during the year:

Plan III (k): The weighted average fair value of stock options granted during the year was Rs.128.14. The Black-Scholes Model has been used for computing the weighted average fair value considering the following:

Particulars	Tranche vesting in FY 2015-16	Tranche vesting in FY 2016-17	Tranche vesting in FY 2017-18	Tranche vesting in FY 2018-19
Share price on the date of grant (Rs.)	253.80	253.80	253.80	253.80
Exercise price (Rs.)	253.65	253.65	253.65	253.65
Expected volatility (%)	55.43	55.43	55.43	55.43
Life of the options granted (years)	3.0	3.5	4.0	4.5
Risk-free interest rate (%)	8.75	8.79	8.82	8.85
Expected dividend rate (%)	0	0	0	0
Fair value of the option	114.97	124.32	132.76	140.50

Plan III (l): The weighted average fair value of stock options granted during the year was Rs.109.40. The Black-Scholes Model has been used for computing the weighted average fair value considering the following:

Particulars	Tranche vesting in FY 2015-16	Tranche vesting in FY 2016-17	Tranche vesting in FY 2017-18
Share price on the date of grant (Rs.)	262.00	262.00	262.00
Exercise price (Rs.)	264.75	264.75	264.75
Expected volatility (%)	49.57	49.57	49.57
Life of the options granted (years)	2.5	3.0	3.5
Risk-free interest rate (%)	8.73	8.73	8.73
Expected dividend rate (%)	0	0	0
Fair value of the option	99.35	109.64	118.92

Plan III (m): The weighted average fair value of stock options granted during the year was Rs.145.08. The Black-Scholes Model has been used for computing the weighted average fair value considering the following:

Particulars	Tranche vesting in FY 2015-16	Tranche vesting in FY 2016-17	Tranche vesting in FY 2017-18	Tranche vesting in FY 2018-19
Share price on the date of grant (Rs.)	316.00	316.00	316.00	316.00
Exercise price (Rs.)	316.15	316.15	316.15	316.15
Expected volatility (%)	48.11	48.11	48.11	48.11
Life of the options granted (years)	3.00	3.5	4.0	4.5
Risk-free interest rate (%)	8.32	8.34	8.35	8.37
Expected dividend rate (%)	0.00	0.00	0.00	0.00
Fair value of the option	129.45	140.49	150.53	159.85

Plan III (n): The weighted average fair value of stock options granted during the year was Rs.188.68. The Black-Scholes Model has been used for computing the weighted average fair value considering the following:

Particulars	Tranche vesting in FY 2015-16	Tranche vesting in FY 2016-17	Tranche vesting in FY 2017-18	Tranche vesting in FY 2018-19
Share price on the date of grant (Rs.)	436.00	436.00	436.00	436.00
Exercise price (Rs.)	426.85	426.85	426.85	426.85
Expected volatility (%)	43.48	43.48	43.48	43.48
Life of the options granted (years)	3.0	3.5	4.0	4.5
Risk-free interest rate (%)	7.73	7.73	7.73	7.73
Expected dividend rate (%)	0.00	0.00	0.00	0.00
Fair value of the option	168.43	182.68	195.74	207.86

Volatility of the share price of the Company has been calculated as the standard deviation of the closing prices for a period of one year ending on the date of grant.

Stock options modified during the year (incremental fair value calculated using the Black-Scholes Model):

Particulars	Before		After		Before		After	
	Plan II (d)		Plan II (e)		Plan III (a)			
Share price on the date of modification (Rs.)	278.20	278.20	436.00	436.00	351.25	351.25		
Exercise price (Rs.)	300.00	300.00	300.00	300.00	300.00	300.00		
Expected volatility (%)	52.33	52.33	43.28	43.28	48.71	48.71		
Life of the options granted (years)	0.003	1.0	0.003	1.0	0.003	1.0		
Risk-free interest rate (%)	7.99	7.99	7.73	7.73	8.29	8.29		
Expected dividend rate (%)	0.00	0.00	0.00	0.00	0.00	0.00		
Fair value of the option	-	58.09	136.06	169.80	51.32	104.95		
Incremental fair value		58.09		33.74		53.63		

