



V. NAGARAJAN & CO.,

Chartered Accountants

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INDIAN GRAMEEN SERVICES

Report on the financial statements

We have audited the accompanying financial statements of **INDIAN GRAMEEN SERVICES ("the Company")**, incorporating accounts of the Livelihood and Finance Innovation Fund and the operation relating to "Banking Correspondent" for financial inclusion services as permitted by Reserve Bank of India, which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and loss account 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 and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the accounting principles generally accepted in India, including the Accounting standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

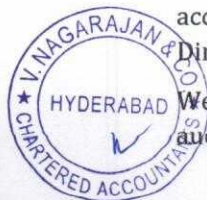
Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, to whether due to fraud or error. In making those risk assessment, 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 and procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Director, 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.





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Chartered Accountants

Opinion

In our opinion, and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018 and its profit and its cash flows for the year ended on that date.

Report on other legal and regulatory requirements

1. Since the Company is registered under section 8 of the Companies Act, 2013 (corresponding provision to Section 25 of Companies Act, 1956), the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act is not applicable.
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 accounts as required by the law have been kept by the company, so far as appears from our examination of the books maintained at the Head office and all the branches of the company visited by us; the Company also has maintained separate set of books for the Livelihood and Finance Innovation Fund, a fund bestowed upon the company, in trust, and for operations of "banking correspondent" which relates to certain activities which are in the nature of business;
 - c) the Balance Sheet, the statement of profit and loss account and the cash flow statement dealt with by this report are in agreement with the books of account;
 - d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - e) on the basis of the written representations received from the directors as on March 31, 2018 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act;
 - f) with respect to adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure-A"; and
 - g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 in our opinion and to the best of our information and according to the explanations given to us;
 - i) the company has disclosed the impact of pending litigations which would impact its financial position- refer note no.: 6 to the notes to accounts to financial statements.
 - ii) the company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii) there were no amount which were required to be transferred to the Investor Education and Protection Fund by the Company.

Kolkata | August 14th, 2018



for V. NAGARAJAN & Co.,
Chartered Accountants


(A.G. Sitaraman)
Partner

ICAI Firm Regn. No.: 04879N | M. No.: 017799



V. NAGARAJAN & CO.,

Chartered Accountants

Annexure - A to the Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **INDIAN GRAMEEN SERVICES** ("the Company") as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) Provide reasonable assurance





V. NAGARAJAN & CO.,

Chartered Accountants

regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

for V. NAGARAJAN & CO.,
Chartered Accountants

Kolkata | August 14th, 2018



(A.G. Sitaraman)

Partner

ICAI Firm Regn. No.: 04879N | M. No.: 017799

INDIAN GRAMEEN SERVICES

CIN: U85320DL1987NPL027141

Address: F-5, Ground Floor, Kailash Colony, Greater Kailash Part - I,
New Delhi -110048, India, Ph: 011- 41730252, www.basixindia.com, info@basixindia.com.

(All amounts in ₹ except otherwise stated)

BALANCE SHEET AS AT

31-Mar-18

31-Mar-17

Note No.

I. EQUITY AND LIABILITIES

Shareholders' funds

(a) Share capital	3.1	398,000	82,500
(b) Corpus fund	3.2	49,134,289	48,554,870
(c) Reserves and surplus	3.3	33,063,333	20,507,965

Sub Total

82,595,622 69,145,335

Non-Current liabilities

(a) Long-term borrowings	3.4	92,110,000	92,110,000
(b) Committed project based grants	3.5	91,236,838	91,236,838
(c) Exchange fluctuation reserve	3.6	41,913,377	36,593,869

Sub Total

225,260,215 219,940,707

Current liabilities

(a) Trade payables	3.7	18,216,524	36,370,232
(b) Other current liabilities	3.8	47,614,097	60,235,720
(c) Short-term borrowings	3.9	2,800,000	5,579,000
(d) Deferred tax liabilities (net)	3.12	1,159,933	1,350,059

Sub Total

69,790,554 103,535,011

Total

377,646,391 392,621,053

II. ASSETS

Non-Current assets

(a) Fixed assets	3.10		
i) Tangible assets		26,105,885	26,316,242
(b) Non-current investments	3.11	508,925	508,925
(c) Deferred tax assets (net)	3.12	-	-
(d) Long term loans and advances	3.13	130,546,845	169,471,855

Sub Total

157,161,655 196,297,022

Current assets

(a) Trade receivables	3.14	2,758,995	17,650,742
(b) Cash and cash equivalents	3.15	182,168,608	143,095,055
(c) Other current assets	3.16	35,557,133	35,578,234

Sub Total

220,484,736 196,324,031

Total

377,646,391 392,621,053

Significant Accounting Policies and Notes on Accounts


1- 2

Supplementary Information

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The accompanying notes form an integral part of these financial statements.

