



**Intrepid Finance And Leasing Private Limited**

Financial Statements

together with Auditors' Report

for the year ended 31 March 2016

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# B S R & Associates LLP

Chartered Accountants

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## Independent Auditor's Report

### To the Members of Intrepid Finance and Leasing Private Limited

#### Report on the Financial Statements

We have audited the accompanying financial statements of Intrepid Finance and Leasing Private Limited ("the Company"), which comprise the balance sheet as at 31 March 2016, the statement of profit and loss, the cash flow statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

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

#### Auditor's Responsibility

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

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

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## **Independent Auditor's Report (Continued)**

### **Intrepid Finance and Leasing Private Limited**

#### **Auditor's Responsibility (Continued)**

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

#### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2016 and its profit and its cash flows for the year ended on that date.

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

As required by the Companies (Auditor's Report) Order, 2016 ("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", a statement on the matters specified in paragraphs 3 and 4 of the said Order.

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

- (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) the balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account;
- (d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) on the basis of the written representations received from the directors as on 31 March 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) with respect to the 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 B"; and

**Independent Auditor's Report (Continued)**

**Intrepid Finance and Leasing Private Limited**

**Report on Other Legal and Regulatory Requirements (Continued)**

- (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 does not have any pending litigations which would impact its financial position;
  - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
  - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B S R & Associates LLP**

*Chartered Accountants*

Firm's Registration No: 116231W/W-100024



**Ritesh Goyal**

*Partner*

Membership No: 115007

Mumbai  
5 May 2016

## Intrepid Finance and Leasing Private Limited

### Annexure A to the Independent Auditor's Report – 31 March 2016

(Referred to in our report of even date on the financial statements)

The Annexure referred to in Independent Auditor's Report to the members of the Company on the financial statements for the year ended 31 March 2016, we report that:

- (i)
  - a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b. The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
  - c. The Company does not hold any immovable property in its own name. Thus, paragraph 3(i)(c) is not applicable to the Company.
- (ii) The Company is a Non - Banking Financial Company (NBFC), engaged in the business of providing loans. Accordingly, it does not maintain inventory. Thus, paragraph 3(ii) of the Order is not applicable to the Company.
- (iii) According to the information and explanation given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act.
- (iv) The Company has neither granted any loans to any director or any person in whom director is interested nor made investment in any Company as specified in the provisions of section 185 and 186 of the Act. Accordingly, paragraph 3(iv) of the Order is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of Section 73 to Section 76 or any other relevant provisions of the Act and the rules framed there under apply.
- (vi) The Central Government has not prescribed the maintenance of cost records under sub section (1) of section 148 of the Act for any of the services rendered by the Company. Accordingly paragraph 3(vi) of the Order is not applicable.
- (vii)
  - a. According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including income-tax, service tax and other statutory dues have generally been deposited regularly during the year by the Company to the appropriate authorities As explained to us, the Company did not have any dues on account of provident fund, employees' state insurance, sales tax, duty of customs, duty of excise, value added tax and cess. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, service tax and other material statutory dues were in arrears as at 31 March 2016 for a period of more than six months from the date they became payable.
  - b. According to the information and explanations given to us, there are no dues of income tax or service tax which have not been deposited with the appropriate authorities on account of any dispute.
- (viii) The Company has not defaulted in repayment of loans or borrowings from any financial institution, banks, government or debenture holders during the year.

## Intrepid Finance and Leasing Private Limited

### Annexure A to the Independent Auditor's Report – 31 March 2016 (Continued)

- (ix) In our opinion and according to the information and explanation given to us, the term loans taken by the Company have been applied for the purpose for which they were raised.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us, no managerial remuneration has been paid/provided to the officers or employees of the Company. Accordingly, paragraph 3(xi) of the Order is not applicable.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Act and the details have been disclosed in the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has complied with the requirement of Section 42 of the Act and the amount raised have been used for the purposes for which the funds were raised.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and it has obtained certificate of registration dated 22 April 2002 which has been revised on 9 March 2015.

For **B S R & Associates LLP**

*Chartered Accountants*

Firm's Registration No: 116231W/W-100024

**Ritesh Goyal**

*Partner*

Membership No: 115007

Mumbai  
5 May 2016



# Intrepid Finance and Leasing Private Limited

## Annexure B to the Independent Auditor's Report – 31 March 2016

### 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 Intrepid Finance and Leasing Private Limited ("the Company") as of 31 March 2016 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 ("the Guidance Note") 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 ("the Act").

#### Auditor's 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 and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, 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 ICAI. 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.

## Intrepid Finance and Leasing Private Limited

### Annexure B to the Independent Auditor's Report – 31 March 2016 (Continued)

#### 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised 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 31 March 2016, 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 issued by the ICAI.

For **B S R & Associates LLP**

*Chartered Accountants*

Firm's Registration No: 116231W/W-100024

**Ritesh Goyal**

*Partner*

Membership No: 115007

Mumbai  
5 May 2016

# Intrepid Finance And Leasing Private Limited

## Balance sheet

as at 31 March 2016

(Currency: Indian Rupees)

Particulars	Note	2016	2015
<b>Equity and liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	3	58,412,050	39,893,530
Reserves and surplus	4	467,251,416	275,791,921
		<u>525,663,466</u>	<u>315,685,451</u>
<b>Non-current liabilities</b>			
Long term borrowings	5	1,215,557,476	417,266,025
Long term provisions	6	6,521,338	360,699
		<u>1,222,078,814</u>	<u>417,626,724</u>
<b>Current liabilities</b>			
Trade payables		71,895,948	25,374,223
Other current liabilities	7	1,378,503,506	687,491,061
Short term provisions	8	28,693,640	17,307,841
		<u>1,479,093,094</u>	<u>730,173,125</u>
<b>Total</b>		<u><u>3,226,835,374</u></u>	<u><u>1,463,485,300</u></u>
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	9	17,365	25,331
Deferred tax assets (net)		19,780,111	6,911,480
Long term loans and advances	10	695,841,461	91,397,011
Other non-current assets	11	150,520,622	59,489,557
		<u>866,159,559</u>	<u>157,823,379</u>
<b>Current assets</b>			
Current investments	12	-	130,329
Trade receivables	13	-	207,818
Cash and bank balances	14	502,670,446	264,781,295
Short term loans and advances	15	1,819,166,710	1,029,938,911
Other current assets	16	38,838,659	10,603,568
		<u>2,360,675,815</u>	<u>1,305,661,921</u>
<b>Total</b>		<u><u>3,226,835,374</u></u>	<u><u>1,463,485,300</u></u>

Significant accounting policies

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Notes to the financial statements

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The notes referred to above form an integral part of the financial statements

As per our report of even date attached.