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

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
Directors stock option expenditure	10,360,558	12,543,301
Employees stock option expenditure	95,974,217	(22,876,269)
Subtotal	106,334,775	(10,332,968)
Total compensation cost pertaining to equity-settled employee share based payment	106,334,775	(10,332,968)

Particulars	As at March 31, 2015	As at March 31, 2014
Stock options outstanding (gross)	429,975,441	217,828,594
Deferred compensation cost outstanding	(178,502,599)	(20,901,833)
Stock options outstanding (net)	251,472,842	196,926,761

32. Retirement benefits

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for gratuity on cessation of employment and it is computed at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with an insurance Company in the form of a qualifying insurance policy.

The following tables summarise the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the Balance Sheet for the gratuity plan.

Statement of profit and loss

Net employees benefit expense (recognised in employees benefit expense):

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
Current service cost	13,793,687	14,823,396
Interest cost on benefit obligation	7,999,270	6,260,147
Expected return on plan assets	(1,535,443)	(2,434,425)
Net actuarial (gain) / loss recognised in the year	19,987,322	951,526
Past service cost	-	-
Net employee benefit expense	40,244,836	19,600,644
Return on plan assets*	1,544,268	1,482,899

* Represents expected return as determined by the actuary for financial year 2014-15.

Balance Sheet

Details of provision for gratuity:

Particulars	Gratuity	
	March 31, 2015	March 31, 2014
Defined benefit obligation	118,085,811	87,519,363
Fair value of plan assets	(22,983,541)	(17,648,775)
Plan liability	95,102,270	69,870,588

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

Particulars	Gratuity	
	March 31, 2015	March 31, 2014
Opening defined benefit obligation	87,519,363	78,251,840
Interest cost	7,999,270	6,260,147
Current service cost	13,793,687	14,823,396
Benefits paid	(11,222,656)	(11,827,411)
Actuarial (gains) / losses on obligation	19,996,147	11,391
Closing defined benefit obligation	118,085,811	87,519,363

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

Particulars	Gratuity	
	March 31, 2015	March 31, 2014
Opening fair value of plan assets	17,648,775	27,981,896
Expected return	1,535,443	2,434,425
Contributions by employer	15,013,154	0
Benefits paid	(11,222,656)	(11,827,411)
Actuarial gains / (losses)	8,825	(940,135)
Closing fair value of plan assets	22,983,541	17,648,775

The Company expects to contribute Rs.26,944,219 (March 31, 2014: Rs. 12,649,458) to gratuity in the next year.

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	Gratuity	
	March 31, 2015	March 31, 2013
Investment with insurer	100%	100%

The overall expected rate of return on assets is determined based on the average long term rate of return expected on investment of the fund during the estimated term of the obligations.

The principal assumptions used in determining gratuity:

Particulars	Gratuity	
	March 31, 2015	March 31, 2014
Discount rate	8.04%	9.14%
Expected rate of return on assets	8.75%	8.70%
Salary escalation rate per annum	10% for the first two years and 7% there after	10% for the first two years and 7% there after
Rates of leaving service	15%	15%

Amounts for the current and previous four years are as follows:

Particulars	Gratuity				
	31-Mar-15	31-Mar-14	31-Mar-13	31-Mar-12	31-Mar-11
Defined benefit obligation	118,085,811	87,519,363	78,251,840	79,421,404	68,883,615
Plan assets	22,983,541	17,648,775	27,981,896	37,575,021	39,825,147
Surplus / (deficit)	(95,102,270)	(69,870,588)	(50,269,944)	(41,846,383)	(29,058,468)
Experience adjustments on plan liabilities	19,996,147	11,391	(14,046,486)	(17,347,115)	4,648,214
Experience adjustments on plan assets	8,825	(940,135)	(210,115)	(1,148,560)	(2,044,673)

