

# Walker Chandlok & Co LLP

**Walker Chandlok & Co LLP**  
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India

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## Auditor's Report

[Pursuant to the Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2008]

To  
The Board of Directors  
Arohan Financial Services Private Limited  
PTI Building, 4<sup>th</sup> Floor  
DP-9, Sector V, Salt Lake  
Kolkata - 700 091

1. We have audited the accompanying financial statements of Arohan Financial Services Private Limited, ("the Company"), which comprise the Balance Sheet as at 31 March 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information and have issued an unqualified opinion vide our report dated 9 May 2016.
2. As required by the paragraphs 3 and 4 of Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2008, issued by the Reserve Bank of India ("the RBI") vide Notification No. DNBS. 201/DG(VL)-2008 dated 18 September 2008 (amended from time to time) and based on our audit, we report on the matters specified in paragraphs 3 and 4 of the said directions:
  - a. The Company is engaged in the business of Non-Banking Financial Institution (without accepting or holding public deposits) and pursuant to the provisions of Section 45(1A) of the Reserve Bank of India Act, 1934 (as amended) it has obtained a certificate of registration vide certificate no. B.05.02932 dated 8 July 2009.
  - b. In our opinion, and in terms of the Company's assets and income pattern for the year ended and as at 31 March 2016, the Company is entitled to continue to hold the certificate of registration issued by the RBI.
  - c. The Company is not an asset finance company as defined under the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.



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- d. In our opinion, during the year ended 31 March 2016, the Company has complied with the criteria set forth by the RBI in the Notification 'Non-Banking Financial Company- Micro Finance Institutions (Reserve Bank) Directions, 2011' dated 2 December 2011, as amended, for classification of a non-banking Financial Company as Non-Banking Financial Company- Micro Finance Institution.
- e. The board of directors of the Company in their meeting held on 15 May 2015 has passed a resolution for non-acceptance of any public deposits during the year ended 31 March 2016.
- f. The Company has not accepted any public deposits during the year ended 31 March 2016.
- g. In our opinion and to the best of our information and according to the explanations given to us, the Company has complied with the prudential norms issued by the RBI in relation to recognition of income, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it in terms of the Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 and Non-Banking Financial Company- Micro Finance Institutions (NBFC-MFIs) – Directions, 2011 (amended from time to time).
- h. The Company has submitted the annual return with the RBI in form NBS- 7 for the financial year ended 31 March 2016 on 17 April 2016. The capital adequacy ratio disclosed in the return filed has certain incorrect computations. The recomputed capital adequacy ratio as at 31 March 2016 is yet to be filed with the RBI. However, based on our examination of the computation of the capital adequacy ratio, we report that the Company has complied with the capital to risk asset norm for the year ended 31 March 2016.
- i. As per the information furnished to us, the Company has electronically furnished the annual statement of capital funds, risk assets/exposures and risk asset ratio (NBS-7) with the RBI on 02 June 2015.

*Walker Chandiok & Co LLP*  
For Walker Chandiok & Co LLP

Chartered Accountants

Firm Registration No: 001076N/N500013

*Sanjay Kumar Jain*  
per Sanjay Kumar Jain  
Partner  
Membership No.: 207660



Place: Kolkata

Date: 9 May 2016

# Walker Chandiook & Co LLP

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## Independent Auditor's Report

To the Members of Arohan Financial Services Private Limited

### Report on the financial statements

1. We have audited the accompanying financial statements of Arohan Financial Services 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 significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements, that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) and the guidelines issued by the Reserve Bank of India as applicable to a Non-Banking Financial Company. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act; safeguarding the assets of the Company; 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

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. 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.
5. We conducted our audit in accordance with the Standards of 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.
6. 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 auditors' 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 controls 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 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.
7. 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

8. 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

9. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. As required by Section 143(3) of the Act, we report that:
  - a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. the financial statements 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 (as amended);
  - e. on the basis of written representations received from the directors and 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;



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- f. we have also audited the internal financial controls over financial reporting (IFCoFR) of 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 and our report dated 9 May 2016 as per Annexure B expressed a clean opinion; 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. as detailed in Note 32(a) to the financial statements, the Company has disclosed the impact of pending litigations on its financial position;
  - ii. the Company did not have any long-term contracts including derivatives contract 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.

*Walker Chandiok & Co LLP*  
For Walker Chandiok & Co LLP

Chartered Accountants

Firm Registration No.: 001076N/N500013

*Sanjay*  
per Sanjay Kumar Jain  
Partner

Membership No.: 207660

Place: Kolkata

Date: 9 May 2016



**Annexure A to the Independent Auditor's Report of even date to the members of Arohan Financial Services Private Limited, on the financial statements for the year ended 31 March 2016**

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, 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 program of physical verification of its fixed assets under which fixed assets are verified in a phased manner over a period of three years, which, in our opinion, 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 properties. Accordingly, the provisions of clause 3(i)(c) of the Order are not applicable.
- (ii) The Company does not have any inventory. Accordingly, the provisions of clause 3(ii) of the Order are not applicable.
- (iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.
- (iv) The Company has not made any investments or given any loan or guarantee or provided any security during the year, as envisaged under section 185 and 186 of the Act. Accordingly, the provisions of clause 3(iv) of the Order are not applicable.
- (v) The Company has not accepted any deposits from the public.
- (vi) To the best of our knowledge and belief, the Central Government has not specified maintenance of cost records under sub-section (1) of Section 148 of the Act, in respect of Company's services. Accordingly, the provisions of clause 3(vi) of the Order are not applicable.
- (vii) (a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities. Further, no undisputed amount payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable.
- (b) The dues outstanding in respect of income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹)	Amount Paid Under Protest (₹)	Period to which the amount relates	Forum where dispute is pending
The Income-tax Act, 1961	Income Tax	1,086,500	1,086,500	2010-11	Commissioner of Income Tax (Appeals), Kolkata



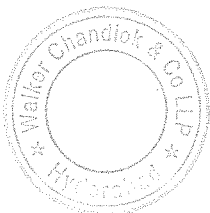
# Walker Chandiook & Co LLP

Annexure A to the Independent Auditors' Report of even date to the members of Arohan Financial Services Private Limited, on the financial statements for the year ended 31 March 2016

- (viii) In our opinion, the Company has not defaulted in repayment of loans or borrowings to any financial institution or a bank or any dues to debenture-holders during the year. The Company has no loans or borrowings payable to government.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments). In our opinion, the terms loans were applied for the purpose for which the loans were obtained, though idle funds which were not required for immediate utilization have been invested in liquid investments, payable on demand.
- (x) According to the information and explanations given to us, no fraud on or by the Company, has been noticed or reported during the year, except for six incidents of frauds comprising of cash embezzlement by the employees of the Company for ₹ 1,072,595 and an instance of fake disbursement for ₹ 371,992 respectively aggregating to ₹ 1,444,587. The Company has recovered ₹ 800,546 and ₹ 275,244 respectively in respect of these incidents of fraud from the insurance company/ employees and the outstanding balance of ₹ 368,797 (net of recovery as above), as at 31 March 2016 has been provided for.
- (xi) In our opinion, managerial remuneration has been provided in accordance with the requisite approvals mandated by the provisions of section 197 of the Act read with Schedule V to the Act.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.
- (xiii) In our opinion all transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable, and the requisite details have been disclosed in the financial statements, as required by the applicable accounting standards.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures. Accordingly, clause 3(xiv) of the Order is not applicable.
- (xv) During the year, the Company has not entered into any non-cash transactions with directors or persons connected with them, as envisaged under section 192 of the Act. Accordingly, clause 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 such registration has been obtained by the Company.

*Walker Chandiook & Co LLP*  
For Walker Chandiook & Co LLP  
Chartered Accountants  
Firm Registration No.: 001076N/N500013

*Sanjay Kumar Jain*  
per Sanjay Kumar Jain  
Partner  
Membership No.: 207660



Place: Kolkata  
Date: 9 May 2016

Annexure B to the Independent Auditor's Report of even date to the members of Arohan Financial Services Private Limited, on the financial statements for the year ended 31 March 2016

## **Independent Auditor's report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

1. In conjunction with our audit of the financial statements of Arohan Financial Services Private Limited ("the Company") as of and for the year ended 31 March 2016, we have audited the internal financial controls over financial reporting (IFCoFR) of the company of as of that date.

### **Management's Responsibility for Internal Financial Controls**

2. The Company's Board of Directors 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 the company's 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 Act.

### **Auditors' Responsibility**

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing, issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note 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 IFCoFR were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. 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 IFCoFR.

### **Meaning of Internal Financial Controls over Financial Reporting**

6. A company's IFCoFR 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 IFCoFR 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.





# Walker Chandiook & Co LLP

Annexure B to the Independent Auditor's Report of even date to the members of Arohan Financial Services Private Limited, on the financial statements for the year ended 31 March 2016

## Inherent Limitations of Internal Financial Controls over Financial Reporting

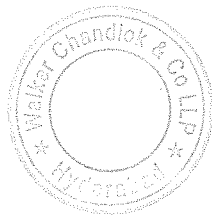
7. Because of the inherent limitations of IFCoFR, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the IFCoFR to future periods are subject to the risk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

## Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls 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.