**For B S R & Associates LLP**

Chartered Accountants

Firm's Registration No: 116231W/W-100024



**Ritesh Goyal**  
Partner

Membership No: 115007

Mumbai

05 May 2016

**For and on behalf of the Board of Directors of  
Intrepid Finance And Leasing Private Limited**



**Rajeev Arora**  
Whole-time Director



**Vilesh Gura**  
Chief Financial Officer



**Rishi Gupta**  
Director

**S Rajaraman**  
Company Secretary

# Intrepid Finance And Leasing Private Limited

## Statement of profit and loss

for the year ended 31 March 2016

(Currency: Indian Rupees)

Particulars	Note	2016	2015
<b>Income</b>			
Revenue from operations	17	460,015,201	210,638,284
Other income	18	1,853,052	1,061,642
<b>Total revenue (I)</b>		<b>461,868,253</b>	<b>211,699,926</b>
<b>Expenses</b>			
Employees benefits	19	89,738,184	61,757,446
Finance costs	20	238,508,921	82,354,487
Depreciation and amortisation	9	7,966	16,415
Provision for loan losses and doubtful debts		15,664,446	7,476,345
Other expenses	21	102,216,938	53,340,085
<b>Total expenses (II)</b>		<b>446,136,455</b>	<b>204,944,778</b>
<b>Profit before tax and prior period items (I) - (II)</b>		<b>15,731,798</b>	<b>6,755,148</b>
<b>Profit before tax</b>		<b>15,731,798</b>	<b>6,755,148</b>
<b>Tax expenses</b>			
Current tax		18,795,859	7,841,987
Tax provision for earlier years		(173,429)	367,025
Deferred tax (credit)		(12,868,631)	(5,369,567)
<b>Total tax expenses</b>		<b>5,753,799</b>	<b>2,839,445</b>
<b>Profit for the year</b>		<b>9,977,999</b>	<b>3,915,703</b>
<b>Earning per equity share (Refer Note 22.4)</b>			
<b>[Nominal value of share Rs. 10 (Previous year: Rs. 10)]</b>			
Basic		<b>2.15</b>	<b>1.09</b>
Diluted		<b>2.15</b>	<b>1.09</b>

Significant accounting policies  
Notes to the financial statements

2  
3 - 22

The notes referred to above form an integral part of the financial statements

As per our report of even date attached.

**For B S R & Associates LLP**  
Chartered Accountants  
Firm's Registration No: 116231W/W-100024



**Ritesh Goyal**  
Partner  
Membership No: 115007

Mumbai  
05 May 2016

**For and on behalf of the Board of Directors of  
Intrepid Finance And Leasing Private Limited**



**Rajeev Arora**  
Whole-time Director



**Vinay Guru**  
Chief Financial Officer



**Rishi Gupta**  
Director



**S Rajaraman**  
Company Secretary

# Intrepid Finance And Leasing Private Limited

## Cash flow statement

for the year ended 31 March 2016

(Currency: Indian Rupees)

Particulars	2016	2015
<b>Profit before tax and prior period items</b>	<b>15,731,798</b>	<b>6,755,148</b>
<b>Cash flow from operating activities</b>		
<b>Adjustments :</b>		
Depreciation and amortization	7,966	16,415
Provision for loan losses and doubtful debts	15,607,591	7,461,437
Unamortised guarantee cost	(1,691,175)	66,014
Unamortised gain on securitisation transactions	24,621,876	8,421,411
Finance cost	238,508,921	82,354,487
Dividend income on current investments	(1,853,052)	(496,660)
Operating profit before working capital changes	290,933,925	104,578,252
<b>Working capital changes</b>		
Increase / (decrease) in trade payables	46,521,724	(19,001,668)
Decrease / (increase) in trade receivables	207,818	(207,818)
Increase in other current liabilities	16,841,953	2,327,533
(Increase) in long term loans and advances	(604,218,175)	(45,969,257)
(Increase) in other non-current assets	(91,031,064)	(48,375,159)
(Increase) in short term loans and advances	(791,332,878)	(718,941,375)
(Increase) in other current assets	(26,543,916)	(7,094,464)
Decrease / (increase) in fixed deposits	1,823,781	(8,940,926)
<b>Cash generated from operations</b>	<b>(1,156,796,832)</b>	<b>(741,624,882)</b>
Income tax paid (net of refunds)	(14,804,778)	(2,491,819)
<b>Net cash flows (used in) operating activities (A)</b>	<b>(1,171,601,610)</b>	<b>(744,116,701)</b>
<b>Cash flow from investing activities</b>		
Dividend received on current investments	1,853,052	366,330
Purchase of current investments	(871,853,438)	(355,130,353)
Sale of current investments	871,983,768	355,130,353
<b>Net cash generated from investing activities (B)</b>	<b>1,983,382</b>	<b>366,330</b>
<b>Cash flow from financing activities</b>		
Proceeds from issuance of share capital	200,000,016	199,999,905
Proceeds from long term borrowings	798,291,450	304,575,209
Current maturities of long term borrowings	625,283,319	419,748,210
Collections payable on loans securitised	24,265,296	23,887,821
Finance cost paid	(238,508,921)	(82,354,487)
<b>Net cash flow generated from financing activities (C)</b>	<b>1,409,331,160</b>	<b>865,856,658</b>
Net increase in cash and cash equivalents (A+B+C)	239,712,931	122,106,287
Cash and cash equivalents at the beginning of the year	242,089,623	119,983,336
<b>Cash and cash equivalents at the end of the year</b>	<b>481,802,555</b>	<b>242,089,623</b>



# Intrepid Finance And Leasing Private Limited

## Cash flow statement (Continued)

for the year ended 31 March 2016

(Currency: Indian Rupees)

	2016	2015
<b>Components of cash and cash equivalents</b>		
Balance with banks		
-On current account	481,802,555	242,089,623
<b>Total cash and cash equivalents (Refer Note 14)</b>	<b>481,802,555</b>	<b>242,089,623</b>

Note: Previous year figures have been regrouped and reclassified wherever necessary to confirm to current year's presentation.

As per our report of even date attached.

