

# Walker Chandiook & Co LLP

**Walker Chandiook & Co LLP**  
(Formerly Walker, Chandiook & Co)  
10 C Hungerford Street  
5th Floor, Kolkata 700017  
India

T +91 33 4050 8000

## **Auditor's Report**

[Pursuant to the Master Direction - Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016]

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 2017, 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 19 May 2017.
2. As required by Master Direction - Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016, issued by the Reserve Bank of India ("the RBI") vide Notification No. RBI/DNBS/2016-17/48 dated 29 September 2016, and based on our audit, we report on the matters specified in paragraphs 3(A) and 3(C) 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 I(a) of the RBI 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 its principal business criteria i.e. financial asset/income pattern for the year ended and as at 31 March 2017, the Company is entitled to continue to hold the certificate of registration issued by the RBI.
  - c. The Company is meeting the required net owned fund requirement as laid down in Master Direction - Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.



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- d. The board of directors of the Company in their meeting held on 9 May 2016 has passed a resolution for non-acceptance of any public deposits during the year ended 31 March 2017.
- e. The Company has not accepted any public deposits during the year ended 31 March 2017.
- f. 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 income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts as applicable to it in terms of the Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.
- g. The capital adequacy ratio (36.83%) calculated based on unaudited financial statements for the year ended 31 March 2017 has been submitted with the RBI in form NBS- 7 on 14 April 2017. The recomputed capital adequacy (39.35%) ratio based on audited financial statements for the year ended 31 March 2017 is yet to be filed with the RBI. However, based on our examination of the computation of the capital adequacy ratio, we report that such ratio is in compliance with the minimum capital to risk asset norm prescribed by the RBI.
- h. The Company has been correctly classified as NBFC Micro Finance Institutions (MFI) as defined in the Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

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

Chartered Accountants

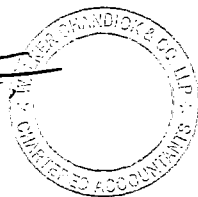
Firm Registration No: 001076N/N500013

*Anamitra Das*

per Anamitra Das

Partner

Membership No.: 062191



Place: Kolkata

Date: 19 May 2017

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(Formerly Walker, Chandiook & Co)  
10 C Hungerford Street  
5th Floor, Kolkata 700017  
India

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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 2017, 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 prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making 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.



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## 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 these 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 2017, 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. Further to our comments in Annexure A, 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 2017 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 on 31 March 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 19 May 2017 as per Annexure B expresses our unmodified opinion on adequacy and operative effectiveness of internal controls over financial reporting; 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 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
- i. the Company, as detailed in Note 32 to the financial statements, 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;
  - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and
  - iv. the Company has provided disclosures in Note 35 to the financial statements regarding holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Based on the audit procedures performed and taking into consideration the information and explanations given to us, in our opinion, the total receipts, total payments and total amount deposited in banks are in accordance with the books of account maintained by the Company. However, in the absence of sufficient appropriate audit evidence, we are unable to comment upon the appropriateness of classification between Specified Bank Notes and other denomination notes of 'Permitted receipts', 'Non-permitted receipts', 'Permitted payments' and 'Amount deposited in banks' as disclosed under such Note.

*Walker Chandiook & Co LLP*

For Walker Chandiook & Co LLP

Chartered Accountants

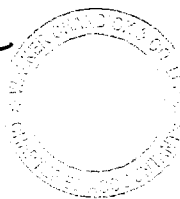
Firm Registration No.: 001076N/N500013

*Anamitra Das*

per Anamitra Das

Partner

Membership No.: 062191



Place: Kolkata

Date: 19 May 2017

# Walker Chandiook & Co LLP

## 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 2017

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 property (in the nature of 'fixed assets'). 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) In our opinion, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of loans, investments, guarantees and security.
- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) 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) 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, have generally been regularly deposited to the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.
- (b) The dues outstanding in respect of income-tax, sales-tax, service tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

### Statement of Disputed Dues

Name of the statute	Nature of dues	Amount (₹ lacs)	Amount Paid Under Protest (₹ lacs)	Period to which the amount relates	Forum where dispute is pending
The Income-tax Act, 1961	Income Tax	22.89	11.52	AY 2014-15	Commissioner of Income Tax (Appeals).