*Walker Chandiook & Co LLP*  
For Walker Chandiook & Co LLP  
Chartered Accountants  
Firm's Registration No.: 001076N/N500013

*Sanjay Kumar Jain*  
per Sanjay Kumar Jain  
Partner  
Membership No.: 207660



Place: Kolkata  
Date: 9 May 2016

	Notes	31 March 2016	31 March 2015
<b>Equity and liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	4	693,878,900	691,646,830
Reserves and surplus	5	908,382,248	688,790,701
		<u>1,602,261,148</u>	<u>1,380,437,531</u>
<b>Non-current liabilities</b>			
Long-term borrowings	6	2,355,698,000	1,194,323,673
Other long-term liabilities	7	7,799,962	3,411,750
Long-term provisions	10	7,632,698	3,650,660
		<u>2,371,130,660</u>	<u>1,201,386,083</u>
<b>Current liabilities</b>			
Short-term borrowings	6	417,801,000	228,589,971
Trade payables			
Payable to micro, medium and small enterprises	8	-	-
Other payables		243,177	4,803,785
Other current liabilities	9	2,868,061,442	2,322,573,327
Short-term provisions	10	58,605,221	36,779,262
		<u>3,344,710,840</u>	<u>2,592,746,345</u>
<b>Total</b>		<u><b>7,318,102,648</b></u>	<u><b>5,174,569,959</b></u>
<b>Assets</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
Tangible assets	12	13,973,455	10,292,367
Intangible assets	13	5,350,117	4,963,608
Intangible asset under development		4,061,281	1,915,000
Non-current investments	14	500,000	500,000
Deferred tax assets (net)	15	22,320,020	13,110,506
Loan to customers	16	1,068,949,273	490,991,941
Long-term loans and advances	17	27,414,281	16,040,646
Other non-current assets	18	323,138,578	136,540,090
		<u>1,465,707,005</u>	<u>674,354,158</u>
<b>Current assets</b>			
Current investments	14	-	10,600,000
Cash and bank balances	19	826,271,387	1,204,988,886
Loan to customers	16	4,791,246,467	3,154,360,641
Short-term loans and advances	17	73,948,544	59,632,315
Other current assets	20	160,929,245	70,633,959
		<u>5,852,395,643</u>	<u>4,500,215,801</u>
<b>Total</b>		<u><b>7,318,102,648</b></u>	<u><b>5,174,569,959</b></u>

Notes 1 to 39 form an integral part of these financial statements.

This is the Balance Sheet referred to in our report of even date.

*Walker Chandok & Co.*  
For Walker Chandok & Co. LLP  
Chartered Accountants

*Sanjay Kumar Jain*  
per Sanjay Kumar Jain  
Partner

For and on behalf of Board of Directors of  
Arohan Financial Services Private Limited

*Munish Kumar Nambiar*  
Managing Director

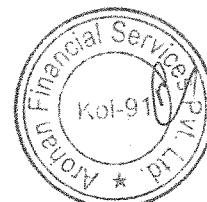
*Anurag Agrawal*  
Director

*Vanita Mundhra*  
Company Secretary

*Milind Nare*  
Chief Financial Officer

Place: Kolkata  
Date: 9 May 2016

Place: Kolkata  
Date: 9 May 2016



Arohan Financial Services Private Limited  
Statement of Profit and Loss for the year ended 31 March 2016  
(All amounts in ₹ unless otherwise stated)



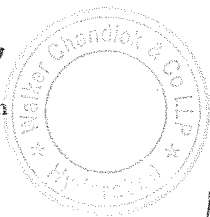
	Notes	31 March 2016	31 March 2015
<b>Revenue</b>			
Revenue from operations	21	1,244,998,184	708,222,963
Other income	22	62,654,383	37,353,711
<b>Total revenue</b>		<b>1,307,652,567</b>	<b>745,576,674</b>
<b>Expenses</b>			
Employee benefit expenses	23	230,333,955	143,775,771
Finance costs	24	590,923,479	355,619,134
Depreciation and amortisation expense	25	8,631,555	3,896,690
Provision for loan portfolio	26	22,148,310	20,991,492
Other expenses	27	123,845,229	63,767,122
<b>Total expenses</b>		<b>975,882,528</b>	<b>588,050,209</b>
<b>Profit before tax</b>		<b>331,770,039</b>	<b>157,526,465</b>
<b>Tax expense</b>			
Current tax		124,346,659	56,649,562
Tax for earlier periods		91,106	89,132
Deferred tax		(9,209,514)	(8,186,112)
<b>Profit for the year</b>		<b>216,541,788</b>	<b>108,973,883</b>
<b>Earnings per equity share [EPES]</b>	33		
Nominal value per share		10	10
Basic		4.19	2.62
Diluted		3.55	2.60

Notes 1 to 39 form an integral part of these financial statements.

This is the Statement of Profit and Loss referred to in our report of even date.

*Walker Chandio & Co*  
For Walker Chandio & Co LLP  
Chartered Accountants

*Sanjay Kumar Jain*  
per Sanjay Kumar Jain  
Partner



For and on behalf of Board of Directors of  
Arohan Financial Services Private Limited

*Manoj Kumar Nambiar*  
Manoj Kumar Nambiar  
Managing Director

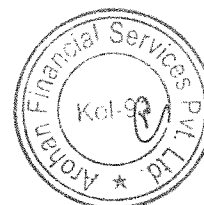
*Vanita Mundhra*  
Vanita Mundhra  
Company Secretary

*Anurag Agrawal*  
Anurag Agrawal  
Director

*Milind Nare*  
Milind Nare  
Chief Financial Officer

Place: Kolkata  
Date: 9 May 2016

Place: Kolkata  
Date: 9 May 2016





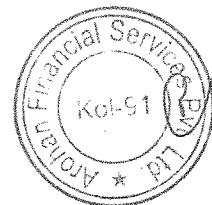
Arohan Financial Services Private Limited

Cash Flow Statement for the year ended 31 March 2016

(All amounts in ₹ unless otherwise stated)

	31 March 2016	31 March 2015
<b>Cash flows from operating activities</b>		
Profit before tax	331,770,039	157,526,464
<b>Adjustments :</b>		
Depreciation and amortisation	8,631,555	3,896,690
Provision for non-performing assets	22,148,310	20,991,492
Provision for securitized portfolio, net	-	(1,304,367)
Provision for doubtful advances	-	325,198
Loan assets written-off	6,643,832	3,001,598
Liabilities written back	(1,280,091)	(94,315)
Employee stock option compensation	937,449	792,870
Gain on sale of investments	(8,668,132)	(7,467,034)
Dividend income from current investments	-	(410,158)
(Gain) / loss on sale of assets	(12,000)	75,903
<b>Operating profit before working capital changes</b>	<b>360,170,962</b>	<b>177,334,341</b>
Increase in loans to customers	(2,221,486,990)	(2,097,672,641)
(Increase) / decrease in long-term loans and advances	(10,274,235)	2,323,663
(Increase)/decrease in short-term loans and advances	(14,316,229)	2,212,075
Increase in other non-current assets	(186,598,488)	(51,095,481)
Increase in other current assets	(90,295,286)	(29,146,724)
(Decrease)/increase in trade payables	(4,560,608)	3,627,685
Increase in long-term provisions	3,982,038	3,650,660
Decrease in short-term provisions	(324,560)	(1,743,240)
Increase / (decrease) in other liabilities	160,096,186	(40,744,470)
<b>Cash used in operating activities</b>	<b>(2,003,607,210)</b>	<b>(2,031,254,132)</b>
Income taxes paid	(125,537,166)	(57,799,416)
<b>Net cash used in operating activities</b>	<b>A (2,129,144,376)</b>	<b>(2,089,053,548)</b>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets	(11,027,847)	(7,515,171)
Purchase of intangible assets	(3,817,586)	(1,438,687)
Proceeds from sale of tangible fixed assets	12,000	57,590
Purchase of current investments	(3,539,420,000)	(2,556,286,461)
Proceeds from sale of investments	3,558,688,133	2,553,563,653
Increase in other bank balances and restricted deposits	(37,230,304)	(55,308,750)
<b>Net cash used in investing activities</b>	<b>B (32,795,604)</b>	<b>(66,927,826)</b>

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Arohan Financial Services Private Limited

Cash Flow Statement for the year ended 31 March 2016

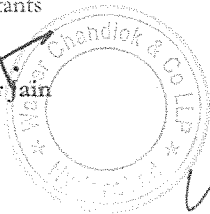
(All amounts in ₹ unless otherwise stated)

	31 March 2016	31 March 2015
<b>Cash flows from financing activities</b>		
Proceeds from issue of equity shares	4,346,589	315,208,608
Proceeds from issue of preference shares	-	300,000,000
Share issue expenses	-	(16,855,587)
Proceeds from long-term borrowings	4,874,000,000	3,790,479,954
Repayment of long-term borrowings	(3,321,565,441)	(1,510,812,957)
Proceeds from short-term borrowings	418,801,000	11,902,000
Repayment of short-term borrowings	(226,001,000)	(108,408,630)
Proceeds from/ (repayments) of working capital facilities (net)	(3,588,971)	3,588,971
<b>Net cash from financing activities</b>	<b>C 1,745,992,177</b>	<b>2,785,102,359</b>
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>(415,947,803)</b>	<b>629,120,985</b>
Cash and cash equivalents as at the beginning of the year	997,204,611	368,083,626
<b>Cash and cash equivalents as at the end of the year (refer note 1)</b>	<b>581,256,808</b>	<b>997,204,611</b>
<b>Note 1:</b>		
Cash and bank balances as per Note 19	826,271,387	1,204,988,886
Less: Other bank balances	245,014,579	207,784,275
<b>Cash and cash equivalents considered for cash flow</b>	<b>581,256,808</b>	<b>997,204,611</b>
<b>Note 2: Interest paid</b>	<b>518,991,905</b>	<b>300,084,626</b>
<b>Note 3: Interest received on loans to customers</b>	<b>1,106,630,759</b>	<b>618,728,865</b>
<b>Note 4: Interest received on fixed deposits</b>	<b>32,869,962</b>	<b>22,274,589</b>

This is the Cash Flow Statement referred to in our report of even date.