### For B S R & Associates LLP

Chartered Accountants

Firm's Registration No: 116231W/W-100024



**Ritesh Goyal**

Partner

Membership No: 115007

Mumbai

05 May 2016

### For and on behalf of the Board of Directors of Intrepid Finance And Leasing Private Limited



**Rajeev Arora**

Whole-time Director



**Vilas Gurni**

Chief Financial Officer



**Rishi Gupta**

Director



**S Rajaraman**

Company Secretary

# Intrepid Finance And Leasing Private Limited

## Notes to the financial statements

for the year ended 31 March 2016

(Currency: Indian Rupees)

### 1. Background

Intrepid Finance And Leasing Private Limited ('the Company') was incorporated on 8 March 1994. The Company is a Non-Banking Financial Company – Non Deposit Accepting or Holding Company (NBFC-ND) registered with Reserve Bank of India (RBI). It is engaged in providing finance to poor women in rural areas of India who are organized as Joint Liability Groups ('JLG'). The Company has been allotted NBFC-Micro Finance Institution License with effect from 9th March 2015.

### 2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

#### 2.1 Basis of preparation of financial statements

These financial statements have been prepared and presented on the accrual basis of accounting and under the historical cost convention except interest on non performing loans which are accounted on realisation basis. The Financial Statements comply with the Accounting Standards specified under section 133 of the Companies Act, 2013 ('the Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the relevant provisions of the Companies Act, 2013, the provisions of the RBI as applicable to a NBFC-MFI and NBFC-ND and the accounting principles generally accepted in India, to the extent applicable.

#### 2.2 Use of estimates

The preparation of the financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amount of assets, liabilities, incomes, expenses and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognized prospectively in current and future periods.

#### 2.3 Current – non-current classification

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

##### Assets

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

- (a) it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;
- (b) it is held primarily for the purpose of being traded;
- (c) it is expected to be realised within 12 months after the reporting date; or



# Intrepid Finance And Leasing Private Limited

## Notes to the financial statements (Continued)

for the year ended 31 March 2016

(Currency: Indian Rupees)

### 2. Significant accounting policies (Continued)

#### 2.3 Current – non-current classification (Continued)

(d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets.

All other assets are classified as non-current.

#### Liabilities

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

- (a) it is expected to be settled in the Company's normal operating cycle;
- (b) it is held primarily for the purpose of being traded;
- (c) it is due to be settled within 12 months after the reporting date; or
- (d) the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities.

All other liabilities are classified as non-current.

#### 2.4 Revenue recognition

- i. Interest income on loans given is recognised at the contractual rate of interest, on an accrual basis, except in the case of non-performing assets (NPA) where it is recognised upon realisation, as per prudential norms of the RBI.
- ii. Interest income on deposits with banks is recognized on a time proportion accrual basis taking into account the amount outstanding and the rate applicable.
- iii. Loan processing fees are recognised on an upfront basis.
- iv. Service charges are recognised on accrual basis in accordance with the service agreement, if any with the customer.

#### 2.5 Classification of Loans to Joint Liability Groups

All loan exposures are classified into standard assets and non performing assets as per below:

- i. Standard assets: The asset in respect of which, no default in repayment of principal or payment of interest is perceived and which does not disclose any problem nor carry more than normal risk attached to the business; and
- ii. Nonperforming assets: Asset for which, interest/principal payment has remained overdue for a period of 90 days or more.





# Intrepid Finance And Leasing Private Limited

## Notes to the financial statements (Continued)

for the year ended 31 March 2016

(Currency: Indian Rupees)

### 2. Significant accounting policies (Continued)

#### 2.5 Classification of Loans to Joint Liability Groups (Continued)

##### *Provision for loan losses*

Loans to Joint Liability Groups are provided for as per the management's estimates, subject to the minimum provision required, as prescribed under the RBI circular No. DNBR. (PD)CC.No. 047/03.10.119/2015-16 dated 1 July 2015, which is set out below:

The aggregate loan provision is maintained at the 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.

All other loans and advances are provided for in accordance with Non-Systemically Important Non-Banking financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015, issued by the RBI.

##### *Loan Write off Norms:*

All loans which are overdue for more than 180 days and not recoverable in the opinion of management are written off.

#### 2.6 Securitisation transaction

The Company securitises its loans through Special Purpose Vehicles ('SPV'). Loans securitized to the SPV are derecognized once management is satisfied that control over the underlying loans has been transferred.

Post securitization, the Company continues to service the loans transferred to the SPV. The Company provides credit enhancement in the form of cash collaterals to the SPV.

Gain arising on securitization of loans is amortised over the residual maturity of the securitised loans. Loss, if any, is recognised immediately in the statement of profit and loss as per the provisions of 'Revisions to the Guidelines on Securitisation Transactions' vide circular no DNBS. PD. No. 301/3.10.01/2012-13 dated 21 August 2012 issued by the RBI.

#### 2.7 Guarantor commission

Commission paid by the Company to third parties for guarantees issued by them in respect of the Company's borrowings have been amortised over the tenure of the guarantee.



# Intrepid Finance And Leasing Private Limited

## Notes to the financial statements (Continued)

for the year ended 31 March 2016

(Currency: Indian Rupees)

### 2. Significant accounting policies (Continued)

#### 2.8 Fixed assets and depreciation

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

Pursuant to change in the useful life as prescribed under the Schedule II of the Companies Act, 2013, depreciation is provided over the useful life on Written Down Value basis as per the details below, from the date asset is ready to use

Class of asset	Useful life with effect from 1 April 2014	Useful life upto 31 March 2014
Computers	5 Years	6 Years
Office equipments	5 Years	20 Years
Plant and Machinery	5 Years	20 Years
Furniture and Fixtures	10 Years	15 Years
Vehicles	8 Years	5 Years

Further the estimated useful life of fixed assets of the Company given in the table below is different from useful life prescribed in Schedule II of the Companies Act, 2013. Based on the technical evaluation, the Company considers that the useful life for respective assets to be appropriate.

Nature of Fixed Assets	Method of depreciation	Management Estimate of Useful Life in years	Useful life as per the limits prescribed in Schedule II of the Companies Act, 2013 in Years	Useful life upto 31 March 2014
Computers (excluding servers)	Written down value	5	3	6

As a result of change in the estimate of useful life of the asset pursuant to the provisions of Companies Act, 2013, depreciation for the previous year ended 31 March 2015 is higher by Rs. 9,241.

All fixed assets individually costing less than Rs. 5,000 are fully depreciated in the year of purchase.



# Intrepid Finance And Leasing Private Limited

## Notes to the financial statements *(Continued)*

for the year ended 31 March 2016

(Currency: Indian Rupees)

### 2. Significant accounting policies *(Continued)*

#### 2.9 Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired based on internal/external factors. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs, is less than its carrying amount, the carrying amount is reduced to its recoverable amount.