# 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 2017

- (viii) The Company has not defaulted in repayment of loans or borrowings to any financial institution or a bank or government or any dues to debenture-holders during the year.
- (ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In our opinion, the terms loans were applied for the purposes 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 ₹ 2,453,434 and two instances of fake disbursement for ₹ 1,114,214 respectively aggregating to ₹ 3,567,648. The Company has recovered ₹ 1,780,326 and ₹ 814,769 respectively in respect of these incidents of fraud from the insurance company/ employees and the outstanding balance of ₹ 972,553 (net of recovery as above), as at 31 March 2017 has been provided for.
- (xi) Managerial remuneration has been paid/provided by the Company 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, provisions of clause 3(xii) of the Order are 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 etc., as required by the applicable accounting standards.
- (xiv) During the year, the Company has made private placement of shares. In respect of the same, in our opinion, the Company has complied with the requirement of Section 42 of the Act and the Rules framed thereunder. Further, in our opinion, the amounts so raised have been used for the purposes for which the funds were raised. During the year, the company did not make preferential allotment of shares or fully or partly convertible debentures.
- (xv) In our opinion, the Company has not entered into any non-cash transactions with directors or persons connected with them, covered under Section 192 of the Act.
- (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

*Anamitra Das*

per Anamitra Das

Partner

Membership No.: 062191

Place: Kolkata

Date: 19 May 2017



# Walker ChandioK & 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 2017

## 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 2017, we have audited the internal financial controls over financial reporting (IFCoFR) of the company 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 2017

## 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 2017, 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

*Anamitra Das*

per Anamitra Das

Partner

Membership No.: 062191



Place: Kolkata

Date: 19 May 2017

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**Arohan Financial Services Private Limited****Balance Sheet as at 31 March 2017**

(All amounts in ₹ unless otherwise stated)

	Notes	As at 31 March 2017	As at 31 March 2016
<b>Equity and liabilities</b>			
<b>Shareholders' funds</b>			
Share capital	4	822,688,680	693,878,900
Reserves and surplus	5	2,589,035,837	908,382,248
		<u>3,411,724,517</u>	<u>1,602,261,148</u>
<b>Non-current liabilities</b>			
Long-term borrowings	6	4,087,064,840	2,355,698,000
Other long-term liabilities	7	6,513,336	7,799,962
Long-term provisions	8	50,207,334	38,683,966
		<u>4,143,785,510</u>	<u>2,402,181,928</u>
<b>Current liabilities</b>			
Short-term borrowings	6	679,530,000	417,801,000
Trade payables			
Payable to micro, small and medium enterprises			
Others	9	1,512,042	243,177
Other current liabilities	10	3,773,470,914	2,868,061,442
Short-term provisions	8	84,386,321	27,553,953
		<u>4,538,899,277</u>	<u>3,313,659,572</u>
<b>Total</b>		<u><b>12,094,409,304</b></u>	<u><b>7,318,102,648</b></u>
<b>Assets</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
Tangible assets	12	25,972,265	13,973,455
Intangible assets	13	23,401,367	5,350,117
Intangible asset under development		24,847,000	4,061,281
Non-current investments	14	500,000	500,000
Deferred tax assets (net)	15	34,424,871	22,320,020
Loan to customers	16	703,367,774	1,068,949,273
Long-term loans and advances	17	21,713,939	27,414,281
Other non-current assets	18	678,200,913	323,158,578
		<u>1,512,428,129</u>	<u>1,465,707,005</u>
<b>Current assets</b>			
Cash and bank balances	19	1,905,351,356	826,271,387
Loan to customers	16	8,299,066,989	4,791,246,467
Short-term loans and advances	17	158,003,935	61,189,561
Other current assets	20	219,558,895	173,688,228
		<u>10,581,981,175</u>	<u>5,852,395,643</u>
<b>Total</b>		<u><b>12,094,409,304</b></u>	<u><b>7,318,102,648</b></u>

Notes 1 to 40 form an integral part of these financial statements.