*Walker Chandlok & Co LLP*  
 For Walker Chandlok & Co LLP  
 Chartered Accountants

*Sanjay Kumar Jain*  
 per Sanjay Kumar Jain  
 Partner



For and on behalf of Board of Directors of  
 Arohan Financial Services Private Limited

*Manoj Kumar Nambiar*  
 Manoj Kumar Nambiar  
 Managing Director

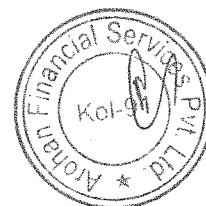
*Vanita Mundhra*  
 Vanita Mundhra  
 Company Secretary

*Anurag Agrawal*  
 Anurag Agrawal  
 Director

*Milind Nare*  
 Milind Nare  
 Chief Financial Officer

Place: Kolkata  
 Date: 9 May 2016

Place: Kolkata  
 Date: 9 May 2016



	31 March 2016		31 March 2015	
	Number	Amounts	Number	Amounts
<b>4 Share capital</b>				
<b>Authorised share capital</b>				
Equity shares of ₹10 each	52,070,470	520,704,700	52,070,470	520,704,700
0.001% Compulsorily convertible preference shares of ₹20 each	9,176,660	183,533,200	9,176,660	183,533,200
		<u>704,237,900</u>		<u>704,237,900</u>
<b>Issued, subscribed and fully paid up</b>				
Equity shares of ₹10 each	51,770,470	517,704,700	51,602,263	516,022,630
Less: Amount recoverable from ESOP trust [Refer (h) below]	(735,900)	(7,359,000)	(790,900)	(7,909,000)
0.001% Compulsorily convertible preference shares of ₹20 each	9,176,660	183,533,200	9,176,660	183,533,200
		<u>693,878,900</u>		<u>691,646,830</u>

(a) Reconciliation of Equity Share Capital

	Number	Amount	Number	Amount
<b>Equity shares of ₹10 each</b>				
Balance at the beginning of the year	51,602,263	516,022,630	41,495,450	414,954,500
Add : Issued during the year	168,207	1,682,070	10,106,813	101,068,130
<b>Balance at the end of the year</b>	<b>51,770,470</b>	<b>517,704,700</b>	<b>51,602,263</b>	<b>516,022,630</b>

(b) Reconciliation of Preference Share Capital

	Number	Amount	Number	Amount
<b>Preference shares of ₹20 each</b>				
Balance at the beginning of the year	9,176,660	183,533,200	-	-
Add : Issued during the year	-	-	9,176,660	183,533,200
<b>Balance at the end of the year</b>	<b>9,176,660</b>	<b>183,533,200</b>	<b>9,176,660</b>	<b>183,533,200</b>

(c) During the year, 168,207 share warrants held by IntellectCash Microfinance Network Private Limited ('IntellectCash') have been converted into equity shares of ₹10 each at a price of ₹21.20 aggregating to ₹3,565,988. There are no outstanding share warrants as on 31 March 2016.

(d) Terms and rights attached:

**Equity Shares:** The Company has only one class of equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees, if any. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing general meeting. During the current financial year the company has not proposed/declared any dividend.

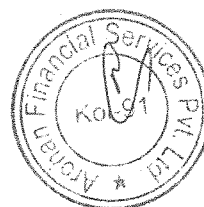
**Preference Shares:** The Company has only one class of preference shares having a face value of ₹20 per share. Each holder of preference shares is entitled to one vote per preference share and is entitled to a preference dividend of 0.001% of face value per annum. The preference shares are compulsorily convertible into equity shares upon occurrence of the following events:

- on or before listing of the equity shares of the company;
- on or before 26 February 2034, being the expiry period of the conversion period;
- any time prior to expiry of the conversion period at the option of the investor.

In the event of liquidation of the Company, the holder of preference shares shall be entitled to receive assets of the Company, before its distribution to equity shareholders. The distribution will be in proportion to the number of preference shares held by preference shareholders.

(e) Details of shareholders holding more than 5% paid-up capital

	31 March 2016		31 March 2015	
	Number	%	Number	%
<b>Equity shares of ₹10 each</b>				
IntellectCash Microfinance Network Company Private Limited	18,067,494	34.90%	17,899,287	34.69%
Aavishkaar Goodwill India Microfinance Development Company II Limited	14,152,170	27.34%	14,152,170	27.43%
Tano India Private Equity Fund II	9,176,660	17.73%	9,176,660	17.78%
India Financial Inclusion Fund	3,088,912	5.97%	3,088,912	5.99%
Michael & Susan Dell Foundation	4,460,980	8.62%	4,460,980	8.64%
	31 March 2016		31 March 2015	
	Number	%	Number	%
<b>Preference shares of ₹20 each</b>				
Tano India Private Equity Fund II	9,176,660	100.00%	9,176,660	100.00%



(f) Shares issued for consideration other than cash during the period of five years immediately preceding the reporting date

Pursuant to exercise of options under ESOP 2013 Scheme, 89,100 (31 March 2015: 34,100) equity shares of ₹10 each, has been allotted during the period of five years immediately preceding the reporting date wherein part consideration was received in the form of employee services.

(g) Shares reserved for issue under options and contracts/commitments

For details of shares reserved for issue on exercise of options granted under the ESOP, refer note (h) below regarding terms of the options granted.

(h) Employee stock option scheme ("ESOP")

**Employee stock option plans**

Arohan ESOP Trust ("ESOP Trust") was formed on 19 March 2010 to promote participation of the eligible employees of Arohan Financial Services Private Limited (then known as Arohan Financial Services Limited) in the ownership and growth of the Company and to confer on them certain welfare benefits through the implementation of the welfare schemes. Pursuant to the shareholder's approval in the meeting held on 15 March 2010 (empowering the Board to take any further decisions with regard to ESOP schemes), the Board is authorized to issue employee stock options, that are exercisable into not more than 825,000 equity shares of the Company to eligible employees and has extended interest free loan to ESOP Trust under the Scheme to provide financial assistance to its employees to purchase equity shares of the Company under such the Scheme. The loan is repayable by ESOP Trust under a back to back arrangement by ESOP Trust with the employees of the Company. ESOP Trust has repaid the existing loan during current financial year and Company has given a fresh interest free loan on 30 March 2015. The year-end balance for the total loan granted is ₹9,600,000 (31 March 2015: ₹9,600,000).

Subsequently, pursuant to the Board of Directors approval in their meeting held on 11 March 2011, 25 April 2015 and 29 April 2014, the Company has established ESOP 2 - 2011 plan, ESOP 2013 plan and ESOP 2013 (Revised) plan respectively and has allocated 225,000, 400,000 and 200,000 equity shares of ₹10 each at face value under the respective plans to the ESOP Trust. As at 31 March 2016, the stock option outstanding comprises of NIL, (31 March 2015: 225,000), 214,900 (31 March 2015: 274,900) and 267,500 (31 March 2015: 195,000) equity shares of ₹10 each, fully paid-up at an exercise price of ₹33.00, ₹13.74 and ₹16.23 respectively, each to the eligible employees, subject to progressive vesting over a period of 60 months, 36 months and 36 months respectively from the date of the grant and exercise price being payable immediately under the respective schemes. ESOP 2013 and ESOP 2013 (Revised) plan are accounted at intrinsic value of ₹6.65 and ₹10.10 respectively being the difference between the market value as estimated by the management and the grant price is accounted as stock option compensation cost over the vesting period.