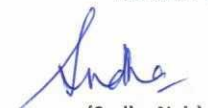
As per our report of even date
for **V. NAGARAJAN & CO.,**
Chartered Accountants



(A.G. Sitaraman)
Partner

ICAI Firm No. 04879N | M. No.: 017799

For and on behalf of the Board of Directors of
INDIAN GRAMEEN SERVICES



(Sudha Nair)
Chairperson



(Vijay Nadkarni)
Executive Director



August 14th, 2018 | Kolkata

Audited Financial Statement for the Year ended March 31, 2018

INDIAN GRAMEEN SERVICES

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(All amounts in ₹ except otherwise stated))

STATEMENT OF PROFIT AND LOSS

31-Mar-18

31-Mar-17

Note No.

REVENUE:

Revenue from operations	3.17	135,696,887	257,906,918
Other income	3.18	15,301,073	21,473,306
Total		150,997,960	279,380,225

EXPENDITURE:

Employee benefits expense	3.19	56,564,630	65,682,507
Operation and other expenses	3.20	73,967,292	201,635,870
Finance costs	3.21	921,098	921,098
Provision/(reversal of provision) for non-performing assets	3.22	(399,845)	(9,119,839)
Depreciation	3.10	369,255	754,709
Total		131,422,430	259,874,345

Profit before tax

19,575,530

19,505,880

Tax expense:

(a) Income Tax

- Previous year tax		6,741,670	30,087,603
- Current year tax		-	-

(b) Deferred Tax / (Assets)

- Deferred tax		(190,126)	3,180,099
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Profit after tax

13,023,986

(13,761,822)

Significant Accounting Policies and Notes on Accounts

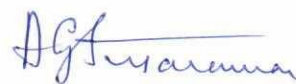
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Supplementary Information

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(All amounts in ₹. except otherwise stated)

CASH FLOW STATEMENT

CASH FLOW FROM OPERATING ACTIVITIES:

Net Profit before taxation and after exceptional items 19,575,531 19,505,880

Adjustment for Non- cash (income) / expenditure:

Depreciation 369,255 754,709
Provision/(reversal of provision) for non-performing assets 4,919,663 (4,656,565)

Operating profit before changes in operating assets 24,864,449 15,604,024

Adjustments for:

(Increase)/ decrease in trade receivables 14,891,747 4,010,963
(Increase)/ decrease in long term loans and advances 37,558,581 3,641,460
(Increase)/ decrease in other current assets 21,102 (18,804,260)
Financial inclusion transactions - outflow (380,806,272) (942,055,286)
(Decrease)/increase in trade payables (18,153,708) 3,411,075
Financial inclusion transactions - inflow 380,806,272 942,055,286
(Decrease)/increase in current liabilities (12,621,623) (873,567)
Assets purchased from Grant Fund 110,800 -
(Decrease)/increase in short-term borrowings (2,779,000) 5,579,000

Net cash generated from operating activities before tax 43,892,348 12,568,696

Less: Income tax paid 4,975,396 11,374,671

Net cash generated from operating activities after tax (A) 38,916,952 1,194,025

CASH FLOW FROM INVESTING ACTIVITIES:

Purchase of fixed assets (256,459) (356,167)
Sale of fixed assets 97,560 45,354

Net cash flow from investing activities (B) (158,899) (310,813)

CASH FLOW FROM FINANCING ACTIVITIES:

Issue of Equity Shares 315,500 -
Grant received from SIDBI - 20,000,000

Net cash generated from financing activities (C) 315,500 20,000,000

Net increase/(decrease) in cash and cash equivalents during the year (A)+(B)+(C) 39,073,553 20,883,212

Cash and cash equivalents at the beginning of the year 143,095,055 122,211,843

Cash and cash equivalents at the end of the year [refer Note: 3.14] 182,168,608 143,095,055

The accompanying notes form an integral part of these financial statements.

As per our report of even date
for **V. NAGARAJAN & CO.,**
Chartered Accountants



A.G. Sitaraman
(A.G. Sitaraman)

Partner

ICAI Firm No. 04879N | M. No.: 017799

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Audited Financial Statement for the Year ended March 31, 2018

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Significant Accounting Policies and Notes on audited Financial Statement for the year ended March 31, 2018

(All amounts in ₹ except otherwise stated)

1) Note on Activities of the Company:

- 1.1 Indian Grameen Services (IGS) (herein after referred as 'the Company') is a not-for-profit organization engaged mainly in developing, pilot-testing and incubating innovative livelihood promotion solutions for the poor. It has been licensed under section 25 of the Indian Companies Act, 1956 corresponding to section 8 of the Companies act, 2013 by the Government of India to operate on certain conditions, mainly being that the company shall apply its profits, if any, or other income solely in promotion of its objects, and is prohibited from payment of any dividend to its members. Further the Company is registered under Section 12A of the Income Tax Act, 1961.
- 1.2 The Company's operations broadly divided into two major thrust areas involving Grant based development support in the field of Livelihood Promotion and Fee based Business Support Services and Activities to augment, expand and achieve scales in the promotion of Livelihoods in India.
- 1.3 The Developmental Activities involves research and development (R&D) for identifying appropriate livelihood opportunities to the masses and intervention points for supporting rural producers. In addition, Company builds the implementation (HRD) capabilities of various institutions and enabling them to deliver cost effective livelihood promotion activities, by involving itself in supporting different aspects of livelihoods, including to various community based organizations at grass root level. The Company earns service fees for these R&D, HRD and Institutional support activities from various sources, which are also further supported by grants and endowments.
- 1.4 Business Support Services include acting a Banking Correspondent for various banks, to provide financial inclusion services at rural and semi urban areas, besides providing limited financial services to SHGs, Producer Companies, NGOs. etc from its Livelihood Promotion Fund.

The Developmental Activities: Under this Division, during the year, IGS had taken up the following major initiatives:

- 1.5 A) Action Research: IGS focus is on the sub-sector / vector intervention. It identifies potential sub-sectors / vectors (e.g. Groundnut, Cotton, Paddy, Soybean, Mushroom, Lac, Tasar, Milk, Handicraft, Water, Rural Power, etc.) in its area of operations, which can support a large number of livelihoods in the rural areas. As part of sub-sector studies, the bottlenecks are identified and appropriate intervention strategies in collaboration with key players are developed. Micro-intervention to test these strategies is then taken up for assessing their applicability on the ground and then scaled up to promote employment opportunities and livelihoods of poor people.
- 1.6 B) Livelihood Triad Services: Studies and research on promoting livelihoods of poor people reveals that poor people/ small and marginal producers living in far flung areas face lots of challenge in developing a portfolio of sustainable livelihoods for them and their families and a mix of services is to be offered to make them sustainable. IGS has been working with these communities and provides livelihoods triad services which is a mix of financial inclusion services (savings credit, remittances, insurance etc.), Institutional development and policy support by working in groups and media and finally provide technical support services like market linkages, Agriculture extension, entering into contract farming, support in buying and selling activities directly or through a collaboration with various banks, research agencies, companies, government agencies among others. IGS also works on sectors like clean drinking water, sanitation, energy which has a direct link on the livelihoods and welfare of the poor masses.

2) Significant Accounting Policies:

2.1 Basis of preparation of financial statements:

The financial statements have been prepared under historical cost convention on an accrual basis and in accordance with generally accepted accounting principles in India and specifically to comply in all material respects with the notified Accounting Standards (AS) issued under the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 2013 ('the Act').

The Consolidated financial statements of the company includes two important business divisions related to main objects of the company for Financial Inclusion, viz. (A) Business Correspondent and (B) Livelihood and Microfinance Promotion Fund (LAMP Fund), besides Grants and Consulting Based Services on Livelihood Promotion and Financial Inclusion.

2.2 Use of estimates:

The preparation of financial statements requires management to make certain estimates and assumptions that affect the amount reported in the financial statements and notes thereto. Differences between actuals and estimates are recognized in the period they materialize.



KR

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Significant Accounting Policies and Notes on audited Financial Statement for the year ended March 31, 2018

(All amounts in ₹ except otherwise stated)

2.3 Revenue recognition:

- 2.3.1 Revenue from livelihood promotion activities is recognised on the basis of proportionate completion of the contract with reference to the stage of performance and corresponding income.
- 2.3.2 Income from development services is recognized on proportionate completion method, measured by reference to the proportion of work completed under each contract.
- 2.3.3 Income from Loan to NGOs/CBOs/Co-operatives/Producer Company is recognized on accrual basis, except in the case of Non-performing assets ("NPAs").
- 2.3.4 Interest income on deposits with banks is recognized on time proportion basis taking into account the amount outstanding and the rate applicable.
- 2.3.5 Income from Banking Correspondence Operations are recognised as per Contracts with the respective Principal Bank, after all the adjustments
- 2.3.6 Amount received against written-off loan is recognized on receipt basis.

2.4 Fixed assets and depreciation:

- 2.4.1 Fixed assets are stated at cost of acquisition including taxes, duties, freight and other incidental expenses related to acquisition and installation.
- 2.4.2 The assets purchased (net of sale proceeds) are shown in the Balance Sheet at written down value under the head 'Fixed Assets', the corresponding amount is reflected as Fund balance under the head 'ASSETS ACQUISITION FUND' to reflect the depreciated value of the assets being utilized by the Company.
- 2.4.3 Depreciation is provided on the written down value at the following rates on pro-rata basis from the day the asset is put into use.
- 2.4.4 No depreciation has been provided on Office premises acquired out of corpus funds.
- 2.4.5 The rate assumed for calculating the depreciation under written down value method is calculating as per Part- C of Schedule-II of Companies Act, 2013 as follows:

Class of fixed assets	Useful life as per Companies Act, 2013	Depreciation rate under Companies Act, 2013
Furniture & Fixtures	10 years	25.89%
Office equipment	5 years	45.07%
Professional Equipment (computers & software)	3 years	63.16%
Professional Equipment (Others)	5 years	45.07%
Vehicles	10 years	25.89%

- 2.4.6 Assets costing upto Rs. 5,000 individually are fully depreciated in the year of purchase.