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

*Walker Chandok & Co LLP*For Walker Chandok & Co LLP  
Chartered Accountants*Anamitra Das*  
per Anamitra Das  
PartnerFor and on behalf of Board of Directors of  
Arohan Financial Services Private Limited*Manoj Kumar Nambiar*  
Manoj Kumar Nambiar  
Managing Director*Anurag Agrawal*  
Anurag Agrawal  
Director*Vanita Mundhra*Vanita Mundhra  
Company Secretary*Milind Nare*  
Milind Nare  
Chief Financial OfficerPlace: Kolkata  
Date: 19 May 2017Place: Kolkata  
Date: 19 May 2017

**Arohan Financial Services Private Limited**  
**Statement of Profit and Loss for the year ended 31 March 2017**  
 (All amounts in ₹ unless otherwise stated)

	Notes	For the year ended 31 March 2017	For the year ended 31 March 2016
<b>Revenue</b>			
Revenue from operations	21	2,104,477,722	1,280,847,481
Other income	22	45,355,223	26,805,086
<b>Total revenue</b>		<b>2,149,832,945</b>	<b>1,307,652,567</b>
<b>Expenses</b>			
Employee benefits expense	23	438,483,602	230,333,955
Finance costs	24	987,759,693	590,923,479
Depreciation and amortisation expense	25	13,118,623	8,631,555
Provision for loan portfolio	26	65,054,687	22,148,310
Other expenses	27	235,103,181	123,845,229
<b>Total expenses</b>		<b>1,739,519,786</b>	<b>975,882,528</b>
<b>Profit before tax</b>		<b>410,313,159</b>	<b>331,770,039</b>
<b>Tax expense</b>			
Current tax expense		147,335,809	124,346,659
Tax expense for earlier periods		455,157	91,106
Deferred tax benefit		(12,104,851)	(9,209,514)
<b>Profit for the year</b>		<b>274,627,044</b>	<b>216,541,788</b>
<b>Earnings per equity share [EPES]</b>			
Nominal value per share		10	10
Basic		4.86	4.19
Diluted		4.86	3.55

Notes 1 to 40 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 Chandiook & Co LLP*  
 For Walker Chandiook & Co LLP  
 Chartered Accountants

*Anamitra Das*  
 per Anamitra Das  
 Partner

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

*Mansi Kumar Nambiar*  
 Mansi Kumar Nambiar  
 Managing Director

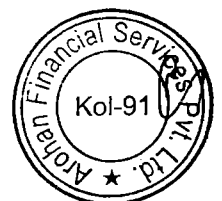
*Vanita Mundhra*  
 Vanita Mundhra  
 Company Secretary

*Anurag Agrawal*  
 Anurag Agrawal  
 Director

*Milind Nare*  
 Milind Nare  
 Chief Financial Officer

Place: Kolkata  
 Date: 19 May 2017

Place: Kolkata  
 Date: 19 May 2017

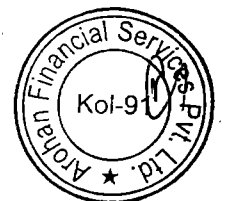


**Arohan Financial Services Private Limited**  
**Cash Flow Statement for the year ended 31 March 2017**  
 (All amounts in ₹ unless otherwise stated)

	Year ended 31 March 2017	Year ended 31 March 2016
<b>Cash flows from operating activities</b>		
Profit before tax	410,313,159	331,770,039
<b>Adjustments:</b>		
Depreciation and amortisation	13,118,623	8,631,555
Provision for non-performing assets	65,054,687	22,148,310
Finance costs	987,759,693	590,923,479
Loan assets written-off	15,260,694	6,643,832
Liabilities written back	(264,827)	(1,280,091)
Employee stock option compensation	145,101	776,281
Gain on sale of investments	(23,815,410)	(8,668,132)
Gain on sale of assets	(29,693)	(12,000)
Interest on Income tax refund	(69,212)	-
<b>Operating profit before working capital changes</b>	<b>1,467,472,815</b>	<b>950,933,273</b>
Increase in loans to customers	(3,157,499,717)	(2,221,486,990)
(Increase) / decrease in long-term loans and advances	8,331,700	(10,274,235)
Increase in short-term loans and advances	(96,970,249)	(14,155,061)
Increase in other non-current assets	(350,353,724)	(166,790,470)
Increase in other current assets	(43,670,262)	(80,564,480)
Increase/(decrease) in trade payables	1,268,865	(4,560,608)
Increase/(decrease) in long-term provisions	(8,750,402)	3,982,038
Increase/(decrease) in short-term provisions	12,051,450	(324,560)
Increase in other liabilities	108,021,006	143,247,478
<b>Cash used in operating activities</b>	<b>(2,060,098,518)</b>	<b>(1,399,993,615)</b>
Income taxes paid (net of refunds)	(150,353,112)	(125,537,166)
<b>Net cash used in operating activities</b> (A)	<b>(2,210,451,630)</b>	<b>(1,525,530,781)</b>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets (net of subsidy received)	(20,938,346)	(11,027,847)
Purchase of intangible assets (net of subsidy received)	(18,224,646)	(3,817,586)
Proceeds from sale of tangible fixed assets	85,283	12,000
Additions to Intangible asset under development	(24,847,000)	-
Purchase of investments	(6,073,400,001)	(3,539,420,000)
Proceeds from sale of investments	6,097,215,411	3,558,688,133
Decrease/(increase) in other bank balances and restricted deposits	166,485,710	(37,230,304)
<b>Net cash generated from/(used in) investing activities</b> (B)	<b>126,376,411</b>	<b>(32,795,604)</b>