The reduction is treated as an impairment loss and is recognized in the statement of profit and loss. If at the balance sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of the depreciable historical cost.

#### 2.10 Foreign currency transactions

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of the transaction. Exchange differences, if any arising out of transactions settled during the year are recognised in the statement of profit and loss.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rates on that date. The exchange differences, if any, are recognised in the statement of profit and loss and related assets and liabilities are accordingly restated in the balance sheet.

#### 2.11 Investments

Investments that are readily realizable and intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified as long-term investments. However, that part of long term investments which is expected to be realized within 12 months after the reporting date is also presented under 'current assets' as "current portion of long term investments" in accordance with the current / non-current classification under Revised Schedule III.

Long term investments are carried at cost less diminution in value which is other than temporary, determined separately for each investment.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis except for investments in the units of mutual funds in the nature of current investments that have been valued at the net asset value declared by the mutual fund in respect of each particular scheme, in accordance with the NBFC directions.



# Intrepid Finance And Leasing Private Limited

## Notes to the financial statements (*Continued*)

for the year ended 31 March 2016

(Currency: Indian Rupees)

### 2. Significant accounting policies (*Continued*)

#### 2.12 *Borrowing cost*

All borrowing costs are expensed in the period they occur. Borrowing costs consists of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### 2.13 *Operating leases*

Leases where the lessor effectively retains substantially all the risks and rewards of ownership over the lease term are classified as operating leases. The total lease rentals in respect of assets take on Operating Lease are charged to the statement of profit and loss on a straight line basis over the lease term.

#### 2.14 *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.

#### 2.15 *Taxation*

Income tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the Income Tax Act, 1961), deferred tax charge or benefit (reflecting the tax effect of timing differences between accounting income and taxable income for the period).

##### *Current tax*

Provision for current tax is recognised based on estimated tax liability computed after adjusting for allowances, disallowances and exemptions in accordance with the tax laws applicable.

##### *Deferred taxation*

The deferred tax charge or benefit and the corresponding deferred tax liabilities and assets are recognized using the tax rates that have been enacted or substantially enacted as at the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the asset can be realised in future, however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of the assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonable/virtually certain (as the case may be) to be realised.

##### *Minimum Alternate Tax ('MAT')*

MAT under the provisions of the Income Tax Act, 1961 is recognized as current tax in the statement of profit and loss. The credit available under the Income Tax Act, 1961 in respect of MAT paid is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the period for which the MAT can be carried forward for set off against the normal tax liability. MAT credit recognized as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.



# Intrepid Finance And Leasing Private Limited

## Notes to the financial statements (Continued)

for the year ended 31 March 2016

(Currency: Indian Rupees)

### 2. Significant accounting policies (Continued)

#### 2.16 Provisions and contingencies

The Company creates a provision when there is present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Loss contingencies arising from claims, litigations, assessment, fines, penalties etc are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an economic benefit will arise, the asset and related income are recognised in the period in which the change occurs.

#### 2.17 Earnings per share

The Company reports basic and diluted earnings per share in accordance with Accounting Standard 20 - Earnings Per Share prescribed by the Companies (Accounts) Rules, 2014. Basic earnings per share is computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per share is computed by dividing the net profit after tax by weighted average number of equity shares and dilutive potential equity shares outstanding during the year.



# Intrepid Finance And Leasing Private Limited

## Notes to the financial statements (Continued)

as at 31 March 2016

(Currency: Indian Rupees)

### 3 Share capital

	2016	2015
<b>Authorised</b>		
6,150,000 (Previous Year: 6,150,000) Equity shares of Rs. 10 each	61,500,000	61,500,000
	<u>61,500,000</u>	<u>61,500,000</u>
<b>Issued, Subscribed and Paid up shares</b>		
5,841,205 (Previous Year: 3,989,353) Equity shares of Rs. 10 each fully paid up	58,412,050	39,893,530
	<u>58,412,050</u>	<u>39,893,530</u>

#### a. Reconciliation of the Equity shares outstanding at the beginning and at the end of the reporting period

	31 March 2016		31 March 2015	
	No.	Amount	No.	Amount
At the beginning of the year	3,989,353	39,893,530	2,084,592	20,845,920
Shares issued during the year	1,851,852	18,518,520	1,904,761	19,047,610
<b>Outstanding at the end of the year</b>	<u>5,841,205</u>	<u>58,412,050</u>	<u>3,989,353</u>	<u>39,893,530</u>

#### b. Terms / rights attached to equity shares

The Company has only one class of equity shares having a face value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share.

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. Details of shareholders holding more than 5% shares in the Company

	31 March 2016		31 March 2015	
	No.	% holding	No.	% holding
<b>Equity shares of Rs. 10 each fully paid up</b>				
FINO PayTech Limited (Holding Company)	4,338,258	74.27%	2,967,886	74.40%
Rishi Gupta	510,734	8.74%	510,734	12.80%
Rajeev Arora	510,732	8.74%	510,732	12.80%
	<u>5,359,724</u>	<u>91.75%</u>	<u>3,989,352</u>	<u>100.00%</u>

#### d. Details of holding company

	31 March 2016		31 March 2015	
	No.	% holding	No.	% holding
<b>Equity shares of Rs. 10 each fully paid up</b>				
FINO PayTech Limited (Holding Company)	4,338,258	74.27%	2,967,886	74.40%
	<u>4,338,258</u>	<u>74.27%</u>	<u>2,967,886</u>	<u>74.40%</u>

e. Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of 5 years immediately preceding the reporting date: Nil (Previous Year : Nil)



# Intrepid Finance And Leasing Private Limited

## Notes to the financial statements (Continued)

as at 31 March 2016

(Currency: Indian Rupees)

### 4 Reserves and surplus

	2016	2015
<b>Securities premium account</b>		
Opening balance	269,909,715	88,957,420
Add: premium on issue of equity shares	181,481,496	180,952,295
<b>Closing balance</b>	<b>451,391,211</b>	<b>269,909,715</b>
<b>Statutory Reserve</b>		
<b>Statutory Reserve under section 45-1C of the Reserve Bank of India Act, 1934 ('the RBI Act') (Refer Note 4.1 below)</b>		
Opening balance	1,240,559	457,418
Transfer during the year	1,995,600	783,141
<b>Closing balance</b>	<b>3,236,159</b>	<b>1,240,559</b>
<b>Statement of profit and loss</b>		
Opening balance	4,641,647	1,509,085
Add: Profit for the year	9,977,999	3,915,703
Less: Transfer to statutory reserve	(1,995,600)	(783,141)
<b>Closing balance</b>	<b>12,624,046</b>	<b>4,641,647</b>
<b>Total reserve and surplus</b>	<b>467,251,416</b>	<b>275,791,921</b>

- 4.1 Since the Company had not transferred any sum to the statutory reserve till the year ended 31 March 2013 which was not in compliance with section 45-1C of the RBI Act, the Company had written to the RBI explaining the above and asked RBI to condone the delay in transferring the required amounts to the statutory reserve. The Company has not received any further communication from the RBI in this regard.