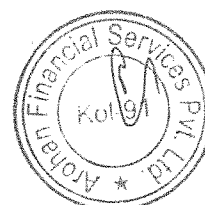
	ESOP 2 - 2011	ESOP 2013	ESOP 2013 (Revised)
Date of Grant	March 31, 2011	May 28, 2015	July 1 2014
Date of Board approval	March 11, 2011	April 25, 2015	April 29 2014
Number of options granted	225,000	400,000	200,000
Method of settlement	Equity	Equity	Equity
Vesting period	60 months from the date of Grant	36 months from the date of Grant	36 months from the date of Grant

The exercise price and remaining contractual life of the ESOP Plans are as follows:

	31 March 2016	31 March 2015
<b>ESOP 2-2011</b>		
Exercise price		33
Weighted average remaining contractual life (in years)		1.00
<b>ESOP 2013</b>		
Exercise price	13.74	13.74
Weighted average remaining contractual life (in years)	0.16	1.16
<b>ESOP 2013 (Revised)</b>		
Exercise price	16.23	16.23
Weighted average remaining contractual life (in years)	1.25	2.25

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

	31 March 2016	31 March 2015
Deferred employee stock compensation opening balance	3,226,145	2,632,775
Add: Accrued employee stock compensation	937,489	792,870
Less: Deferred employee stock compensation exercised	(400,042)	(199,500)
Deferred employee stock compensation closing balance	3,763,592	3,226,145



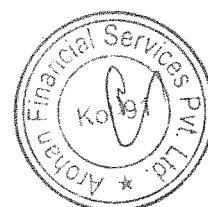
Reconciliation of stock options:

Outstanding as at 1 April 2012  
Exercised and vested  
Forfeited  
Outstanding as at 31 March 2013  
Stock option issued during the year  
Exercised and vested  
Forfeited  
Outstanding as at 31 March 2014  
Stock option issued during the year  
Exercised and vested  
Forfeited  
Outstanding as at 31 March 2015  
Stock option issued during the year  
Exercised and vested  
Forfeited/lapsed  
Outstanding as at 31 March 2016

ESOP 2-2011	ESOP 2013	ESOP 2013 (Revised)
225,000	-	-
-	-	-
-	-	-
225,000	-	-
-	400,000	-
-	4,100	-
-	-	-
225,000	395,900	-
-	-	200,000
-	30,000	-
-	91,000	5,000
225,000	274,900	195,000
-	-	92,500
-	45,000	10,000
225,000	15,000	10,000
-	214,900	267,500



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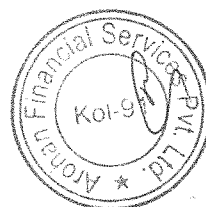


**5 Reserves and surplus**

	31 March 2016	31 March 2015
<b>i) Securities premium reserve</b>		
Balance at the beginning of the year	642,852,290	328,901,099
Add : Premium on shares issued during the year	2,114,519	330,607,278
Add: Transferred from shares options outstanding account	400,250	199,500
Less: Share issue expense	-	(16,855,587)
Balance at the end of the year	<b>645,367,059</b>	<b>642,852,290</b>
<b>ii) Share options outstanding account</b>		
Balance at the beginning of the year	3,226,145	2,632,775
Add : Additions made during the year	937,449	792,870
Less : Transferred to securities premium reserve account	(400,250)	(199,500)
Balance at the end of the year	<b>3,763,344</b>	<b>3,226,145</b>
<b>iii) Statutory reserve</b>		
Balance at the beginning of the year	33,994,647	12,199,871
Add : Transfer from Statement of Profit and Loss	43,308,358	21,794,776
Balance at the end of the year	<b>77,303,005</b>	<b>33,994,647</b>
<b>iv) General reserve</b>		
Balance at the beginning of the year	8,027,029	9,469,194
Less : Adjustment made during the year (*)	-	(1,442,165)
Balance at the end of the year	<b>8,027,029</b>	<b>8,027,029</b>
(*) In accordance with Schedule II of the Companies Act, 2013, the written down value of tangible assets, whose remaining useful life as on 1 April 2014 is Nil, have been adjusted with general reserves.		
<b>v) Surplus/(deficit) in the statement of profit and loss</b>		
Balance at the beginning of the year	690,590	(86,488,516)
Add : Profit for the year	216,541,788	108,973,882
Less : Transfer to statutory reserve	(43,308,358)	(21,794,776)
Less : Provision for preference dividend (including distribution tax)	(2,209)	-
Balance at the end of the year	<b>173,921,811</b>	<b>690,590</b>
	<b>908,382,248</b>	<b>688,790,701</b>

**a) Statutory reserve**

In accordance with the provision of Section 45-IC of the Reserve Bank of India Act, 1934, the Company being an NBFC has transferred 20% of the profit after tax for the year to the Statutory Reserve.



6 Borrowings

	31 March 2016		31 March 2015	
	Long-term	Short-term	Long-term	Short-term
<b>Secured</b>				
Debentures	1,278,832,982	-	977,583,266	-
Term loans from				
Banks	2,431,149,355	400,000,000	1,294,173,725	210,000,000
Others	1,267,269,756	-	1,153,060,523	-
Working capital facility from a bank	-	-	-	3,588,971
	<b>4,977,252,073</b>	<b>400,000,000</b>	<b>3,424,817,514</b>	<b>213,588,971</b>
<b>Unsecured</b>				
Loans and advances from related parties	-	10,800,000	-	9,000,000
Other loans and advances	-	7,001,000	-	6,001,000
	<b>-</b>	<b>17,801,000</b>	<b>-</b>	<b>15,001,000</b>
<b>Total borrowings</b>	<b>4,977,252,073</b>	<b>417,801,000</b>	<b>3,424,817,514</b>	<b>228,589,971</b>
Less: Current maturities of long-term borrowings (note 9)	2,621,554,073	-	2,230,493,841	-
<b>Term loans</b>				
-Banks	1,628,127,033	-	978,639,252	-
-Others	685,094,090	-	929,354,289	-
<b>Debentures</b>	<b>508,332,950</b>	<b>-</b>	<b>322,500,500</b>	<b>-</b>
	<b>2,355,698,000</b>	<b>417,801,000</b>	<b>1,194,323,673</b>	<b>228,589,971</b>

a) Terms and conditions of debentures issued

Name of Debenture Holder	Amount borrowed (₹)	Rate of Interest	Repayment Schedule
Hinduja Leyland Finance Limited (Face Value ₹500,000)	100,000,000	13.65%	24 Monthly installments commencing from May 2014
RBI Bank Limited (Face Value ₹1,000,000)	150,000,000	11.88%	15 Bi-monthly installments commencing from September 2014
Mahindra & Mahindra Financial Services Limited (Face Value ₹1,000,000)	75,000,000	13.25%	24 Monthly installments commencing from October 2014
Hinduja Leyland Finance Limited (Face Value ₹1,000,000)	150,000,000	13.50%	24 Monthly installments commencing from December 2014
Mahindra & Mahindra Financial Services Limited (Face Value ₹1,000,000)	100,000,000	13.25%	24 Monthly installments commencing from February 2015
Hinduja Leyland Finance Limited (Face Value ₹1,000,000)	100,000,000	13.50%	24 Monthly installments commencing from April 2015
Various Mutual Fund Asset Management Companies (Face Value ₹5,000)	150,000,000	11.84%	16 Monthly installments commencing from October 2015
Microfinance Initiative for Asia (MIFA) Debt Fund (Face Value ₹1,000,000)	150,000,000	15.00%	Bullet Repayment in July 2017
AAV Sarl (Symbiotics) (Face Value ₹5,000,000)	290,500,000	14.75%	Repayable in 2 tranches in May 2018 and November 2018
Microfinance Initiative for Asia (MIFA) Debt Fund SA, SIGAV-SB (Face Value ₹1,000,000)	200,000,000	14.30%	Bullet Repayment in January 2021
UTI International Wealth Creator 4 (Face Value ₹1,000,000)	330,000,000	14.30%	Bullet Repayment in December 2021

b) Terms and conditions of loans and nature of security

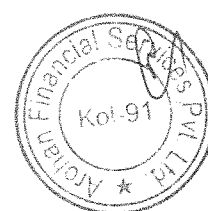
Term loans from Banks and Others are secured by way of hypothecation of the outstanding loan portfolio, in addition to the fixed deposits being held as collateral security. The term loan carries interest in the range of 10.50% per annum to 16.25% per annum (31 March 2015 : 11.75% to 17.35% per annum). Non-convertible debentures issued by the Company are secured by way of first ranking exclusive hypothecation / charge on the owned portfolio of the Company to the extent of security cover ratio of 1.1:1 in favour of the trustees for the benefit of the debenture holders.

c) Terms and conditions of short-term borrowings and nature of security

Short-term secured loans from banks and financial institutions are secured by hypothecation of loan portfolio, in addition to the fixed deposits being held as collateral security and are repayable in 12 or less than 12 monthly installments. Unsecured loans are repayable on demand. The short term loans carry interest in the range of 11.60% per annum to 15.00% per annum (31 March 2015 : 13.20% to 15.00% per annum).

d) Repayment details of borrowings

	31 March 2016	31 March 2015
Up to 1 year	2,621,554,073	2,230,493,841
Over 1 to 3 years	1,825,698,000	903,823,673
Over 3 years	530,000,000	290,500,000
	<b>4,977,252,073</b>	<b>3,424,817,514</b>



**7 Other long-term liabilities**

	31 March 2016	31 March 2015
Unamortised loan processing fees	7,799,962	3,411,750
	<b>7,799,962</b>	<b>3,411,750</b>

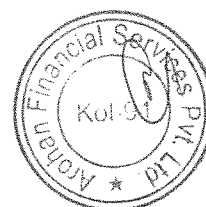
- 8 There are no amounts that need to be disclosed in accordance with the Micro Small and Medium Enterprise Development Act, 2006 (the 'MSMED Act') pertaining to micro or small enterprises. For the year ended 31 March 2016, no supplier has intimated the Company about its status as micro or small enterprises or its registration with the appropriate authority under MSMED Act.