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**Arohan Financial Services Private Limited**  
**Cash Flow Statement for the year ended 31 March 2017**  
 (All amounts in ₹ unless otherwise stated)

	Year ended 31 March 2017	Year ended 31 March 2016
<b>Cash flows from financing activities</b>		
Proceeds from issue of equity shares	1,558,017,442	4,346,589
Share issue expenses	(23,170,342)	-
Proceeds from long-term borrowings	6,085,499,990	4,874,000,000
Repayment of long-term borrowings	(3,606,749,654)	(3,321,565,441)
Proceeds from short-term borrowings	691,531,000	418,801,000
Repayment of short-term borrowings	(429,802,000)	(226,001,000)
Interest and finance charges paid	(945,685,539)	(603,613,595)
Proceeds from/ (repayments of) working capital facilities (net)	-	(3,588,971)
<b>Net cash generated from financing activities</b>	<b>3,329,640,898</b>	<b>1,142,378,582</b>
	(C)	
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<b>1,245,565,679</b>	<b>(415,947,803)</b>
Cash and cash equivalents as at the beginning of the year	581,256,808	997,204,611
<b>Cash and cash equivalents as at the end of the year (refer note 1)</b>	<b>1,826,822,487</b>	<b>581,256,808</b>
<b>Note 1:</b>		
Cash and bank balances as per Note 19	1,905,351,356	826,271,387
Less: Other bank balances	78,528,869	245,014,579
<b>Cash and cash equivalents considered for cash flow</b>	<b>1,826,822,487</b>	<b>581,256,808</b>
<b>Note 2: Interest received on loans to customers</b>		
	1,764,792,874	1,106,630,759
<b>Note 3: Interest received on fixed deposits</b>		
	38,321,435	32,869,962

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

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

*Anamitra Das*  
 per Anamitra Das  
 Partner

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

*Mamta Kumar Nambiar*  
 Mamta Kumar Nambiar  
 Managing Director

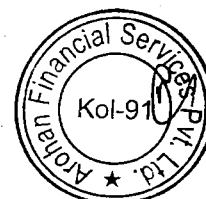
*Vanita Mundhra*  
 Vanita Mundhra  
 Company Secretary

*Anurag Agrawal*  
 Anurag Agrawal  
 Director

*Milind Nare*  
 Milind Nare  
 Chief Financial Officer

Place: Kolkata  
 Date: 19 May 2017

Place: Kolkata  
 Date: 19 May 2017



**Arohan Financial Services Private Limited**  
**Summary of significant accounting policies and other explanatory information**  
 (All amounts in ₹ unless otherwise stated)

	As at 31 March 2017		As at 31 March 2016	
	Number	Amount	Number	Amount
<b>4 Share capital</b>				
<b>Authorised share capital</b>				
Equity shares of ₹10 each	903,533,200	9,035,332,000	52,070,470	520,704,700
0.001% Compulsorily convertible preference shares of ₹20 each	-	-	9,176,660	183,533,200
		<u>9,035,332,000</u>		<u>704,237,900</u>
<b>Issued, subscribed and fully paid up</b>				
Equity shares of ₹10 each	82,562,368	825,623,680	51,770,470	517,704,700
Less: Amount recoverable from ESOP trust [Refer Note (f) below]	(293,500)	(2,935,000)	(735,900)	(7,359,000)
0.001% Compulsorily convertible preference shares of ₹20 each	-	-	9,176,660	183,533,200
		<u>822,688,680</u>		<u>693,878,900</u>