# Intrepid Finance And Leasing Private Limited

## Notes to the financial statements (Continued)

as at 31 March 2016

(Currency: Indian Rupees)

### 5 Long term borrowings

	2016	2015
<b>Term loans</b>		
Loan from banks (secured)	159,230,633	167,980,768
Loan from non banking financial companies (secured)	690,076,723	171,368,497
Privately placed redeemable non convertible debenture (secured)	116,250,120	77,916,760
Subordinated debt	250,000,000	-
<b>Total</b>	<b>1,215,557,476</b>	<b>417,266,025</b>

- a. Term loans from Banks are taken at an interest rate ranging from 12.80% p.a. to 13.85% p.a. and are repayable in monthly installments ranging from 12 to 72 months. Term loans are secured by way of exclusive charge created through hypothecation of the specific loans / book debts originated out of the lenders' funds, corporate guarantee of Holding Company viz. FINO PayTech Limited and in case of certain loans, also through cash collaterals.
- b. Term loans from non banking financial companies are taken at an interest rate ranging from 13.50% p.a. to 15.90% p.a. and are repayable in monthly installments ranging from 12 to 36 months. Term loans are secured by way of exclusive charge created through hypothecation of the specific loans originated out of the lenders' funds, through cash collaterals / first loss default guarantee deposit and in case of certain loans, also post dated cheques.
- c. Non convertible debentures are issued at an interest rate of 12.78% p.a to 14.19% p.a. and are repayable in 24 monthly installments from the deemed date of allotment. Non convertible debentures are secured through hypothecation of the specific pool of loans originated out of the debenture proceeds with a security cover, ranging from 1.0 to 1.1 times of the outstanding debentures and guarantee covering, ranging from 17.25% to 24 % of the respective initial principal value of the debentures from third party guarantors.
- d. Subordinated debt is issued at an interest rate of 16.10% and is repayable at the end of five and half years with interest payable quarterly. Subordinated debt is unsecured. Subordinated debt issued during the year have been listed on Bombay stock exchange subsequent to the Balance sheet date.

### 6 Long term provisions

Provision for loan losses	6,521,338	360,699
	<b>6,521,338</b>	<b>360,699</b>





# Intrepid Finance And Leasing Private Limited

## Notes to the financial statements (Continued)

as at 31 March 2016

(Currency: Indian Rupees)

### 7 Other current liabilities

	2016	2015
Current maturities of long-term borrowings (secured)	980,524,970	520,658,411
Current maturities of non convertible debentures (secured)	275,416,760	110,000,000
Interest accrued but not due on borrowings	18,527,472	4,476,779
Statutory dues payable	3,794,026	995,392
Unamortised gain on securitisation transactions (Refer Note 22.12)	35,477,320	10,855,444
Collections payable on loans securitised	64,762,958	40,497,662
Others	-	7,373
<b>Total</b>	<b>1,378,503,506</b>	<b>687,491,061</b>

### 8 Short term provisions

Provision for loan losses	17,485,377	10,143,504
Income tax [net of advance tax]	11,208,263	7,164,337
<b>Total</b>	<b>28,693,640</b>	<b>17,307,841</b>



## Intrepid Finance And Leasing Private Limited

### Notes to the financial statements (Continued)

as at 31 March 2016

(Currency: Indian Rupees)

#### 9 Tangible fixed assets

Description of assets	As at		Gross Block		Accumulated depreciation		Net Block	
	1 April 2015	31 March 2016	As at Additions	Disposals	for the year	On Disposals	As at 31 March 2016	As at 31 March 2015
Computers/ hardware	178,167	178,167	-	-	-	-	178,167	-
Plant and equipment	284,920	284,920	-	-	-	-	284,920	-
Furniture and fixtures	402,811	402,811	-	-	6,669	-	395,756	13,724
Office equipments	24,512	24,512	-	-	1,297	-	14,202	11,607
Vehicles	661,471	661,471	-	-	-	-	661,471	-
<b>Total</b>	<b>1,551,881</b>	<b>1,551,881</b>	<b>-</b>	<b>-</b>	<b>7,966</b>	<b>-</b>	<b>1,534,516</b>	<b>25,331</b>
<b>Previous year</b>	<b>1,551,881</b>	<b>1,551,881</b>	<b>-</b>	<b>-</b>	<b>16,415</b>	<b>-</b>	<b>1,526,550</b>	<b>25,331</b>



# Intrepid Finance And Leasing Private Limited

## Notes to the financial statements (Continued)

as at 31 March 2016

(Currency: Indian Rupees)

### 10 Long term loans and advances (Unsecured, considered good)

	2016	2015
<b>Portfolio loans</b>		
Loans to joint liability groups	652,133,808	36,069,903
Security deposits*	43,445,270	55,250,000
Advance tax [net of provision]	242,883	16,608
Rent deposit	19,500	60,500
<b>Total</b>	<b>695,841,461</b>	<b>91,397,011</b>

\* Represents FLDG (First Loss Default Guarantee) placed to avail term loan from Non-banking Financial Companies.

### 11 Other non-current assets (Unsecured, considered good)

Bank deposits (maturing after 12 months from the reporting date)*	135,688,319	53,025,789
Service tax input credit	14,832,303	6,463,768
<b>Total</b>	<b>150,520,622</b>	<b>59,489,557</b>

\* Represents deposits provided as cash collateral against borrowings taken.