**9 Other current liabilities**

	31 March 2016	31 March 2015
Current maturities of long-term borrowings	2,621,554,073	2,230,493,841
Interest accrued but not due on borrowings	55,107,732	38,259,024
Statutory dues	8,581,375	7,317,028
Payable on account of securitisation	74,229,110	-
Unrealised gain on loan transfer transactions	29,179,530	-
Employee dues	10,502,921	16,997,025
Unamortised loan processing fees	43,825,160	26,701,237
Liabilities for expenses	5,769,051	1,576,209
Unamortised profit on buyout	2,771,415	-
Other payables	16,541,075	1,228,963
	<b>2,868,061,442</b>	<b>2,322,573,327</b>

**10 Provisions**

	31 March 2016		31 March 2015	
	Long-term	Short-term	Long-term	Short-term
Provision against loan portfolio	-	58,601,835	-	36,453,526
Provision for doubtful advances	-	-	-	325,198
Provision for employee benefits	7,632,698	1,177	3,650,660	538
Provision for preference dividend (including tax)	-	2,209	-	-
	<b>7,632,698</b>	<b>58,605,221</b>	<b>3,650,660</b>	<b>36,779,262</b>





## 11 Employee benefits

Defined Benefit Plans - As per Actuarial Valuations as on 31 March 2016 and recognised in the financial statements in respect of Employee Benefit Schemes:

	31 March 2016	31 March 2015
<b>i) Change in projected benefit obligation</b>		
Projected benefit obligation at the beginning of the year	5,852,178	1,946,856
Service cost	1,312,534	921,903
Interest cost	341,672	143,445
Actuarial (gain) / loss	3,841,793	3,546,025
Benefits paid	(3,162,559)	(706,051)
Projected benefit obligation at the end of the year	<u>8,185,618</u>	<u>5,852,178</u>
<b>ii) Change in plan assets</b>		
Fair value of plan assets at the beginning of the year	2,610,949	2,899,026
Expected return on plan assets	142,113	229,140
Actuarial (gain) / loss	-	188,834
Employer contributions	1,493,478	-
Benefits paid	(3,162,559)	(706,051)
Fair value of plan assets at the end of the year	<u>1,083,981</u>	<u>2,610,949</u>
<b>iii) Reconciliation of present value of obligation on the fair value of plan assets</b>		
Present value of projected benefit obligation at the end of the year	(8,185,618)	(5,852,178)
Funded status of the plans	1,083,981	2,610,949
Asset / (liability) recognised in the balance sheet	<u>(7,101,637)</u>	<u>(3,241,229)</u>
<b>iv) Components of Employer Expenses</b>		
Service cost	1,312,534	921,903
Interest cost	341,672	143,445
Expected returns on plan assets	(142,113)	(229,140)
Recognized net actuarial (gain)/ loss	3,841,793	3,357,191
<b>Total expense recognised in the Statement of Profit and Loss</b>	<u>5,353,886</u>	<u>4,193,399</u>

Net Gratuity expenses have been recognised in "Contribution to Provident and other funds" under Note 23.

## v) Key actuarial assumptions

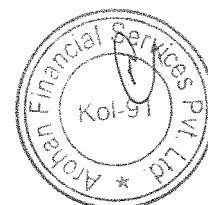
Discount rate	8.00%	8.00%
Long-term rate of compensation increase	5.00%	5.00%
Rate of return on plan assets	8.00%	8.70%
Withdrawal rates	1st 5 years of service 60% more than 5 years of service 1%	

The Company assesses these assumptions with the projected long-term plans of growth and prevalent industry standards. The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant facts.

## vi) Table for 5 years actuarial valuation disclosures for Gratuity

Particulars	2016	2015	2014	2013	2012
Defined benefit obligation	8,185,618	5,852,178	1,946,856	2,426,658	1,974,262
Plan assets	1,083,981	2,610,949	2,899,026	3,467,718	2,599,473
(Surplus)/Deficit	7,101,637	3,241,229	(952,170)	(1,041,060)	(625,211)
Net actuarial loss/(gain) recognized during the current year	3,841,793	3,357,191	(627,771)	(189,700)	376,928

vii) The Company makes contribution to statutory provident fund in accordance with Employees Provident Fund and Miscellaneous Provision Act, 1952. This is post-employment benefit and is in the nature of defined contribution plan. Contribution made by the Company during the year is ₹10,081,941 (31 March 2015: ₹5,100,981).



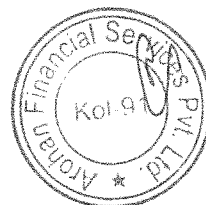


## 12 Tangible assets

	Furniture and fixtures	Computer and accessories	Office equipment	Total
<b>Gross block</b>				
Balance as at 1 April 2014	7,474,578	6,432,026	1,218,944	15,125,548
Additions	2,170,121	4,645,837	699,213	7,515,171
Disposals	-	(570,222)	-	(570,222)
Balance as at 31 March 2015	9,644,699	10,507,641	1,918,157	22,070,497
Additions	2,149,953	7,236,191	1,641,703	11,027,847
Disposals	-	414,284	-	414,284
Balance as at 31 March 2016	11,794,652	17,329,548	3,559,860	32,684,060
<b>Accumulated depreciation</b>				
Up to 31 March 2014	4,721,876	3,437,630	225,034	8,384,540
Depreciation charge	429,788	1,551,585	444,722	2,426,095
Reversal on disposal of assets	-	(436,729)	-	(436,729)
Adjustment	-	1,404,224	-	1,404,224
Up to 31 March 2015	5,151,664	5,956,710	669,756	11,778,130
Depreciation charge	2,761,854	3,856,975	727,930	7,346,759
Reversal on disposal of assets	-	414,284	-	414,284
Up to 31 March 2016	7,913,518	9,399,401	1,397,686	18,710,605
<b>Net block</b>				
Balance as at 31 March 2015	4,493,035	4,550,931	1,248,401	10,292,367
Balance as at 31 March 2016	3,881,134	7,930,147	2,162,174	13,973,455



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**13 Intangible assets**

	Computer Software	Total
<b>Gross block</b>		
Balance as at 1 April 2014	12,033,358	12,033,358
Additions	1,438,687	1,438,687
Balance as at 31 March 2015	13,472,045	13,472,045
Additions	1,671,305	1,671,305
Balance as at 31 March 2016	15,143,350	15,143,350
<b>Accumulated amortisation</b>		
Up to 31 March 2014	7,037,842	7,037,842
Amortization charge	1,470,595	1,470,595
Up to 31 March 2015	8,508,437	8,508,437
Amortization charge	1,284,796	1,284,796
Up to 31 March 2016	9,793,233	9,793,233
<b>Net block</b>		
Balance as at 31 March 2015	4,963,608	4,963,608
Balance as at 31 March 2016	5,350,117	5,350,117

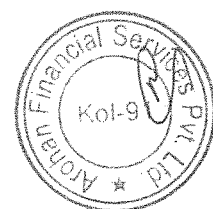
**14 Investments**

(Valued at cost unless stated otherwise)

	31 March 2016		31 March 2015	
	Non-current	Current	Non-current	Current
<b>In equity instruments (Trade, unquoted)</b>				
50,000 (31 March 2015: 50,000) equity shares of ₹10 each fully paid in Alpha Micro Finance Consultant Private Limited	500,000	-	500,000	-
<b>In mutual funds (Non-trade, unquoted)</b>				
Nil (31 March 2015: 1,050,000) units of ₹10 each fully paid in Sundaram Fixed Term Plan 366 Days Regular (Growth)	-	-	-	10,500,000
Nil (31 March 2015: 7,295) units of ₹10 each fully paid in ICICI Prudential Ultra Short Term Plan (Growth)	-	-	-	100,000
<b>Aggregate amount of unquoted investments</b>	<b>500,000</b>	<b>-</b>	<b>500,000</b>	<b>10,600,000</b>

**15 Deferred tax assets (net)**

	31 March 2016	31 March 2015
On account of provision for bad and doubtful receivables	20,280,923	12,501,088
On account of temporary disallowances	2,641,931	1,241,042
On account of fixed assets	(602,834)	(631,624)
<b>Deferred tax assets (net)</b>	<b>22,320,020</b>	<b>13,110,506</b>



**16 Loan to customers**

	31 March 2016		31 March 2015	
	Non-current	Current	Non-current	Current
Unsecured, considered good*	1,068,949,273	4,766,958,933	490,773,124	3,144,734,936
Unsecured, considered doubtful**	-	24,287,534	218,817	9,625,705
	<b>1,068,949,273</b>	<b>4,791,246,467</b>	<b>490,991,941</b>	<b>3,154,360,641</b>

\* Represents standard assets classified in accordance with the RBI Prudential Norms (Refer note 16(a))

\*\* Represents non-performing assets classified in accordance with the RBI Prudential Norms (Refer note 16(a))

**16(a) Loans to customers**

Loans to customers has been classified in accordance with the directives issued by the RBI Prudential Norms, read with accounting policy mentioned in note 3(h). The necessary provisions as per the RBI norms have been made. The details are as follows:

**As at 31 March 2016**

Asset classification	Classification criteria	Amount Outstanding	Provision
Standard assets	0-90 days	5,835,908,206	58,358,960
Non-performing assets	above 90 days	24,287,534	242,875
<b>Total</b>		<b>5,860,195,740</b>	<b>58,601,835</b>

**As at 31 March 2015**

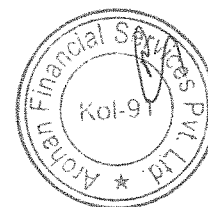
Asset classification	Classification criteria	Amount Outstanding	Provision
Standard assets	0-90 days	3,635,508,060	36,355,081
Non-performing assets	above 90 days	9,844,522	98,445
<b>Total</b>		<b>3,645,352,582</b>	<b>36,453,526</b>

**17 Loans and advances**

(Unsecured, considered good)

	31 March 2016		31 March 2015	
	Long-term	Short-term	Long-term	Short-term
Security deposits	3,095,866	3,209,950	3,196,910	1,697,740
Deposit with financial institutions [Refer (a) below]	10,000,000	15,041,818	-	23,750,000
Advance tax, net of provision	4,343,136	-	3,243,736	-
Loan to Arohan ESOP Trust	9,600,000	-	9,600,000	-
Advance payment against securitisation	-	-	-	5,875,396
Portfolio buyout receivables	-	14,634,750	-	-
Advances to employees	-	3,317,995	-	1,004,919
Balances with government authorities	375,279	-	-	1,251,850
Other receivables	-	37,744,031	-	26,052,410
	<b>27,414,281</b>	<b>73,948,544</b>	<b>16,040,646</b>	<b>59,632,315</b>

(a) Represents deposits placed as margin money to avail term loans from financial institutions.