**(a) Reconciliation of Equity Share Capital**

	31 March 2017		31 March 2016	
	Number	Amount	Number	Amount
<b>Equity shares of ₹10 each</b>				
Balance at the beginning of the year	51,770,470	517,704,700	51,602,263	516,022,630
Add: Conversion of share warrants	-	-	168,207	1,682,070
Add: Conversion of 0.001% Compulsorily convertible preference shares	9,077,830	90,778,300	-	-
Add: Issued during the year [Refer Note (d) below]	21,714,068	217,140,680	-	-
<b>Balance at the end of the year</b>	<u>82,562,368</u>	<u>825,623,680</u>	<u>51,770,470</u>	<u>517,704,700</u>

**(b) Reconciliation of Preference Share Capital**

	31 March 2017		31 March 2016	
	Number	Amount	Number	Amount
<b>Preference shares of ₹20 each</b>				
Balance at the beginning of the year	9,176,660	183,533,200	9,176,660	183,533,200
Less: Conversion into Equity shares	(9,176,660)	(183,533,200)	-	-
<b>Balance at the end of the year</b>	<u>-</u>	<u>-</u>	<u>9,176,660</u>	<u>183,533,200</u>

(c) During the year, 9,176,660 0.001% Compulsorily convertible preference share held by Tano India Private Equity Fund II (Tano) has been converted into equity shares of ₹10 each at a price of ₹20.22 aggregating to ₹183,533,200.

(d) During the year, the Company has issued 10,261,663 equity shares of ₹10 each to shareholders as rights issue at a price of ₹56.61 (including premium of ₹46.61) aggregating to ₹580,912,742.  
 Further, the Company has issued 11,452,405 equity shares of ₹10 each on private placement basis to Maj Invest Financial Inclusion Fund II at a price of ₹84.70 (including premium of ₹74.70) aggregating to ₹969,999,922.

**(e) 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.

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

	31 March 2017		31 March 2016	
	Number	%	Number	%
<b>Equity shares of ₹10 each</b>				
IntelleCash Microfinance Network Company Private Limited	18,067,494	21.88%	18,067,494	34.90%
Aavishkaar Goodwell India Microfinance Development Company II Limited	14,152,170	17.14%	14,152,170	27.34%
Tano India Private Equity Fund II	20,462,580	24.78%	9,176,660	17.73%
India Financial Inclusion Fund	3,088,912	3.74%	3,088,912	5.97%
Michael & Susan Dell Foundation	4,460,980	5.40%	4,460,980	8.62%
Maj Invest Financial Inclusion Fund II	11,452,405	13.87%	-	0.00%
Aavishkaar Venture Management Services Private Limited	8,717,165	10.56%	768,040	1.48%
	<u>31 March 2017</u>		<u>31 March 2016</u>	
	Number	%	Number	%
<b>Preference shares of ₹20 each</b>				
Tano India Private Equity Fund II	-	-	9,176,660	100.00%

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

(All amounts in ₹ unless otherwise stated)

**(g) 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, 531,500 (31 March 2016: 89,100) 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.

**(h) 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 (i) below regarding terms of the options granted.

**(i) 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 on 08 August 2016 and 10 March 2017. The year-end balance for the total loan granted is ₹ Nil (31 March 2016: ₹9,600,000).

	ESOP 2013	ESOP 2013 (Revised)	ESOP 2015	ESOP 2016
Date of Grant	May 28, 2013	July 1 2014	August 4 2015	May 20 2016
Date of Board approval	April 25, 2013	April 29 2014	August 3 2016	May 20 2017
Number of options granted	400,000	237,500	92500	17500
Method of settlement	Equity	Equity	Equity	Equity
Vesting period	On date of Grant - 8% End of 4 months- 6% End of 21 months- 7%	12 months from date of Grant	12 months from date of Grant	12 months from date of Grant

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

	31 March 2017	31 March 2016
<b>ESOP 2013</b>		
Exercise price	13.74	13.74
Weighted average remaining contractual life (in years)		0.16
<b>ESOP 2013 (Revised)</b>		
Exercise price	16.23	16.23
Weighted average remaining contractual life (in years)	0.25	1.25
<b>ESOP 2015</b>		
Exercise price	21.20	21.20
Weighted average remaining contractual life (in years)	2.54	3.34
<b>ESOP 2016</b>		
Exercise price	24.77	-
Weighted average remaining contractual life (in years)	0.50	-