2.5 Investments:

Long-term investments are shown at cost. Provision for diminution in value is made, if in the opinion of the management the decline is considered other than temporary. Current investments are shown at cost and the fall in value as compared to cost is provided for.

2.6 Policy on provisioning for loans:

The Policy, in respect of provision for loan losses, is designed to be higher than those prescribed under various statutory directives from time to time, since the credit provided from the Fund is an un-secured one, as well as, credit is extended to nascent NGOs / CBOs / Co-operatives / Producer Company with an aim to hit the targeted poor families. The non-performing assets is written off when and amount due either by whether by principle or interest is not paid and continuously remains to be paid for more than six months.

Non-Performing Assets	Provision in % of loan outstanding	Remarks
Up to 6 Months	10%	Based on quarterly assessment
More than 6 months less than 12 months	20%	
More than 12 months	100%	
Identified Loss Assets and Assets with an age of 12 months after 100% provisioning	100%	With due approval from LAMP Fund Committee.

2.7 Retirement benefits:

The company has schemes of retirement benefits having provident fund and gratuity fund in respect of which the Company's contribution to the funds are charged to respective projects. The gratuity benefits of the company are administered by a trust formed for this purpose through the schemes of Life Insurance Corporation of India. Gratuity is being computed as per statutory norms and paid to the trust.



RJ

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Significant Accounting Policies and Notes on audited Financial Statement for the year ended March 31, 2018

(All amounts in ₹ except otherwise stated)

2.8 Foreign currency transactions:

All transactions in foreign currency are recognized at the exchange rate prevailing on the date of transactions. Liabilities and receivables in foreign currency are converted at the exchange rate prevailing at the close of the financial year and net gain or losses are recognized in the profit and loss account.

2.9 Provisions and contingencies:

The Company creates a provision when there is a present obligation as a result of past event that probably requires an outflow of resources and reliable estimate can be made of the amount of obligation. A disclosure of contingent liability is made, when there is a possible obligation or a present obligation that will probably not require outflow of resources or where reliable estimate of the obligation can not be made.

2.10 Accounting for taxes on income:

Deferred tax expense or benefit is recognised on timing differences, being the difference between taxable income and accounting income that originate in one period and is likely to reverse in one or more subsequent periods. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

In the event of unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only to the extent that there is virtual certainty that sufficient future taxable income will be available to realise such assets. In other situation, deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available to realise these assets.

2.11 Earning per share:

The company is registered under section-25 of companies act, 1956 corresponding to section-8 of companies act, 2013 as non-profit company. As company engaged in social purpose activities as per its Memorandum of Association and conditions of license under section-8 under companies act, 2013. No profits are distributable to shareholders nor on winding up the company hence earning per share has not been reported.

3) Notes on accounts

3.1 Share capital

	31-Mar-18	31-Mar-17
<i>Authorised:</i>		
10,000 equity shares of Rs. 100 each	1,000,000	1,000,000
<i>Issued, subscribed and paid-up:</i>		
3,980 equity shares of Rs.100 each fully paid-up	398,000	82,500

During the year, on September 11, 2017 the company has allotted 3,155 equity shares of Rs. 100 per share to Bhartiya Samruddhi Investments and Consulting Services Limited, based on rights renounced by Shareholders.

3.1.1 The details of shareholders holding more than 5% of shares set out below:

	31-Mar-18	31-Mar-17
Bhartiya Samruddhi Investments and Consulting Services Limited	79.27%	0.00%
Deep Joshi	0.00%	9.94%
Bharti Gupta Ramola	0.00%	9.94%
Sankar Datta	0.00%	9.94%
Others (26 other individuals, previous year 26 individuals)	20.73%	70.18%
Total	100.00%	100.00%

3.2 Corpus fund

	31-Mar-18	31-Mar-17
Sir Ratan Tata Trust (SRTT)	13,037,019	12,917,896
Add: Interest transferred from Note 3.3 (A)	110,937	119,123
	13,147,955	13,037,019
Swiss Agency for Development and Cooperation (SDC)	35,517,851	34,935,437
Add: Interest transferred from Note 3.3 (A)	468,483	582,414
	35,986,334	35,517,851
Total	49,134,289	48,554,870

In order to protect the value of the corpus fund against inflation, the company invests following amount into the corpus fund at the end of each financial year.

- 10% of the interest earned or unutilized portion of interest whichever is greater, as per Section (e) of the agreement with SRTT.
- 10% of the interest earned on the corpus fund investment from SDC, which in the judgment of the Company hedges against inflation as per Section 3 of the Agreement.
- Being a contractual obligation, irrespective of the net deficit/ or surplus, the company continues to provide for the above hedging.