**18 Other non-current assets**

(Unsecured, considered good)

	31 March 2016	31 March 2015
Bank deposits with maturity of more than 12 months [Refer (a) below]	284,666,602	113,463,391
Interest accrued on fixed deposits	10,991,214	15,403,955
Unamortised loan processing charges	27,480,762	7,672,744
	<b>323,138,578</b>	<b>136,540,090</b>

- (a) Includes deposits aggregating to ₹262,383,208 (31 March 2015 ₹113,050,000) placed as margin money deposits to avail term loans from banks, financial institutions and as cash collateral in connection with asset assignments/securitisation transactions.

**19 Cash and bank balances**

	31 March 2016	31 March 2015
<b>Cash and cash equivalents</b>		
Balances with banks		
- in current accounts	330,771,935	436,273,781
- in deposit account (with original maturity upto 3 months)	240,000,000	560,000,000
Cash on hand	10,484,873	930,830
	<b>581,256,808</b>	<b>997,204,611</b>
<b>Other bank balances</b>		
Deposits with maturity of less than 12 months [Refer (a) below]	245,014,579	207,784,275
<b>Total</b>	<b>826,271,387</b>	<b>1,204,988,886</b>

- (a) Includes deposits aggregating to ₹220,525,182 (31 March 2015 ₹186,626,378) placed as margin money deposits to avail term loans from banks, financial institutions and as cash collateral in connection with asset assignments/ securitisation transactions.

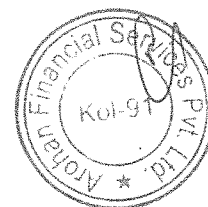
**20 Other current assets**

(Unsecured, considered good)

	31 March 2016	31 March 2015
Accrued interest on loan to customers	77,391,292	49,949,723
Prepaid expenses	2,880,101	413,147
Interest receivable on loan transfer transactions	29,179,530	-
Grant receivable	7,713,315	1,121,279
Unamortised loan processing charges	26,740,992	17,010,186
Interest accrued on fixed deposits	17,024,015	2,139,624
	<b>160,929,245</b>	<b>70,633,959</b>



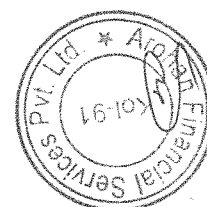
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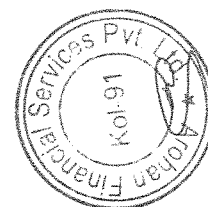
	31 March 2016	31 March 2015
<b>21 Revenue from operations</b>		
Interest on loan to customers	1,134,072,328	648,827,759
Income from loan processing fee	57,081,980	33,009,636
Income from securitisation	14,325,405	17,538,503
Other operating revenues	39,518,471	8,847,065
	<u>1,244,998,184</u>	<u>708,222,963</u>
<b>22 Other income</b>		
Interest income on:		
Fixed deposits	43,341,612	24,407,583
Loan to ESOP trust	-	1,085,546
Income tax refund	-	129,012
Gain on sale of current investments	8,668,132	7,467,034
Dividend income on current investments	-	410,158
Profit on sale of fixed assets	12,000	-
Sundry balances written back	1,280,091	94,315
Miscellaneous income	-	111,440
Grant received	9,352,548	3,648,623
	<u>62,654,383</u>	<u>37,353,711</u>
<b>23 Employee benefit expenses</b>		
Salaries and other allowances	203,539,212	124,491,781
Contribution to provident and other funds	18,617,446	13,864,365
Employee stock option compensation	776,281	792,870
Staff welfare expenses	7,401,016	4,626,755
	<u>230,333,955</u>	<u>143,775,771</u>
<b>24 Finance costs</b>		
Interest expenses	535,840,613	325,947,094
Other borrowing costs	55,082,866	29,672,040
	<u>590,923,479</u>	<u>355,619,134</u>
<b>25 Depreciation and amortisation expense</b>		
Depreciation of tangible assets (Refer note 12)	7,346,759	2,426,095
Amortisation of intangible assets (Refer note 13)	1,284,796	1,470,595
	<u>8,631,555</u>	<u>3,896,690</u>



	31 March 2016	31 March 2015
<b>26 Provision for loan portfolio</b>		
Provision towards own portfolio	22,148,310	20,991,492
	<u>22,148,310</u>	<u>20,991,492</u>
<b>27 Other expenses</b>		
Rent	27,130,341	13,411,089
Repairs and maintenance-others	2,818,348	2,207,995
Insurance	3,434,863	2,557,399
Electricity	1,958,726	1,873,381
Service tax	2,780,249	2,952,922
Office expenses	3,684,809	1,729,183
Membership and subscription	1,479,251	838,113
Office maintenance	4,491,909	3,649,547
Printing and stationery	8,068,362	5,271,598
Professional and legal fees	5,708,256	5,964,530
Recruitment and induction	7,654,511	3,672,885
Communication expenses	2,360,898	2,752,312
Travelling and conveyance	39,702,180	11,403,655
Payment to auditors (Refer note (a) below)	2,372,000	1,532,492
Loss on sale of assets	-	75,903
Loan assets written off	6,643,832	3,001,598
Loss on foreign exchange fluctuation	98,908	-
Expenditure on corporate social responsibility (Refer note 35)	1,712,838	-
Miscellaneous expenses	1,744,948	872,520
	<u>123,845,229</u>	<u>63,767,122</u>
<b>(a) Payments to auditors</b>		
As auditor		
Statutory audit	2,200,000	1,250,000
Tax audit	100,000	-
In other capacity		
Other services	-	54,992
Reimbursement of expenses	72,000	227,500
	<u>2,372,000</u>	<u>1,532,492</u>



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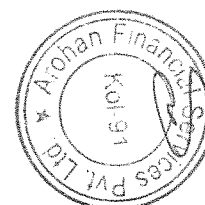
28 Related party disclosures

a) Names of related parties and description of relationship

Relationship	Name
Key Management Personnel (KMP)	Shubhankar Sengupta - Director (upto 30 November 2015) Manoj Kumar Nambiar - Managing Director
Relatives of KMP	Geeta Nambiar
Entities which are able to exercise control or have significant influence	Intellecash Microfinance Network Company Private Limited
	Intellectual Capital Advisory Services Private Limited
	Intellectap Software Technologies Private Limited
	Michael & Susan Dell Foundation
	Tano India Private Equity Fund II
Enterprise over which KMP have significant influence or control	Arohan ESOP Trust

b) Transactions with related parties

	31 March 2016	31 March 2015
<b><u>Issue of equity shares (including share premium)</u></b>		
Intellecash Microfinance Network Company Private Limited	3,565,988	13,500,000
Manoj Kumar Nambiar	-	877,131
Shubhankar Sengupta	424,650	219,279
<b><u>Loan given</u></b>		
Arohan ESOP Trust	-	9,600,000
<b><u>Loan taken</u></b>		
Manoj Kumar Nambiar	3,400,000	-
Geeta Nambiar	3,400,000	-
<b><u>Loan repaid</u></b>		
Manoj Kumar Nambiar	4,000,000	-
Geeta Nambiar	4,000,000	-
<b><u>Remuneration*</u></b>		
Shubhankar Sengupta	4,124,310	2,725,540
Manoj Kumar Nambiar	5,992,680	4,938,120
<b><u>Interest received / (paid)</u></b>		
Manoj Kumar Nambiar	(398,299)	(505,809)
Geeta Nambiar	(556,410)	(716,261)
Arohan ESOP Trust	-	1,085,546
<b><u>Professional fees</u></b>		
Intellectual Capital Advisory Services Private Limited	-	10,504,915
<b><u>Loan processing charges</u></b>		
Manoj Kumar Nambiar	12,000	19,500
Geeta Nambiar	17,000	23,500
<b><u>Reimbursement of expenses</u></b>		
Tano India Private Equity Fund II	12,999	-



Transactions with related parties (continued)

Rent & service charges

Intellectual Capital Advisory Services Private Limited  
Intellectap Software Technologies Private Limited

31 March 2016	31 March 2015
538,382	183,061
3,969	340,816

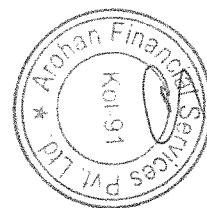
\* Managerial remuneration does not include the share of profit amounting to ₹Nil (31 March 2015: ₹9,454,547) payable to KMP's, the allocation of which is to be decided by the Compensation Committee in its ensuing meeting.