### 12 Current investments

Nil Units (Previous Year : 1300.756 Units) of BSL Cash Plus - Daily Dividend - Reinvestment Plan	-	130,329
<b>Total</b>	-	130,329
Aggregate Value of Quoted Investments	-	-
Aggregate Value of Unquoted Investments (Market Value Nil (Previous Year : 130,329))	-	130,329
Aggregate provision made for diminution in value of investments.	-	-
<b>Total</b>	-	130,329

### 13 Trade receivables

Other receivables		
Unsecured, considered good	-	207,818
<b>Total</b>	-	207,818



# Intrepid Finance And Leasing Private Limited

## Notes to the financial statements (Continued)

as at 31 March 2016

(Currency: Indian Rupees)

### 14 Cash and bank balances

	2016	2015
<b>Cash and cash equivalents</b>		
Balances with scheduled banks:		
- In current accounts	481,802,555	242,089,623
	(A) <u>481,802,555</u>	<u>242,089,623</u>
<b>Other bank balances</b>		
Balances with scheduled banks		
- In deposit accounts (with original maturity in excess of three months and due to mature within 12 months from the reporting date)*	20,867,891	22,691,672
	(B) <u>20,867,891</u>	<u>22,691,672</u>
<b>Total (A) + (B)</b>	<u>502,670,446</u>	<u>264,781,295</u>

\* Represents deposits of Rs. 15,711,069 (Previous year : Rs. 10,298,089) provided as cash collateral against borrowings and deposits of Rs. 5,156,822 (Previous year : Rs. 12,393,583) provided as cash collateral against loan securitised.

### 15 Short term loans and advances

(Unsecured, considered good)

Security deposits*	62,702,945	13,750,000
Rent deposit	317,300	106,000
Loans joint liability groups	1,748,479,531	1,014,416,701
Death claim receivable	10,121,484	2,010,681
Less : Provision for doubtful receivables	(2,454,550)	(349,471)
Others	-	5,000
<b>Total</b>	<u>1,819,166,710</u>	<u>1,029,938,911</u>

\* Represents FLDG (First Loss Default Guarantee) placed to avail term loan from Non-banking Financial Companies.

### 16 Other current assets

(Unsecured, considered good)

Interest accrued but not due on fixed deposits	7,567,288	2,813,023
Interest accrued but not due on loans to joint liability groups	12,921,849	5,395,633
Prepaid expenses	587,981	1,429,634
Unamortised guarantee cost	2,243,735	552,560
Others	15,517,806	412,718
<b>Total</b>	<u>38,838,659</u>	<u>10,603,568</u>



# Intrepid Finance And Leasing Private Limited

## Notes to the financial statements (Continued)

for the year ended 31 March 2016

(Currency: Indian Rupees)

### 17 Revenue from operations

	2016	2015
<b>Interest income</b>		
Interest income on portfolio loans	389,360,134	179,927,194
Gain on loans securitised (Refer Note 22.12)	16,702,907	4,206,500
<b>Other financial services</b>		
Loan processing fees	37,157,042	18,919,960
Interest on fixed deposits*	16,460,118	5,897,008
Service charges	335,000	1,687,622
	<b>460,015,201</b>	<b>210,638,284</b>

\* Represents interest on fixed deposits placed as cash collateral to avail term loans from banks, non-banking financial companies and on deposits placed as cash collateral in connection with asset securitisation.

### 18 Other income

Interest on fixed deposits	-	564,982
Dividend income on current investments	1,853,052	496,660
	<b>1,853,052</b>	<b>1,061,642</b>

### 19 Employee benefits

Salaries, wages and bonus (Includes Rs. 22,537,963 (Previous Year: 13,264,759) of Fino PayTech Limited and Rs. 67,200,221 (Previous Year: 48,492,687) of Fino Fintech Private Limited)	89,738,184	61,757,446
	<b>89,738,184</b>	<b>61,757,446</b>

### 20 Finance costs

<b>Interest</b>		
- On term loans from banks	30,305,223	11,749,941
- On term loans from financial institutions	143,185,785	48,906,806
- On non-convertible debentures	35,418,381	7,808,520
<b>Finance charges</b>		
- Other finance costs	29,599,532	13,889,220
	<b>238,508,921</b>	<b>82,354,487</b>



# Intrepid Finance And Leasing Private Limited

## Notes to the financial statements (Continued)

for the year ended 31 March 2016

(Currency: Indian Rupees)

### 21 Other expenses (Refer Note No. 22.10)

	2016	2015
Legal, professional and consultancy charges	29,507,475	7,680,964
Travelling and conveyance	26,548,310	14,779,124
Technology expenses	15,008,128	13,853,590
Rent	9,594,556	5,455,382
Printing and stationary	4,281,783	2,995,151
Infrastructure cost	4,047,358	2,041,130
Communication cost	3,943,474	1,886,133
Bank charges (Nil (Previous year: Net of refund of Rs. 167,901))	1,430,022	(104,536)
Insurance	1,429,634	23,894
Electricity charges	1,368,745	711,748
Auditors' remuneration (Refer Note 22.6)	794,533	661,885
Repairs and maintenance	477,450	258,501
Rates and taxes	255,413	196,945
Advertisement expenses	101,950	659,795
Directors sitting fees	30,000	10,618
Miscellaneous expenses	3,398,107	2,229,761
<b>Total</b>	<b>102,216,938</b>	<b>53,340,085</b>



# Intrepid Finance And Leasing Private Limited

## Notes to the financial statements (Continued)

for the year ended 31 March 2016

(Currency: Indian Rupees)

### 22. Notes to the accounts

#### 22.1 Contingent liabilities

Particulars	2016	2015
1. Credit enhancements provided by the Company towards asset securitisation in the form of cash collaterals	33,109,690	25,782,247

#### 22.2 Related parties

##### (A) Names of related parties where control exists

FINO PayTech Limited (Holding Company)

##### Other related parties with whom transactions have taken place/subsisting during the year

Fino Fintech Private Limited (Formerly known as Fino Fintech Foundation) -- Entity under common control

##### Key management personnel

Mr. Rajeev Arora – Whole-time Director

Mr. Rishi Gupta – Director

##### (B) Transactions with related party and outstanding balances:

Particulars	2016	2015
<b>1. FINO PayTech Limited</b>		
Equity shares issued (including securities premium)	148,000,176	199,999,905
Reimbursement of expenses	41,593,447	29,159,480
<b>2. Fino Fintech Private Limited</b>		
Reimbursement of expenses	115,159,200	74,243,864
<b>Closing balance</b>		
<b>3. Fino Fintech Private Limited</b>		
Trade payable	57,983,749	13,531,272
<b>4. FINO PayTech Limited</b>		
Trade payable	-	7,544,810



# Intrepid Finance And Leasing Private Limited

## Notes to the financial statements (Continued)

for the year ended 31 March 2016

(Currency: Indian Rupees)

### 22. Notes to the accounts (Continued)

#### 22.3 Segment reporting

The main business of the Company is to provide finance to poor women in rural areas of India who are organised as Joint Liability Groups accordingly it operates only in one business segment. Since the business operations of the Company are primarily concentrated in India the Company is considered to operate only in the domestic segment.