33. Expenditure in foreign currency (on accrual basis)

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
Professional fees*	17,359,063	9,325,755
Travelling expenses	2,041,582	278,009
Membership and subscriptions	216,300	190,500
Software maintenance	-	133,403
Total	19,616,945	9,927,667

*Professional fees include an amount of Rs.11,584,063 (Previous year: Nil) towards consultancy services in connection with the Qualified Institutional Placement adjusted to securities premium account as per section 52 of the Companies Act, 2013. Also includes an amount of Rs.5,000,000 (Previous year: Rs.2,000,000) towards provision for commission to independent directors.

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

(Amount in Rupees unless otherwise stated)

34. Loan portfolio and provision for standard and non-performing assets as at March 31, 2015:

Asset classification	Portfolio loans outstanding (Gross)		Provision for standard and non-performing assets				Portfolio loans outstanding (Net)	
	As at March 31, 2015	As at March 31, 2014	As at March 31, 2014	Provision made during the year	Provision written back during the year	As at March 31, 2015	As at March 31, 2015	As at March 31, 2014
Standard assets	29,217,696,581	15,400,920,668	163,003,494	120,947,422	-	283,950,916	28,933,745,665	15,237,917,174
Sub-standard assets	22,260,955	16,635,844	2,879,145	7,033,616	-	9,912,761	12,348,194	13,756,700
Doubtful assets	1,436,267	2,572,000	514,400	-	227,147	287,253	1,149,014	2,057,600
Loss assets	-	1,786,409,040	1,786,409,040	-	1,786,409,040	-	-	-
Total	29,241,393,803	17,206,537,553	1,952,806,079	127,981,038	1,786,636,187	294,150,930	28,947,242,873	15,253,731,474

Loan portfolio and provision for standard and non-performing assets as at March 31, 2014:

Asset classification	Portfolio loans outstanding (Gross)		Provision for standard and non-performing assets				Portfolio loans outstanding (Net)	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2013	Provision made during the year	Provision written back during the year	As at March 31, 2014	As at March 31, 2014	As at March 31, 2013
Standard assets	15,400,920,668	12,271,270,996	30,678,178	132,325,316	-	163,003,494	15,237,917,174	12,240,592,818
Sub-standard assets*	16,635,844	199,793,127	149,534,844	-	146,655,699	2,879,145	13,756,700	50,258,283
Doubtful assets*	2,572,000	27,894,437	27,894,437	-	27,380,037	514,400	2,057,600	-
Loss assets*	1,786,409,040	2,404,916,860	2,404,916,860	-	618,507,820	1,786,409,040	-	-
Total	17,206,537,553	14,903,875,420	2,613,024,319	132,325,316	792,543,556	1,952,806,079	15,253,731,474	12,290,851,101

Note:

Figures as at March 31, 2013 in the above table does not include loans placed as collateral towards securitisation / assignment transaction amounting to Rs.404,892,002, as the provisioning thereof is done collectively alongwith the loan asset securitized / assigned.

Figures as at March 31, 2014 in the above table include loans placed as collateral towards securitisation / assignment transaction amounting to Rs.679,775,100 and provision thereon of Rs.6,797,751.

*Non-performing assets include amount of Rs.1,786,409,040 representing portfolio in the state of Andhra Pradesh which has been fully provided for.

35. Leases (operating lease)**Office Premises:**

Head office, registered office and branch office premises are obtained on operating lease. The branch office premises are generally rented on cancellable term ranging from twelve months to thirty six months with or without escalation clause, however none of the branch lease agreement carries non-cancellable lease periods. The registered office premise has been obtained on a lease term of thirty six months with an escalation clause of five percent after every twelve months. There are no restrictions imposed by lease arrangements. There are no subleases. Lease payments during the year are charged to statement of profit and loss.