c) Balances receivable/(payable)

Manoj Kumar Nambiar  
Geeta Nambiar  
Arohan ISOP Trust  
Intellectual Capital Advisory Services Private Limited

31 March 2016	31 March 2015
(2,435,982)	(3,000,000)
(3,400,000)	(4,000,000)
9,600,000	9,600,000
(40,777)	183,530

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29 Additional disclosures pursuant to the RBI guidelines and notifications:

i) Capital

	31 March 2016	31 March 2015
Capital to Risk/Weighted Assets Ratio (CRAR) (%)	25.02%	35.88%
CRAR-Tier I Capital (%)	25.02%	35.88%
CRAR-Tier II Capital (%)	0.00%	0.00%
Amount of subordinated debt raised as Tier-II Capital	-	-
Amount raised by issue of Perpetual Debt Instruments	-	-

ii) Investments

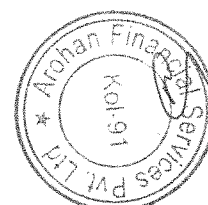
	31 March 2016	31 March 2015
<b>A. Value of Investments</b>		
Gross Value of Investments:		
a) In India	500,000	11,100,000
b) Outside India	-	-
Provisions for Depreciation:		
a) In India	-	-
b) Outside India	-	-
Net Value of Investments		
a) In India	500,000	11,100,000
b) Outside India	-	-
<b>B. Movement of provisions held towards depreciation on investments</b>		
Opening Balance	-	-
Add: Provisions made during the year	-	-
Less: Write-off/Write-back of excess provisions during the year	-	-
Closing Balance	-	-

iii) Derivatives

The Company does not have any derivatives exposure in the current and previous year.

iv) Disclosures relating to Securitisation

	31 March 2016	31 March 2015
<b>A) Securitisation</b>		
1) No. of SPVs sponsored by the NBFC for securitisation transactions	3	-
2) Total amount of securitised assets as per books of the SPVs sponsored	420,256,408	-
3) Total amount of exposures retained by the NBFC to comply with Minimum Retention Requirement (MRR) as on the date of balance sheet		
a) Off-balance sheet exposures		
(i) First loss	-	-
(ii) Others	-	-
b) On-balance sheet exposures		
(i) First loss	22,118,454	-
(ii) Others	-	-
4) Amount of exposures to securitisation transactions other than MRR		
a) Off-balance sheet exposures		
(i) Exposure to own securitisations		
- First loss	-	-



	31 March 2016	31 March 2015
- Others	-	-
(ii) Exposure to third party securitisations		
- First loss	-	-
- Others	-	-
b) On-balance sheet exposures		
(i) Exposure to own securitisations		
- First loss	63,757,929	-
- Others	-	-
(ii) Exposure to third party securitisations		
- First loss	-	-
- Others	-	-
Number of loans assigned/ securitised	44,409	-
Book value of loans assigned/ securitised	420,256,408	-
Sale consideration received for loans assigned/ securitised	420,256,408	-
Gain / (Loss) on account of direct assigned / securitization	-	-
Income recognised in the statement of profit and loss	14,325,405	17,538,503
<b>Credit enhancements provided and outstanding (Gross):</b>		
Principal collateralisation	22,118,454	-
Interest collateralisation	30,381,845	-
Cash collateral	33,376,084	-

**B) Details of Financial Assets sold to Securitisation/Reconstruction Company for Asset reconstruction**

The Company has not sold any financial assets to Securitisation/Reconstruction Company for Asset Reconstruction during the current and previous year.

**C) Details of Assignment transactions undertaken by NBFCs**

The Company has not entered into any assignment transactions during the current and previous year.

**D) Details of non-performing financial assets purchased/sold**

The Company has not purchased/sold any non-performing financial assets (related to securitisation) during the current and previous year.

**v) Asset Liability Management**

Disclosures relating to maturity pattern of certain items of assets and liabilities are given in Note 30.

**vi) Exposures**

**A) Exposure to Real Estate Sector**

The Company did not have any exposure to real estate sector during the current and previous year.

**B) Exposure to Capital Market**

The Company did not have any exposure to capital market during the current and previous year.

**C) Details of financing of parent company products**

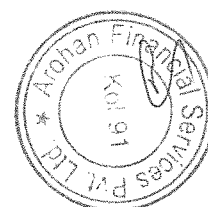
The Company does not have a parent company and accordingly no disclosures required.

**D) Details of Single Borrower Limit (SBL)/Group Borrower Limit (GBL) exceeded by the NBFC**

There are no instances of exceeding the single and group borrowing limit by the Company during the current and previous year.

**E) Unsecured Advances**

All advances given by the Company are unsecured advances to its customers (refer Note 16).



vii) Miscellaneous

A) Registration obtained from other financial sector regulators

The Company is yet to renew its application for registration with Insurance Regulatory Development Authority of India (IRDA).

B) Disclosure of Penalties imposed by RBI and other regulators

There have been no penalties imposed on the Company by RBI or other financial sector regulators during the current and previous year.

C) Related Party Transactions

Details of all material related party transactions are disclosed in Note 28.

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

The details of ratings assigned by Credit Analysis & Research Ltd. (CARL) vide their report dated 30 June 2015 and migration of ratings during the year are as follows:

Facilities	Ratings	Remarks
Long-term Bank facilities	CARE BBB+	Revised from CARE BBB
Non-Convertible Debentures	CARE BBB+	Revised from CARE BBB
Proposed Non-Convertible Debentures	CARE BBB+	Revised from CARE BBB

E) Remuneration of Directors

Details relating to remuneration of directors are disclosed in Note 28.

viii) Additional Disclosures

A) Provisions and Contingencies

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Statement of Profit and Loss

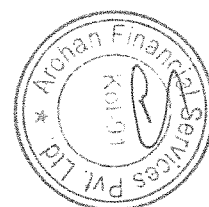
	31 March 2016	31 March 2015
Provision towards standard and non performing assets	22,148,310	20,991,492
Provision made towards Income tax	124,346,659	56,649,562
Other Provision and Contingencies (employee benefits)	5,353,886	4,193,399

B) Draw Down from Reserves

There have been no instances of draw down from reserves by the Company during the current and previous year.

C) Concentration of Advances, Exposures and NPAs

	31 March 2016	31 March 2015
a) Concentration of Advances		
Total Advances to twenty largest borrowers	2,171,542	1,644,037
Percentage of Advances to twenty largest borrowers to Total Advances	0.04%	0.05%



	31 March 2016	31 March 2015
<b>b) Concentration of Exposures</b>		
Total exposure to twenty largest borrowers/customers	2,171,542	1,644,037
Percentage of exposures to twenty largest borrowers / customers to Total Exposure	0.04%	0.05%

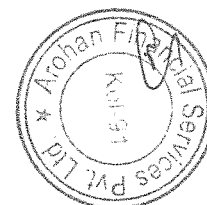
<b>c) Concentration of NPAs</b>		
Total exposure to top four NPA accounts	323,074	295,626

<b>d) Sector-wise NPAs</b>		
	Percentage of NPAs to Total Advances in that sector	
Agriculture & allied activities		Nil
MSME		Nil
Corporate borrowers		Nil
Services		Nil
Unsecured personal loans		0.41%
Auto loans		Nil
Other personal loans		Nil
		0.41%

<b>e) Movement of NPAs</b>		
	31 March 2016	31 March 2015
i) Net NPAs to Net Advances (%)	0.41%	0.27%
ii) Movement of NPAs (Gross)		
a) Opening Balance	9,844,522	3,907,143
b) Additions during the year	18,376,442	8,012,278
c) Reductions during the year	3,933,430	2,074,899
d) Closing balance	24,287,534	9,844,522
iii) Movement of Net NPAs		
a) Opening Balance	9,746,077	3,868,072
b) Additions during the year	18,192,677	7,932,155
c) Reductions during the year	3,894,095	2,054,150
d) Closing balance	24,044,659	9,746,077
iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening Balance	98,445	39,071
b) Provisions made during the year	144,430	59,374
c) Write-off/write-back of excess provisions	-	-
d) Closing balance	242,875	98,445

**f) Overseas Assets (for those with Joint Ventures and Subsidiaries abroad)**  
The Company did not have any overseas assets during the current and previous year.

**g) Off-balance sheet SPVs sponsored (which are required to be consolidated as per accounting norms)**  
The Company did not sponsor any SPVs during the current and previous year.