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Significant Accounting Policies and Notes on audited Financial Statement for the year ended March 31, 2018

(All amounts in ₹ except otherwise stated)

3.3 Reserves and surplus	31-Mar-18	31-Mar-17
A: Surplus in profit and loss account		
Opening balance	20,279,430	35,774,926
Additions during the year	13,023,987	(13,761,822)
Assets/depreciation (as per contra) - refer note 2.4.2	160,387	275,457
Assets/depreciation (as per contra)- Deletion - refer note 2.4.2	24,589	-
Appropriations:		
Interest transferred to Corpus fund as per contractual obligation	(579,419)	(701,538)
Transfer to commitment based projects fund [note 3.5 (A)]	-	(1,307,594)
Transfer to commitment based projects fund [note 3.5 (B)]	-	-
	32,908,975	20,279,430
B: Assets acquisition fund (net of depreciation)		
Opening balance	228,535	503,993
Assets/depreciation (As per contra) - refer note 2.4.2	(160,387)	(275,457)
Assets/depreciation (as per contra)- Deletion - refer note 2.4.2	(24,589)	-
Assets purchased from Grant Fund	110,800	-
	154,359	228,535
Total	33,063,333	20,507,965
3.4 Long-term borrowings		
	31-Mar-18	31-Mar-17
<i>Unsecured</i>		
The Ford Foundation, New York City, USA	92,110,000	92,110,000
	92,110,000	92,110,000
<p>Loan availed from Ford Foundation, USA, rate of Interest 1% and Exchange Fluctuation Rate 4%. Repayable in 4 equal installments commencing from May 29, 2020. As per the loan agreement, at the end of the each anniversary (May 31), Company shall deposit into Exchange Rate Fluctuation Account, in US\$ equivalent of an amount which is four percent of the loan outstanding amount. Refer note 3.6.</p>		
3.5 Committed project based grants		
	31-Mar-18	31-Mar-17
A. Development international Desjardines [DID]		
Opening balance	71,236,838	69,929,244
Add: Transferred from Statement of profit & loss account [note 3.3 (A)]	-	1,307,594
B. Small Industries Development Bank of India (SIDBI)		
Opening balance	20,000,000	20,000,000
Add: Transferred from Statement of profit & loss account [note 3.3 (A)]	-	-
	91,236,838	91,236,838
3.6 Provision for exchange fluctuation reserve		
	31-Mar-18	31-Mar-17
Provision for exchange fluctuation reserve		
Ford Foundation - Loan	41,913,377	36,593,869
	41,913,377	36,593,869
3.7 Trade payables		
	31-Mar-18	31-Mar-17
Sundry creditors	18,216,524	36,370,232
	18,216,524	36,370,232



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Significant Accounting Policies and Notes on audited Financial Statement for the year ended March 31, 2018

(All amounts in ₹ except otherwise stated)

	31-Mar-18	31-Mar-17
3.8 Other current liabilities		
Statutory dues	1,670,859	759,428
Payable to staff	11,949,225	5,643,081
Interest accrued but not due on borrowings	718,572	718,577
BCSA float deposit	-	7,975,861
Income received in advance	33,275,441	45,138,772
Total	47,614,097	60,235,720
3.9 Short-term borrowings		
Canara Bank (Loan Against Fixed Deposit)	2,800,000	5,579,000
Total	2,800,000	5,579,000
3.11 Non-current investments		
Corpus Fund (Non-trade, Unquoted and valued at cost)		
12.60 % Govt. of India Stock 2018	508,925	508,925
5,000 units of Rs. 100/- each [Market value not available] (provided by Sir Ratan Tata Trust)		
Total	508,925	508,925
3.12 Deferred tax assets		
Major component of deferred tax assets consist of the followings:		
Opening	(1,350,059)	1,830,040
(b) Provision for long term loans and advances	-	-
Additions during the year	190,126	(3,180,099)
Total	(1,159,933)	(1,350,059)
3.13 Long term loans and advances		
Unsecured, considered good		
Rental and electricity deposits	1,014,334	1,398,982
TDS recoverable	41,325,339	43,091,613
Other loans and advances		
Loan to NGOs/CBOs/Co-operatives/Producer Company [LAMP Fund]		
- Unsecured and considered good	81,957,069	124,462,829
- Unsecured and considered doubtful	7,333,075	2,001,248
Less: Provision for non-performing assets	(1,082,972)	(1,482,817)
Total	130,546,845	169,471,855
3.14 Trade receivables		
Outstanding for less than six months		
Unsecured, considered good	2,758,995	17,650,742
Total	2,758,995	17,650,742
3.15 Cash and cash equivalents		
Cash in hand	5,436	-
Balance with banks		
- in current accounts	15,231,187	9,116,786
- in current account on behalf of BCSA's	-	6,543,235
	15,236,623	15,660,021
Out of Corpus fund provided by:		
Sir Ratan Tata Trust	15,208,671	14,166,276
Swiss Agency for Development and Cooperation	11,696,830	11,370,731
Out of Project/loan fund provided by:		
Ford Foundation - Exchange fluctuation reserve	44,213,150	38,041,633
Ford Foundation	40,970,687	29,471,539
DID Fund	31,291,056	12,900,000
SIDBI Fund	10,003,620	4,000,000
Other project fund	13,547,971	17,484,854
	166,931,985	127,435,033
Total	182,168,608	143,095,055