Description	March 31, 2015	March 31, 2014
Operating lease expenses recognised in the statement of profit and loss	142,192,035	135,279,346
Minimum lease obligations		
Not later than one year	3,487,746	2,042,490
Later than one year but not later than five years	5,721,624	3,297,102
Later than five years	-	-

Vehicles:

The Company has taken certain vehicles on cancellable operating lease. Total lease expense under cancellable operating lease during the year was Rs.12,431,034 (Previous year: Rs.8,989,979).

- 36.** The Company has given interest free collateral free loan to an employee benefit trust under the Employee Stock Purchase Scheme to provide financial assistance to its employees to purchase equity shares of the Company under such scheme. The loan is repayable by the trust under a back to back arrangement by the trust with the employees of the Company. The year-end balance for the total loan granted is Rs.48,969,462 (March 31, 2014: Rs. 54,168,606).
- 37.** In the financial year 2013-14, the Company had received two demand orders from service tax authorities against the show-cause notices received in earlier years. The orders pertain to applicability of service tax on various items like income from asset assignment transactions, administration charges collected by the Company on distribution of insurance products to its borrowers, reimbursement of certain expenses from an insurance company, etc. The amount of service tax demanded aggregated to Rs.460,522,457 (plus penalty and interest, as applicable). The Company had filed appeals and stay petition against these demand orders with The Customs, Excise and Service Tax Appellate Tribunal ('CESTAT'). During the year, the CESTAT has issued a stay order against pre-deposit of demand made in one of the aforesaid two demand orders of Rs.118,091,538 (plus penalty and interest, as applicable).

Based on the merits of the case, the Company and its tax advisors believe that its position is likely to be upheld in the appellate process for the above matters. Accordingly, no provision has been made for the amounts mentioned above as at March 31, 2015.

- 38.** The Company has certain litigations pending with income tax authorities, service tax authorities and other litigations which have arisen in the ordinary course of business. The Company has reviewed all such pending litigations having an impact on the financial position, and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its financial statements. Refer note 30 and 37 for further details.

39. Dues to micro, small and medium enterprises

There are no amounts that need to be disclosed in accordance with the Micro Small and Medium Enterprise Development Act, 2006 (the 'MSMED') pertaining to micro or small enterprises.

For the year ended March 31, 2015, no supplier has intimated the Company about its status as micro or small enterprises or its registration with the appropriate authority under MSMED.

40. Additional disclosures required by the RBI**a. Capital to Risk Assets Ratio ('CRAR'):**

Particulars		March 31, 2015	March 31, 2014
i)	CRAR (%)	31.69%	27.19%
ii)	CRAR – Tier I Capital (%)	31.69%	27.19%
iii)	CRAR – Tier II Capital (%)	0.00%	0.00%
iv)	Amount of subordinated debt raised as Tier-II capital	-	-
v)	Amount raised by issue of Perpetual Debt Instruments	-	-

The modifications to the NBFC-MFI directions issued by RBI vide its circular no.RBI/2012-13/161 DNBS (PD) CC.No.300/03.10.038/2012-13 dated August 3, 2012 have specified that provision made towards portfolio in the state of Andhra Pradesh should be in accordance with extant NBFC prudential norms and such provision should be added back notionally to the net owned funds for the purpose of calculation of the capital to risk assets ratio ('CRAR') and would be progressively reduced by 20% each year, over 5 years i.e. from March 31, 2013 to March 31, 2017. As per the progressive reduction 80% of provisioning made towards portfolio in the state of Andhra Pradesh has been notionally reckoned as a part of net own funds. Had the amount of provision mentioned above not been added back to the net owned funds, the CRAR as at March 31, 2014 would have been 20.66%.

b. Investments:

(Rupees in crore)

Particulars		March 31, 2015	March 31, 2014
(1)	Value of Investments		
	(i) Gross Value of Investments		
	(a) in India	0.20	0.20
	(a) outside India,	-	-
	(ii) Provisions for Depreciation		
	(a) in India	-	-
	(a) outside India,	-	-
	(iii) Net Value of Investments		
	(a) in India	0.20	0.20
	(a) outside India,	-	-
(2)	Movement of provisions held towards depreciation on investments		
	(i) Opening balance	-	-
	(ii) Add : Provisions made during the year	-	-
	(iii) Less : Write-off / write-back of excess provisions during the year	-	-
	(iv) Closing balance	-	-

c. Derivatives:

The Company has no transactions / exposure in derivatives in the current and previous year.