Arohan Financial Services Private Limited

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ unless otherwise stated)



**AROHAN**

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ix) Disclosure of customer complaints

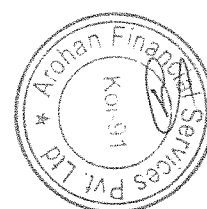
	31 March 2016	31 March 2015
a) No. of complaints pending at the beginning of the year	-	-
b) No. of complaints received during the year	453	83
c) No. of complaints redressed during the year	385	83
d) No. of complaints pending at the end of the year	68	-

x) Information on instances of fraud identified during the year

	31 March 2016	31 March 2015
<b>Nature of fraud</b>		
<i>Cash embezzlement and snatching</i>		
No. of cases	6	4
Amount of fraud	1,072,595	936,721
Recovery	800,546	681,046
Amount provided for	272,049	255,675
<i>Loans given against fictitious documents</i>		
No. of cases	1	-
Amount of fraud	371,992	-
Recovery	275,244	-
Amount provided for	96,748	-



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## 30 Asset Liability Management

## Maturity pattern of assets and liability as on 31 March 2016

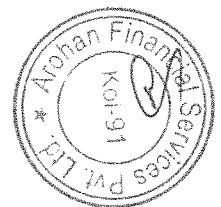
	Up to 30/31 days	Over 1 Month up to 2 Months	Over 2 Months up to 3 Months	Over 3 Months & up to 6 Months	Over 6 Months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Deposits	267,128,849	29,100,543	7,912,636	51,865,225	144,034,821	294,680,925	-	-	794,722,999
Advances (Micro Finance Portfolio)	537,992,272	573,639,231	555,746,889	1,443,654,615	1,680,213,460	1,068,949,273	-	-	5,860,195,740
Investments	-	-	-	-	-	-	-	500,000	500,000
Borrowings	285,787,595	209,366,743	318,589,285	861,988,275	1,363,623,175	1,825,698,000	200,000,000	330,000,000	5,395,053,073
Foreign Currency assets	1,341,020	-	-	-	-	-	-	-	1,341,020
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-

## Maturity pattern of assets and liability as on 31 March 2015

	Up to 30/31 days	Over 1 Month up to 2 Months	Over 2 Months up to 3 Months	Over 3 Months & up to 6 Months	Over 6 Months & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years	Total
Deposits	570,321,429	8,375,000	600,000	56,174,347	156,063,499	113,463,391	-	-	904,997,666
Advances (Micro Finance Portfolio)	326,785,646	339,092,433	334,027,843	897,253,286	1,257,869,935	490,323,439	-	-	3,645,352,582
Investments	-	-	10,600,000	-	-	-	-	500,000	11,100,000
Borrowings	196,480,082	222,501,306	229,519,348	632,666,664	1,177,916,412	903,823,673	290,500,000	-	3,653,407,485
Foreign Currency assets	-	1,114,560	-	-	-	-	-	-	1,114,560
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-

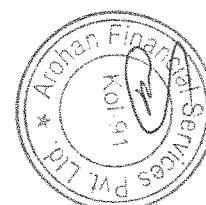
## Notes:

1. The above borrowings exclude interest accrued and due and interest accrued but not due.
2. The advances comprise of loan portfolio and does not include interest accrued.
3. The above information has been considered as per the Asset Liability Management (ALM) Report compiled by the management and reviewed by the ALM Committee.


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**31 Additional disclosures pursuant to Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 issued by RBI**

	As at 31 March 2016	
	Amount outstanding	Amount overdue
<b>Liabilities side :</b>		
(1) Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:		
(a) Debentures		
Secured	1,278,832,982	-
Unsecured	-	-
(other than falling within the meaning of public deposits)		
(b) Deferred Credits	-	-
(c) Term Loans (includes short-term borrowings)	4,098,419,091	-
(d) Inter-corporate loans and borrowing	-	-
(e) Commercial Paper	-	-
(f) Other Loans	17,801,000	-
<b>Assets side :</b>		
		<b>31 March 2016</b>
(2) Break up of Loans to customers:		
a) Secured, gross		-
b) Unsecured, gross		5,860,195,740
(3) Break up of Leased Assets		
(i) Lease assets including lease rentals under sundry debtors:		
(a) finance lease		-
(b) operating lease		-
(ii) Stock on hire including hire charges under sundry debtors:		
(a) assets on hire		-
(b) repossessed asset		-
(iii) Other loans relating towards APC activities		
(a) loans where assets have been repossessed		-
(b) loans other than (a) above		-
(4) Breakup of investments ( long-term unquoted equity)		
Current Investments :		
1. Quoted		
(i) Shares :		
(a) Equity		-
(b) Preference		-
(ii) Debentures and Bonds		-
(iii) Units of mutual funds		-
(iv) Government Securities		-
(v) Others		-
2. Unquoted		
(i) Shares :		
(a) Equity		-
(b) Preference		-
(ii) Debentures and Bonds		-
(iii) Units of mutual funds		-
(iv) Government Securities		-
(v) Others		-





31 March 2016

## Long Term investments :

## 1. Quoted

## (i) Shares :

## (a) Equity

## (b) Preference

## (ii) Debentures and Bonds

## (iii) Units of mutual funds

## (iv) Government Securities

## (v) Others

## 2. Unquoted

## (i) Shares:

## (a) Equity

## (b) Preference

## (ii) Debentures and Bonds

## (iii) Units of mutual funds

## (iv) Government Securities

## (v) Others

500,000

## Net of provision as at 31 March 2016

## (5) Borrower group-wise classification of assets financed as in (2) and (3)

## Category

## Secured

## Unsecured

## Total

## 1. Related parties

## (a) Subsidiaries

## (b) Companies in the same group

## (c) other related parties

## 2. Other than related parties

## Total

-

-

-

-

5,801,593,905

5,801,593,905

5,801,593,905

5,801,593,905

## (6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)

## Category

Market value /  
Breakup or fair  
value or NAVBook value  
(net of  
provisions)

## 1. Related parties

## 2. Other than related parties

## Total

-

500,000

500,000

-

500,000

500,000

## (7) Other information

31 March 2016

## (i) Gross non-performing assets

## (a) Related parties

## (b) Other than related parties

## (ii) Net non-performing assets

## (a) Related parties

## (b) Other than related parties

## (iii) Assets acquired on satisfaction of debt

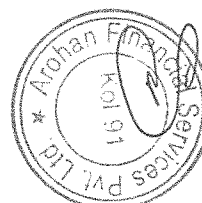
-

24,287,534

-

24,044,659

-



**32 Contingent liabilities and commitments**

- (a) Demand for income tax received from income tax authorities in respect of which the Company has gone for appeal is ₹1,086,500 (31 March 2015: ₹1,086,500). Based on the management assessment, crystallization of liability on these items is not considered probable and hence not acknowledged as debt by the Company.
- (b) Corporate Guarantee provided to IndusInd Bank towards partnership agreement for ₹7,500,000 (31 March 2015: ₹7,500,000).
- (c) The details of credit enhancement provided in respect of securitisation transaction outstanding as at 31 March 2016 has been provided in note 29(iv).
- (d) Capital commitment for purchase/ development of intangible asset (net of advances) ₹1,938,719 (31 March 2015: ₹4,085,000).

**33 Earnings per equity share [EPES]**

	31 March 2016	31 March 2015
a) Profit considered for computation of basic and diluted EPES	216,541,788	108,973,883
b) Computation of weighted average number of equity shares in computation of basic and diluted EPES		
Weighted average number of shares considered for computation of basic EPES	51,687,286	41,611,484
Add: Effect of shares issued under ESOP scheme	62,429	96,630
Add: Effect of convertible preference shares	9,176,660	125,708
Add: Effect of warrants issued	83,184	103,684
Weighted average number of shares considered for computation of diluted EPES	<u>61,009,559</u>	<u>41,937,506</u>
c) Earnings per equity share [EPES]		
Basic EPES	4.19	2.62
Diluted EPES	<u>3.55</u>	<u>2.60</u>

**34 Earnings in foreign currency**

	31 March 2016	31 March 2015
Grant income	2,933,475	1,951,695
	<u>2,933,475</u>	<u>1,951,695</u>

**35 Disclosure in respect of Corporate Social Responsibility under section 135 of the Companies Act, 2013 and Rules thereunder**

	31 March 2016	31 March 2015
(a) Gross amount required to be spent during the year	1,712,838	-
(b) Amount spent during the year on:		
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than (i) above	1,712,838	-



**Arohan Financial Services Private Limited****Summary of significant accounting policies and other explanatory information**

(All amounts in ₹ unless otherwise stated)

**36 Segment reporting**

The Company operates in a single reportable segment i.e. micro credit, which has similar risks and returns for the purpose of AS 17 on 'Segment Reporting'. The Company does not have any reportable geographical segment.

37 Lease payments made under cancellable operating lease amounting to ₹27,130,341 (31 March 2015: ₹13,411,089) disclosed as rent and the same has been recognised as an expense in the statement of profit and loss.

38 Additional information as required under paragraph 5 of Part II of Schedule III to the Act to the extent either 'Nil' or 'Not Applicable' has not been furnished.

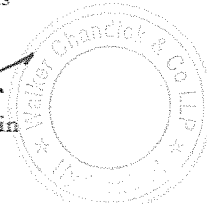
**39 Comparatives**

Previous year figures have been reclassified / regrouped wherever necessary, to confirm to current year presentation.

This is the summary of significant accounting policies.

*Walker Chandiot & Co LLP*  
For Walker Chandiot & Co LLP  
Chartered Accountants

*Sanjay Kumar Jain*  
per Sanjay Kumar Jain  
Partner



For and on behalf of Board of Directors of  
**Arohan Financial Services Private Limited**

*Manoj Kumar Nambiar*  
Manoj Kumar Nambiar  
Managing Director

*Vanita Mundhra*  
Vanita Mundhra  
Company Secretary

*Anurag Agrawal*  
Anurag Agrawal  
Director

*Milind Nare*  
Milind Nare  
Chief Financial Officer

Place: Kolkata

Date: 9 May 2016

Place: Kolkata

Date: 9 May 2016