Audited Financial Statement for the Year ended March 31, 2018

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Significant Accounting Policies and Notes on audited Financial Statement for the year ended March 31, 2018

(All amounts in ₹ except otherwise stated)

3.16 Other current assets		
	31-Mar-18	31-Mar-17
Advances to staff, others & projects	4,145,171	2,312,199
Interest accrued on term deposits and investments	3,868,082	4,704,786
Interest accrued on loans	654,790	1,093,187
Input tax credit - GST	464,555	-
Prepaid expenses	215,318	256,601
Stock of work in progress (Income net)	26,209,216	27,211,461
Total	35,557,132	35,578,234
3.17 Revenue from operations		
	31-Mar-18	31-Mar-17
<i>Revenue from development operations</i>		
Business correspondent for financial inclusion	20,978,172	171,365,000
Institutional development	37,584,935	37,745,016
Revenue from livelihood promotion activities	61,239,075	30,205,376
Interest on loans to CBO/NGOs	15,894,705	18,591,526
Total	135,696,887	257,906,918
3.18 Other income		
	31-Mar-18	31-Mar-17
Interest on term deposits	8,987,190	8,276,542
Rental income	5,501,525	6,664,387
Returnable Grant received back	62,246	39,997
Miscellaneous income	750,112	6,492,380
Total	15,301,073	21,473,306
3.19 Employee benefits expense		
	31-Mar-18	31-Mar-17
Salaries, wages and bonus	48,702,347	59,292,612
Contributions to provident and other funds	3,596,428	4,817,033
Staff welfare expenses	667,602	708,938
Gratuity	3,598,253	863,924
Total	56,564,630	65,682,507
3.20 Operation and other expenses		
	31-Mar-18	31-Mar-17
Program expenditure	6,780,223	11,980,848
Consultancy expenses	23,164,623	53,803,769
Travel and conveyance	11,622,056	14,028,397
Loss on Foreign exchange fluctuation expense	5,319,508	4,463,274
Service charges to livelihood service providers	12,624,721	83,343,483
Rent	3,219,821	3,753,722
Office maintenance expenses	1,409,124	1,660,415
Postage and telecommunications	941,262	1,234,166
Books, printing and stationery	462,052	600,351
Bad debts written-off	5,056,722	20,440,939
Meeting expenses	685,064	1,485,815
Training expenses	3,390	603,269
Rates and taxes	769,959	2,130,135
<i>Payments to the auditor</i>		
- as audit fee	400,000	450,000
- for tax audit	150,000	200,000
- for certification and other services	293,000	373,764
- for reimbursement of expenses	279,703	306,412
Repairs and maintenance	96,989	210,680
Director's sitting fee	480,000	280,000
Assets written off	97,558	66,305
Bank charges	107,840	212,117
Other expenses	3,678	8,009
Total	73,967,292	201,635,870



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Significant Accounting Policies and Notes on audited Financial Statement for the year ended March 31, 2018

(All amounts in ₹ except otherwise stated)

3.21 Finance costs

	31-Mar-18	31-Mar-17
Interest on long term borrowings	921,098	921,098
Total	921,098	921,098

3.22 Provision/(reversal of provision) for non-performing assets

	31-Mar-18	31-Mar-17
Provision for non-performing assets	150,404	3,337,503
Reversal of provision for non-performing assets	(550,249)	(12,457,342)
Total	(399,845)	(9,119,839)

4) Supplementary information:

4.1 Livelihood financial services

4.1.1 The Company is engaged in the study of institutions and delivery models to suggest and develop alternative implementation models for NREGA and SGSY, with a view to improve access to savings, technology assisted financial inclusion services. In pursuit of the same the company provides specific grant based (returnable / non returnable) and subsidized financial support (Loans) to various NGOs and CBMFIs through the corpus / long term funds provided by various International Developmental Institutions.

4.1.2 Livelihood and Microfinance Promotion Fund (LAMP Fund) The overall goal of the LAMP Fund is to contribute towards improvement in livelihood situation in rural India, especially for the disadvantaged sections of the society, through developing products and supporting financial services to small NGO microfinance institutions (NGO-MFIs), as well as community owned microfinance institutions (CO-MFIs). The funding is provided by Development International Desjardins, Canada (DID) and Ford Foundation, besides own funds of the company, through long term loans and grants.

In 2008, Ford Foundation supported through a long term loan of Rs. 92 million towards expansion of the LAMP fund and with the mandate of promoting large number of small & medium livelihood promoting institution in the different states of India.