The Company has no unhedged foreign currency exposure as on March 31, 2015 (March 31, 2014: Nil).

d. Disclosures relating to Securitisation:

During the year the Company has sold loans through securitization. The information on securitization activity of the Company as an originator is as shown below:

(Rupees in crore)

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
Total number of loans securitized/assigned	1,637,891	2,089,215
Total book value of loans securitized/assigned	1,432.54	1,693.15
Total book value of loans securitized/assigned including loans placed as collateral	1,558.66	1,817.34
Sale consideration received for loans securitized/assigned	1,432.54	1,693.15
Excess interest spread recognised in the statement of profit and loss	66.75	55.70

Particulars	As at March 31, 2015	As at March 31, 2014
Credit enhancements provided and outstanding (Gross):		
Interest subordination	42.49	37.15
Principal subordination	86.33	67.98
Cash collateral	102.03	156.78

(Rupees in crore)

Sr. No.	Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
1.	No. of SPVs sponsored by the NBFC for securitisation transactions during the year	8	13
2.	Total amount of securitised assets as per the books of the SPVs sponsored by the NBFC as on the date of balance sheet:	1,089.56	1,205.04
3.	Total amount of exposures retained to comply with minimum retention requirement ('MRR') as on the date of balance sheet:		
	a) Off balance sheet exposures		
	-First loss	-	-
	-Others	-	-
	b) On balance sheet exposures		
	-First loss	86.33	67.98
	-Others	-	-
4.	Amount of exposures to other than MRR:		
	a) Off-balance sheet exposures		
	i) Exposure to own securitisations		
	-First loss	-	-
	-Others	-	-
	ii) Exposure to third party securitisations		
	-First loss	-	-
	-Others	-	-
	a) On-balance sheet exposures		
	i) Exposure to own securitisations		
	-First loss	144.52	193.93
	-Others		
	ii) Exposure to third party securitisations		
	-First loss		
	-Others		

e. Details of financial assets sold to securitisation / reconstruction company for asset reconstruction:

The Company has not sold financial assets to Securitisation / Reconstruction companies for asset reconstruction in the current and previous year.

f. Details of assignment transactions undertaken:

The Company has not undertaken assignment transactions in the current and previous year.

g. Details of non-performing financial assets purchased / sold:

The Company has not purchased / sold non-performing financial assets in the current and previous year.

h. Asset Liability Management

Maturity pattern of certain Assets and Liabilities as on March 31, 2015:

(Rupees in crore)

Particulars	Upto 30/31 days	Over 1 months upto 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months upto 1 year	Over 1 year upto 3 years	Over 3 years upto 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-
Advances *	330.35	294.56	296.80	794.75	997.09	241.86	1.85	0.11	2,957.38
Investments	-	-	-	-	-	-	-	0.2	0.2
Borrowings	321.17	158.33	209.33	608.96	924.81	1057.22	-	-	3,279.84
Foreign currency assets	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-

* net of provision on NPA

Maturity pattern of certain Assets and Liabilities as on March 31, 2014:

(Rupees in crore)

Particulars	Upto 30/31 days	Over 1 months upto 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months upto 1 year	Over 1 year upto 3 years	Over 3 years upto 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-
Advances *	179.6	164.3	138.1	433.5	607.9	48.1	2.0	0.2	1,573.8
Investments	-	-	-	-	-	-	-	0.2	0.2
Borrowings	234.4	128.1	151.4	330.1	382.5	300.6	4.2	-	1,531.3
Foreign currency assets	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-

* net of provision on NPA

i. Exposures:

The Company has no exposure to the real estate sector and capital market directly or indirectly in the current and previous year.

j. Details of financing of parent company products:

This disclosure is not applicable as the Company does not have any holding / parent company.

k. Unsecured Advances – Refer note 15.