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

	31 March 2017	31 March 2016
Deferred employee stock compensation opening balance	3,765,592	3,226,145
Add: Accrued/(Lapsed) employee stock compensation	(10,775)	937,489
Less: Deferred employee stock compensation exercised	(3,267,110)	(400,042)
Deferred employee stock compensation closing balance	485,707	3,763,592

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**Arohan Financial Services Private Limited**  
**Summary of significant accounting policies and other explanatory information**  
 (All amounts in ₹ unless otherwise stated)

**Reconciliation of stock options:**

	ESOP 2013	ESOP 2015 (Revised)	ESOP 2015	ESOP 2016
Outstanding as at 1 April 2012	-	-	-	-
Exercised and vested	-	-	-	-
Forfeited	-	-	-	-
Outstanding as at 31 March 2013	-	-	-	-
Stock option issued during the year	400,000	-	-	-
Exercised and vested	4,100	-	-	-
Forfeited	-	-	-	-
Outstanding as at 31 March 2014	595,900	-	-	-
Stock option issued during the year	-	237,500	-	-
Exercised and vested	30,000	-	-	-
Forfeited	91,000	5,000	-	-
Outstanding as at 31 March 2015	274,900	232,500	-	-
Stock option issued during the year	-	-	92,500	-
Exercised and vested	45,000	10,000	-	-
Forfeited/lapsed	15,000	47,500	-	-
Outstanding as at 31 March 2016	214,900	175,000	92,500	-
Stock option issued during the year	-	-	-	17,500
Exercised and vested	214,900	135,000	92,500	-
Forfeited/lapsed	-	5,000	-	-
Outstanding as at 31 March 2017	-	35,000	-	17,500

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

(All amounts in ₹ unless otherwise stated)

<b>5 Reserves and surplus</b>	<b>As at 31 March 2017</b>	<b>As at 31 March 2016</b>
<b>i) Securities premium reserve</b>		
Balance at the beginning of the year	645,367,059	642,852,290
Add : Premium on shares issued during the year	1,429,207,662	2,114,519
Add: Transferred from shares options outstanding account	3,267,110	400,250
Less: Share issue expense	(23,170,342)	-
Balance at the end of the year	<u>2,054,671,489</u>	<u>645,367,059</u>
<b>ii) Share options outstanding account</b>		
Balance at the beginning of the year	3,763,344	3,226,145
Add / (Less): Options granted/lapsed during the year	(10,775)	937,449
Less : Transferred to securities premium reserve account	(3,267,110)	(400,250)
Balance at the end of the year	<u>485,459</u>	<u>3,763,344</u>
<b>iii) Statutory reserve</b>		
Balance at the beginning of the year	77,303,005	33,994,647
Add : Transfer from Statement of Profit and Loss (*)	54,925,409	43,308,358
Balance at the end of the year	<u>132,228,414</u>	<u>77,303,005</u>
(*) In accordance with the provision of Section 45-IC of the Reserve Bank of India Act, 1934, the Company has transferred 20% of the profit after tax for the year to the Statutory Reserve.		
<b>iv) General reserve</b>		
Balance at the beginning of the year	8,027,029	8,027,029
Less : Adjustment made during the year	-	-
Balance at the end of the year	<u>8,027,029</u>	<u>8,027,029</u>
<b>v) Surplus in the statement of profit and loss</b>		
Balance at the beginning of the year	173,921,811	690,590
Add : Profit for the year	274,627,044	216,541,788
Less : Transfer to statutory reserve	(54,925,409)	(43,308,358)
Less : Provision for preference dividend (including distribution tax)	-	(2,209)
Balance at the end of the year	<u>393,623,446</u>	<u>173,921,811</u>
	<u>2,589,035,837</u>	<u>908,382,248</u>

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

(All amounts in ₹ unless otherwise stated)