Summary of Activities as on March 31, 2018

Particulars	During the Year	Cumulative
Loans:		
No. of Loans Sanctioned	22	283
No. of Loans Disbursed (Including Previous Sanction)	22	280
No. of active clients		49
Amount of Loans Sanctioned (₹. '000's)	87,000	729,590
Loans Disbursed (₹. '000's)	84,500	741,090
Loans Outstanding (₹. '000's)	-	88,567
Development Support to CBO/NGOs (Returnable and Operating Grants):		
No. of Clients	-	182
Value of Development Support Sanctioned (₹. '000's)	-	59,225
Development Support Disbursed (₹. '000's)	-	52,576

4.1.3 Loan to NGOs/CBOs/Co-operatives/Producer Company portfolio has been classified as per LAMP Fund Committee policy. The details are as follows:

As on March 31, 2018

Asset classification	Classification criteria	No. of accounts	Amount Outstanding	Provision
Standard assets	0 days	43	81,792,483	
	1-180 days	2	2,718,713	271,871
Non-performing assets				
Sub-standard assets	181-365 days	2	4,055,501	811,100
Doubtful assets	Above 365 days	-	-	-
Total		47	88,566,697	1,082,971

As at 31 March 2017

Asset classification	Classification criteria	No. of accounts	Amount Outstanding	Provision
Standard assets	0 days	48	113,637,154	-
	1-180 days	5	10,825,674	1,082,567
Non-performing assets				
Sub-standard assets	181-365 days	1	2,001,248	400,250
Doubtful assets	Above 365 days	-	-	-
Total		54	126,464,076	1,482,817



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Significant Accounting Policies and Notes on audited Financial Statement for the year ended March 31, 2018

(All amounts in ₹ except otherwise stated)

5) Segment Information

Based on the analysis of the company's business model and considering the management structure, financial reporting and on consideration of the differential risk and return of segments, the management has classified its business operations into the following operating and reportable segments viz, (a) Financial inclusion fund based / BC based (b) Program based revenue contracts (c) Grants

Particulars	31-Mar-18			
	Financial Inclusion fund based / BC based	Program based revenue contracts	Grants	Total
I Segment Revenue	43,783,081	40,181,611	67,033,268	150,997,960
% of total revenue	29.00%	26.61%	44.39%	100.00%
II Segment expenditure	39,270,262	48,124,913	44,027,255	131,422,430
% of total expenditure	29.88%	36.62%	33.50%	100.00%
III Segment result	4,512,819	(7,943,302)	23,006,013	19,575,530
% of total result on revenue	2.99%	-5.26%	15.24%	12.96%

Note:

(a) Fixed Assets used in the business or liabilities contracted have not been identified to any of the reportable segments, as the fixed assets and services are used interchangeably between segments. Accordingly, no disclosure relating to total segment assets and liabilities are made.

6)

A. Contingent liability:

6.1 Income Tax Liability:

b) In view of the business activities carried by the company, the tax liability if any, on the business operations of company as may be perceived by the Income tax Authorities has been considered in the accounts.

B. Commitments : Nil (Previous year: Nil)

7)

Dues to Micro and Small enterprises:

The Company is in the process of identifying the suppliers, who would be covered under the Micro, Small and Medium Enterprises Development Act, 2006. Under these circumstances, the information, if any, required to be disclosed under the Act, has not yet been ascertained.

8)

Additional information as required under paragraph 5 of the part II of the Schedule III to the Act to the extent either "Nil" or "Not applicable" has not been furnished.

9)

Prior year comparatives:

Corresponding figures of the previous year have been regrouped / rearranged wherever necessary to make them comparable with the figures of the current year.

As per our report of even date
for **V. NAGARAJAN & CO.,**
Chartered Accountants


(A.G. Sitaraman)

Partner


ICAI Firm No. 04879N | M. No.: 017799

August 14th, 2018 | Kolkata

For and on behalf of the Board of Directors of
INDIAN GRAMEEN SERVICES




(Sudha Nair)
Chairperson


(Vijay Nadkarni)
Executive Director

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Notes to audited Financial Statement for the year ended March 31, 2018

Note 3.10 : Fixed Assets

(All amounts in ₹ except otherwise stated)