I. Registration obtained from other financial sector regulators:

The Company is registered with following other financial sector regulators (*Financial regulators as described by Ministry of Finance*):

- i. Ministry of Corporate Affairs
- ii. Ministry of Finance (Financial Intelligence Unit)

m. Disclosure of penalties imposed by RBI and other regulators:

No Penalties were imposed by RBI and other regulators during current and previous year.

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

(Rupees in crore)

Deposits Instrument	Name of the rating agency	Date of rating	Rating assigned	Valid up to	Borrowing limit or conditions imposed by rating agency
Bank Loan Rating (Long-term facilities)	CARE Ratings	30-Mar-15*	CARE A+	See Note-1	2,800.00
Bank Loan Rating (Short-term facilities)	CARE Ratings	30-Mar-15*	CARE A1+		
Short-term Debt (CP/NCD)	CARE Ratings	19-Mar-15*	CARE A1+	17-Mar-16	200.00
Long-term Debt (NCD)	CARE Ratings	30-Mar-15	CARE A+	See Note-1	200.00
Long-term Debt	ICRA	24-Mar-15	[ICRA] A+	See Note-1	300.00
Short-term Debt	ICRA	24-Mar-15	[ICRA] A1+	See Note-1	
MFI Grading	CARE Ratings	13-Mar-15	MFI 1	See Note-2	N/A
Securitisation	CARE Ratings	16-Oct-14	CARE AA (SO)	15-Aug-16	297.27
Securitisation	CARE Ratings	30-Dec-14	CARE AA (SO)	20-Aug-16	70.50
Securitisation	CARE Ratings	14-Jan-15	CARE AA (SO)	20-Oct-16	282.53
Securitisation	ICRA	30-Jan-15	ICRA AA (SO)	12-Oct-16	74.57
Securitisation	ICRA	27-Feb-15	ICRA AA (SO)	15-Aug-16	80.84
Securitisation	CARE Ratings	24-Feb-15	CARE AA (SO)	15-Sep-16	218.92
Securitisation	CARE Ratings	16-Mar-15	CARE AA (SO)	20-Dec-16	96.26
Securitisation	CARE Ratings	23-Mar-15	CARE AA (SO)	12-Dec-16	311.64

Note-1: the Rating is subject to annual surveillance till final repayment / redemption of rated facilities.

Note-2: MFI Grading is a one-time assessment of the Company and it is not kept under surveillance.

* last date of revalidation during the year.

o. Provisions and Contingencies (shown under the head expenditure in Statement of Profit and Loss)

(Rupees in crore)

Particulars	March 31, 2015	March 31, 2014
Provisions for depreciation on Investment	-	-
Provision made towards Income tax	6.51	1.64
Provision towards NPA	(177.96)	(79.25)
Provision for Standard Assets	12.09	13.23
Provision on securitised / managed portfolio	(0.04)	10.83
Provision for leave benefits	2.59	1.93
Provision for gratuity	4.02	1.96
Provision for Advances recoverable in cash or kind	(0.08)	(0.48)
Provision for Impairment loss	(0.03)	(0.02)

- p. Draw down from Reserves:
There has been no draw down from reserves during the year ended March 31, 2015 (previous year: Nil).