As the Company's business activity falls within a single business and geographic segment, the financial statements are reflective of the information required under Accounting Standard 17 on Segment Reporting notified by Companies (Accounting Standards) Rules 2006.

#### 22.4 Earnings per share

In accordance with Accounting Standard 20 on Earnings per Share issued by the Companies (Accounting Standards) Rules 2006 the computation of earnings per share is set out below:

	2016	2015
a) Net profit attributable to equity shareholders	9,977,999	3,915,703
b) Calculation of weighted average number of Equity Shares of Rs 10 each:		
– Number of shares at the beginning of the year	3,989,353	2,084,592
– Number of Shares issued during the year	1,851,852	1,904,761
Total number of equity shares outstanding at the end of the year	5,841,205	3,989,353
Weighted average number of equity shares outstanding during the year (based on the date of issue of shares)	4,650,909	3,603,182
c) Number of dilutive potential equity shares	4,650,909	3,603,182
d) Basic earnings per share (in rupees) (a/b)	2.15	1.09
e) Diluted earnings per share (in rupees) (a/c)	2.15	1.09

#### 22.5 Deferred taxes

The primary components that gave rise to deferred tax liabilities and assets are as follows:

	2016	2015
<b>Deferred tax liability</b>		
<i>Tax effect of the timing difference on account of:</i>		
Unamortised guarantee fees	741,779	179,277
<b>Deferred tax asset</b>		
<i>Tax effect of the timing difference on account of:</i>		
Provision for loan losses and doubtful debts	8,748,094	3,521,474
Depreciation on fixed assets	44,993	47,234
Unamortised gain on securitisation transaction	11,728,803	3,522,049
<b>Net deferred tax asset</b>	<b>19,780,111</b>	<b>6,911,480</b>





# Intrepid Finance And Leasing Private Limited

## Notes to the financial statements (Continued)

for the year ended 31 March 2016

(Currency: Indian Rupees)

### 22. Notes to the accounts (Continued)

#### 22.6 Auditor's remuneration

	2016	2015
<b>As auditors</b>		
Statutory audit	758,376	637,080
Reimbursement of expenses	36,157	24,805
<b>Total</b>	<b>794,533</b>	<b>661,885</b>

#### 22.7 Details of dues to micro small and medium enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Based on the information available with management, as at 31 March 2016, no dues were outstanding to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006. Further, the Company has not received any claim for interest from any supplier under the said Act till 31 March 2016.

#### 22.8 Expenses in foreign currencies

Expenses in foreign currencies – Rs. Nil (Previous year: Rs. Nil)

#### 22.9 Details of investment in units of mutual funds

	Opening		Purchases		Sales		Closing	
	Qty	Amount (Rs)	Qty	Amount (Rs)	Qty	Amount (Rs)	Qty	Amount (Rs)
<i>Invest -</i>								
<i>ICICI</i>			3,755,283.97	375,767,233.07	3,755,283.97	375,767,233.07		
<i>Prudential</i>								
<i>Liquid Fund</i>								
<i>Invest-MF</i>								
<i>Birla Sunlife</i>	1,300.76	130,329	4,951,203.337	496,085,818.89	4,952,504.097	496,216,147.89		
<i>Cash Plus</i>								
<i>(DDR)</i>								



# Intrepid Finance And Leasing Private Limited

## Notes to the financial statements (Continued)

for the year ended 31 March 2016

(Currency: Indian Rupees)

### 22. Notes to the accounts (Continued)

#### 22.10 Other Expenses

Other expense includes expenses reimbursed to group entities as per the details below:

Expense Head	Total	2016		Total	2015	
		Fino Fintech Private Limited	Fino PayTech Limited		Fino Fintech Private Limited	Fino PayTech Limited
Travelling and conveyance	26,461,553	26,461,553	-	14,717,387	14,717,387	-
Technology expenses	15,008,128	-	15,008,128	13,853,590	-	13,853,590
Legal, professional and consultancy charges	3,091,800	3,091,800	-	-	-	-
Bank charges	359,122	359,122	-	-	-	-
Rent	7,501,848	7,501,848	-	3,628,934	3,628,934	-
Communication cost	3,755,969	3,755,969	-	1,886,133	1,886,133	-
Printing and stationary	2,509,058	2,509,058	-	2,162,694	2,162,694	-
Electricity expenses	1,368,745	1,368,745	-	711,748	711,748	-
Repairs and maintenance	465,325	465,325	-	249,951	249,951	-
Rates & taxes	8,631	8,631	-	-	-	-
Advertisement expenses	72,506	72,506	-	635,495	635,495	-
Infrastructure cost	4,047,358	-	4,047,358	2,041,130	-	2,041,130
Miscellaneous expenses	2,363,167	2,363,167	-	1,758,836	1,758,836	-
<b>Total</b>	<b>67,013,210</b>	<b>47,957,724</b>	<b>19,055,486</b>	<b>41,645,898</b>	<b>25,751,178</b>	<b>15,894,720</b>

#### 22.11 Capital reduction

The Board of Directors at their meeting held on 14 June 2014 and the members of the Company at the Extra Ordinary General Meeting dated 17 June 2014 have approved the reduction in the equity share capital of the Company ('Capital Reduction') in the form of cancellation of 1,021,466 equity shares in accordance with the provisions of Section 100 to 104 and other applicable provisions of the Companies Act, 1956 and the Companies Act, 2013 (to the extent applicable), subject to the approval of the Hon'ble High Court of Judicature at Bombay (or the National Company Law Tribunal, as the case may be) (the 'Court') and any other approvals as may be considered necessary. Pursuant to the aforesaid, the Company has made application to the Court for approval of the Capital Reduction, which is pending approval. Accordingly, the financial statements do not contain any adjustments in respect of Capital Reduction.



# Intrepid Finance And Leasing Private Limited

## Notes to the financial statements (Continued)

for the year ended 31 March 2016

(Currency: Indian Rupees)

### 22. Notes to the accounts (Continued)

#### 22.12 Securitisation of loans:

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

Particulars	2016	2015
Total number of loans securitised	70,597	32,582
Total book value of loans securitised	667,665,739	285,849,715
Sale consideration received for loans securitised	711,832,410	298,477,542
Income recognised in the statement of profit and loss	16,702,907	4,206,500
<b>Credit enhancement provided and outstanding (Gross):</b>		
Cash collateral	33,109,690	25,782,247

#### 22.13 Credit default swaps

In accordance with RBI Notification No. DNBS.CC.PD.No 253/03.10.01/2011-12 dated December 26, 2011, the Company did not enter into any credit default swaps during the year ended 31 March 2016 (Previous year: Rs. Nil)

#### 22.14 Gold loan jewellery

In accordance with RBI Notification No. DNBS.CC.PD.No. 365/03.10.01/2013-14 dated January 8, 2014, the Company has not lent against gold jewellery during the year ended 31 March 2016 (Previous year: Rs. Nil)

#### 22.15 Disclosures in terms of paragraph 13 of prudential norms

Disclosures in terms of paragraph 13 of Non-Systemically Important Non-Banking financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 is attached in Annexure 1.