S. N.	Name of Assets	GROSS BLOCK			DEPRECIATION			NET BLOCK		
		As on April 01, 2017	Additions during the year	Deletions during the year	As on Mar 31, 2018	As on April 01, 2017	Additions during the year	Deletions during the year	As on Mar 31, 2018	As on March 31, 2017
Tangible Assets										
Out of Corpus Fund:										
I	Buildings	24,235,669	-	-	24,235,669	-	-	-	24,235,669	24,235,669
	Total [A]	24,235,669	-	-	24,235,669	-	-	-	24,235,669	24,235,669
Out of Other Funds:										
I	Agriculture Land	1,483,758	-	-	1,483,758	-	-	-	1,483,758	1,483,758
II	Furniture and Fixtures	769,145	6,600	263,460	512,285	647,897	30,991	440,518	71,767	121,248
III	Professional Equipment	2,901,943	204,059	1,610,912	1,495,090	2,609,044	248,792	1,280,632	214,458	292,899
IV	Professional Equipment (computer software)	4,358,368	-	-	4,358,368	4,358,368	-	4,358,368	-	-
V	Professional Equipment (others)	133,692	-	99,148	34,544	118,641	4,866	32,175	2,369	15,051
VI	Office Equipment	1,810,072	45,800	498,550	1,357,322	1,642,457	84,606	1,259,459	97,863	167,615
	Total [B]	11,456,979	256,459	2,472,070	9,241,368	9,376,407	369,255	7,371,152	1,870,216	2,080,572
	Grand total [A+B]	35,692,648	256,459	2,472,070	33,477,037	9,376,407	369,255	7,371,152	26,105,885	26,316,241
	Previous year	43,091,040	356,167	7,754,559	35,692,648	16,330,902	754,711	9,376,408	26,316,240	26,760,138

Note:

- Depreciation has been provided on written down value method at the rates prescribed by Schedule II of the Companies Act, 2013
- Individual assets acquired for Rs. 5,000 or less are fully depreciated in the year of acquisition.



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Notes to audited Financial Statement for the year ended March 31, 2018

Note 4.3 : Related party disclosures

(All Amount in ₹ except otherwise stated)

	Nature of Relationship	Nature of transaction	Type of transaction	31-Mar-18		31-Mar-17	
				Transaction Amount	(Payable) / Receivable	Transaction Amount	(Payable) / Receivable
Bhartiya Samruddhi Investment and Consulting Services Ltd	Entity in which Directors have significant influence	Rent & Reimbursement of Electricity Charges	Receipt	1,094,850	3,115,894	1,890,471	1,944,249
BASIX Krishi Samruddhi Ltd	Entity in which Directors have significant influence	Rent and reimbursement of expenses	Payment	-	5,000	187,000	(1,808,494)
Institute of Livelihood Research and Training	Entity in which Directors have significant influence	Rent and reimbursement of expenses	Receipt	60,000	-	115,000	-
BASIX Consulting and Technology Services limited	Entity in which Directors have significant influence	Consultancy fee/Training	Receipt	108,000	172,440	126,894	-
BASIX Academy for Building Lifelong Employability	Entity in which Directors have significant influence	Consultancy fee/Training	Payment	-	-	200,870	-
BASIX Sub-K I Transactions Ltd	Entity in which Directors have significant influence	Consultancy fee/Training	Payment	637,765	61,129	890,140	(478,035)
Bhartiya Samruddhi Finance Limited	Entity in which Directors have significant influence	Consultancy fee/Training	Receipt	-	257,904	433,184	-
Vayam Renewable Ltd	Entity in which Directors have significant influence	Consultancy fee/Training	Payment	26,317	-	12,000	-
Bhartiya Samruddhi Finance Limited	Entity in which Directors have significant influence	Rent and reimbursement of expenses	Receipt	128,000	-	269,196	-
Vayam Renewable Ltd	Entity in which Directors have significant influence	Support rendered for Syndicate Bank as a Business Correspondent	Receipt	4,645,604	(3,423,481)	38,492,354	(16,371,761)
Bhartiya Samruddhi Finance Limited	Entity in which Directors have significant influence	Rent and reimbursement of expenses	Receipt	2,692,835	-	3,064,884	-
Vayam Renewable Ltd	Entity in which Directors have significant influence	Business facilitation fee	Receipt	-	448,740	-	-
Bhartiya Samruddhi Finance Limited	Entity in which Directors have significant influence	Returnable Grant	Payment	-	-	5,000,000	-
Vayam Renewable Ltd	Entity in which Directors have significant influence	Rent and reimbursement of expenses	Receipt	198,000	-	862,391	11,500
BASIX Municipal Waste Ventures Ltd	Entity in which Directors have significant influence	Rent and reimbursement of expenses	Receipt	9,000	-	66,000	-
Ctran Consulting Limited	Entity in which Directors have significant influence	Consultancy fee/Training	Payment	-	(1,322,935)	4,347,826	-
DSC Foundation Limited	Entity in which Directors have significant influence	Rent and reimbursement of expenses	Receipt	226,900	-	36,000	-
Shamil Milk Products Ltd	Entity in which Directors have significant influence	Rent and reimbursement of expenses	Receipt	117,000	-	30,000	-
Connect India E-commerce Private Limited	Entity in which Directors have significant influence	Rent and reimbursement of expenses	Receipt	33,000	-	21,000	-
Mr. Arijit Dutta	Key management Personnel	Rent and reimbursement of expenses	Receipt	6,000	-	21,000	-
		Remuneration	Payment	138,000	-	96,000	-
				4,200,895	-	3,436,438	-