- q. Concentration of Advances, Exposures and NPAs:

(Rupees in crore)

Particulars	March 31, 2015	March 31, 2014
Concentration of Advances		
Total advances to twenty largest borrowers	0.26	0.20
(%) of advances to twenty largest borrowers to total advances	0.01%	0.01%
Concentration of Exposures		
Total exposure to twenty largest borrowers/customers	0.26	0.22
(%) of exposure to twenty largest borrowers/customers to total exposure	0.01%	0.01%
Concentration of NPAs		
Total exposure to top four NPA accounts	0.04	0.06

- r. Sector-wise NPAs

Sector	(%) of NPAs to total advances in that sector as at March 31, 2015	(%) of NPAs to total advances in that sector as at March 31, 2014 ^
Agriculture and allied activities	0.07%	4%
MSME	-	-
Corporate borrowers	-	-
Services	0.06%	15%
Unsecured personal loans	-	-
Auto loans	-	-
Other personal loans	0.91%	15%

^ Non-performing assets include amount of Rs.178.64 crore representing portfolio in the state of Andhra Pradesh which had been fully provided for.

- s. Movement of NPAs

(Rupees in crore)

Particulars	March 31, 2015	March 31, 2014
(i) Net NPAs to Net Advances (%)	0.05%	0.10%
(ii) Movement of NPAs (Gross)		
(a) Opening balance ^	180.56	263.26
(b) Additions during the year	2.19	1.59
(c) Reductions during the year (incl. loans written off)	(180.38)	(84.29)
(d) Closing balance	2.37	180.56
(iii) Movement of Net NPAs		
(a) Opening balance	1.58	5.03
(b) Additions during the year	1.20	1.28
(c) Reductions during the year	(1.43)	(4.73)
(d) Closing balance	1.35	1.58
(iv) Movement of provisions for NPAs		
(a) Opening balance	178.98	258.23
(b) Provisions made during the year	0.99	0.31
(c) Write-off / write-back of excess provisions	(178.95)	(79.56)
(d) Closing balance	1.02	178.98

^ Opening balance of NPAs include amount of Rs.178.64 crore (Previous year: Rs.257.64 crore) representing portfolio in the state of Andhra Pradesh which had been fully provided for.

t. Disclosure of Customer Complaints

Particulars		No. of complaints
(i)	No. of complaints pending at the beginning of the year	239
(ii)	No. of complaints received during the year	13,474
(iii)	No. of complaints redressed during the year	12,249
(iv)	No. of complaints pending at the end of the year	1,464

The Company has a Customer Grievance Redressal Mechanism including an independent ombudsman for convenience of customers to register their complaints and for the Company to monitor and redress them.

u. Information on instances of fraud

Instances of fraud for the year ended March 31, 2015:

(Rupees in crore)

Nature of fraud	No. of cases	Amount of fraud	Recovery	Amount written-off
Cash embezzlement ^	21	0.20	0.10	0.10
Loans given against fictitious documents	9	0.06	0.04	0.03
Fraud by borrowers	2	0.02	-	0.02

^ Includes one case of security misappropriation amounting to Rs.0.02 crore which has been recovered.

Instances of fraud for the year ended March 31, 2014:

(Rupees in crore)

Nature of fraud	No. of cases	Amount of fraud	Recovery	Amount written-off
Cash embezzlement	49	0.93	0.53	0.40
Loans given against fictitious documents	20	0.63	0.21	0.42
Fraud by borrowers	8	0.04	0.00	0.04

v. Information on Net Interest Margin:

(Rupees in crore)

Particulars	For the year ended March 31, 2015	For the year ended March 31, 2014
Average interest (a)	22.84%	20.98%
Average effective cost of borrowing (b)	13.16%	13.98%
Net interest margin (a-b)	9.68%	7.00%

w. Outstanding of loans against security of gold as a percentage to total assets is 1.05% (March 31, 2014: 2.24%).

41. Previous year's figures have been regrouped where necessary to conform to this year's classification.

**For and on behalf of the Board of Directors of
SKS Microfinance Limited**

P. H. Ravikumar
Non-Executive Chairman

M. R. Rao
Managing Director and
Chief Executive Officer

S. Dilli Raj
President

Ashish Damani
Chief Financial Officer

Rajendra Patil
Company Secretary



SKS Microfinance Limited

CIN: L65999MH2003PLC250504

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