#### 22.16 Information on net interest margin during the year:

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Average interest (a)	25.34%	24.20 %
Average effective cost of borrowing (b)	18.38%	18.26%
Net interest margin (a-b)	6.95%	5.94%



# Intrepid Finance And Leasing Private Limited

## Notes to the financial statements (*Continued*)

for the year ended 31 March 2016

(Currency: Indian Rupees)

### 22. Notes to the accounts (*Continued*)

#### 22.17 *Prior year comparatives*

Previous year figures have been regrouped and reclassified wherever necessary to conform to current year's presentation.

#### For B S R & Associates LLP

*Chartered Accountants*

Firm's Registration No: 116231 W/W-100024



**Ritesh Goyal**

*Partner*

Membership No: 115007

Mumbai

05 May 2016

#### For and on behalf of the Board of directors of Intrepid Finance And Leasing Private Limited



**Rajeev Arora**

*Whole-time Director*



**Rishi Gupta**

*Director*



**Vikas Guru**

*Chief Financial Officer*



**S Rajaraman**

*Company Secretary*

## ANNEXURE 1

[Schedule to the Balance Sheet of a Non Banking Financial Company as required in terms of paragraph 13 of Non-Systemically Important Non-Banking financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 as at March 31, 2016]

(In Indian Rupees)

LIABILITIES SIDE		31-Mar-16	
1	Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:	Amount Outstanding	Amount Overdue
a.	Debentures (other than falling within the meaning of public deposits*)		
	- Secured	392,409,194	-
	- Unsecured	250,000,000	-
b.	Deferred Credits	-	-
c.	Term Loans	1,847,617,484	-
d.	Inter-corporate loans and borrowings	-	-
e.	Commercial Paper	-	-
f.	Other Loans-Cash credit and overdraft	-	-
	* Refer note 1 below		
ASSET SIDE			
2	Break up of Loans and Advances including bills receivables [other than those included in(4) below]:	Amount Outstanding 31-Mar-16	
a.	Secured		
b.	Unsecured		2,400,613,339
3	Break up of Leased Assets and stocks on hire and other assets counting towards AFC activities	Amount Outstanding 31-Mar-16	
i.	Lease Assets including lease rentals under sundry debtors:		
	a. Finance Lease		-
	b. Operating Lease		-
ii.	Stocks on hire including hire charges under sundry debtors:		
	a. Assets on hire		-
	b. Repossessed Assets		-
iii.	Other Loans counting towards AFC activities:		
	a. Loans where assets have been repossessed		-
	b. Loans other than (a) above		-
4	Break up of Investments:	Amount 31-Mar-16	
	<b>Current Investments</b>		
	<b>1. Quoted</b>		
	i. Shares - Equity		-
	- Preference		-
	ii. Debentures and Bonds		-
	iii. Units of mutual funds		-
	iv. Government Securities		-
	v. Others		-
	<b>2. Unquoted</b>		
	i. Shares - Equity		-
	- Preference		-
	ii. Debentures and Bonds		-
	iii. Units of mutual funds		-
	iv. Government Securities		-
	v. Others		-
	<b>Long Term Investments</b>		
	<b>1. Quoted</b>		
	i. Shares - Equity		-
	- Preference		-
	ii. Debentures and Bonds		-
	iii. Units of mutual funds		-
	iv. Government Securities		-
	v. Others		-
	<b>2. Unquoted</b>		
	i. Shares - Equity		-
	- Preference		-
	ii. Debentures and Bonds		-
	iii. Units of mutual funds		-
	iv. Government Securities		-
	v. Others		-



**ANNEXURE 1 (Continued)**

<b>5 Borrower group-wise classification of assets financed as in (2) and (3) above (Refer note 2 below):</b>			
Category	Amount net of provision 31-Mar-16		
	Secured	Unsecured	Total
<b>1</b> Related Parties**			
a. Subsidiaries	-	-	-
b. Companies in the same group	-	-	-
c. Other than related parties	-	2,400,613,339	2,400,613,339
<b>Total</b>	-	<b>2,400,613,339</b>	<b>2,400,613,339</b>

<b>6 Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted): (Refer note 3 below)</b>			
Category	Market Value / Break up of fair value or NAV	Book Value (Net of Provisions)	
<b>1</b> Related Parties**			
a. Subsidiaries	-	-	
b. Companies in the same group	-	-	
c. Other related parties	-	-	
<b>2</b> Other than related parties	-	-	
<b>Total</b>	-	-	

\*\* As per Accounting Standard issued by the Institute of Chartered Accountants of India (ICAI).

<b>7 Other information</b>	<b>Amount 31-Mar-16</b>
<b>i.</b> Gross Non-Performing Assets	
a. Related Parties	-
b. Other than related parties	19,391,422
<b>ii.</b> Net Non-Performing Assets	
a. Related Parties	-
b. Other than related parties	Refer Note 4 below
<b>iii.</b> Assets acquired in satisfaction of debt	-

**Notes:**

- As defined in paragraph 2(1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
- Provisioning norms shall be applicable as prescribed in Non-Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 or Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 whichever is applicable.
- All Accounting Standards and Guidance Notes issued by the Institute of Chartered Accountants of India (ICAI) are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debts. However, market value in respect of quoted investments and break up/ fair value/ NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in category 5 above.
- Since the company is a NBFC- MFI, in terms of 'Non Banking Financial Company-Micro Finance Institutions' (NBFC-MFIs) - Directions, it follows the policy of making the provision of higher of a) 1% of the outstanding loan portfolio or b) 50% of the aggregate loan instalments which are overdue for more than 90 days and less than 180 days and 100% of the aggregate loan instalments which are overdue 180 days or more. Accordingly, the provision on non performing assets amounting to of Rs.17,813,899 forms part of overall provision of Rs.24,006,715 created @1 % of the outstanding portfolio. Hence, figure of net non performing asset is not disclosed separately.