**6 Borrowings**

	As at 31 March 2017		As at 31 March 2016	
	Long-term	Short-term	Long-term	Short-term
<b>Secured</b>				
Debtentures	1,580,499,976	-	1,278,832,982	-
Term loans				
From Banks	3,676,845,401	517,500,000	2,431,149,355	400,000,000
From Others	1,848,657,033	162,030,000	1,267,269,736	-
	<b>7,106,002,410</b>	<b>679,530,000</b>	<b>4,977,252,073</b>	<b>400,000,000</b>
<b>Unsecured</b>				
Term loan from a bank	250,000,000	-	-	-
Debtentures	100,000,000	-	-	-
Loans and advances from related parties	-	-	-	10,800,000
Other loans and advances	-	-	-	7,001,000
	<b>350,000,000</b>	<b>-</b>	<b>-</b>	<b>17,801,000</b>
<b>Total borrowings</b>	<b>7,456,002,410</b>	<b>679,530,000</b>	<b>4,977,252,073</b>	<b>417,801,000</b>
Less: Current maturities of long-term borrowings (refer details below and Note 10)	3,368,937,570	-	2,621,554,073	-
<b>Total</b>	<b>4,087,064,840</b>	<b>679,530,000</b>	<b>2,355,698,000</b>	<b>417,801,000</b>
<b>Current maturities of long-term borrowings</b>				
Term loans				
From Banks	2,304,569,481	-	1,628,127,033	-
From Others	914,368,089	-	685,094,090	-
Debtentures	150,000,000	-	308,332,950	-
	<b>3,368,937,570</b>	<b>-</b>	<b>2,621,554,073</b>	<b>-</b>

**a) Terms and conditions of debtentures issued**

Name of Debtenture Holder	Amount borrowed (₹)	Rate of Interest	Repayment Schedule
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 ₹500,000)	290,500,000	14.75%	Repayable in 2 tranches in May 2018 and November 2018
Microfinance Initiative for Asia (MIFA) Debt Fund SA, SICAV-SIF (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
Blue Orchard Microfinance Fund for Asia (MIFA) Debt Fund SA, SICAV-SIF (Face Value ₹1,000,000)	260,000,000	14.30%	Bullet Repayment in April 2020
IFMR Capital Finance Private Limited (Face Value ₹2,000,000)	100,000,000	14.25%	Bullet Repayment in September 2022
Hinduja Leyland Finance Limited (Face Value ₹1,000,000)	350,000,000	11.49%	Bullet Repayment in December 2019

**b) Terms and conditions of long-term borrowings 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 8% per annum to 16% per annum (31 March 2016 : 10.50% to 16.25% per annum). Non-convertible debtentures 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 debtenture 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 4.00% per annum to 13.40% per annum (31 March 2016 : 11.60% to 15.00% per annum).

**d) Repayment details of long-term borrowings**

	As at 31 March 2017	As at 31 March 2016
	Up to 1 year	3,368,937,570
Over 1 to 3 years	2,867,064,840	1,825,698,000
Over 3 years	1,220,000,000	530,000,000
	<b>7,456,002,410</b>	<b>4,977,252,073</b>

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

(All amounts in ₹ unless otherwise stated)

**7 Other long-term liabilities**

	As at 31 March 2017	As at 31 March 2016
Unamortised loan processing fees on loans given	6,513,336	7,799,962
	<b>6,513,336</b>	<b>7,799,962</b>

	As at 31 March 2017		As at 31 March 2016	
	Long-term	Short-term	Long-term	Short-term
Contingent provision against standard assets	6,707,356	84,316,991	10,446,617	27,550,567
Provision for non-performing assets	32,632,176	-	20,604,651	-
Provision for employee benefits	10,867,802	69,329	7,632,698	1,177
Provision for preference dividend (including tax on dividend distribution)	-	-	-	2,209
	<b>50,207,334</b>	<b>84,386,321</b>	<b>38,683,966</b>	<b>27,553,953</b>

9 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 2017, no supplier has intimated the Company about its status as micro or small enterprises or its registration with the appropriate authority under MSMED Act.

**10 Other current liabilities**

	As at 31 March 2017	As at 31 March 2016
Current maturities of long-term borrowings	3,368,937,570	2,621,554,073
Interest accrued but not due on borrowings	104,090,902	55,107,732
Statutory dues	13,102,047	8,581,375
Payable on account of securitisation	100,204,292	74,229,110
Unrealised gain on loan transfer transactions	35,024,002	29,179,530
Employee dues	29,278,962	10,502,921
Unamortised loan processing fees on loans given	72,245,858	43,825,160
Liabilities for expenses	13,445,164	5,769,051
Unamortised profit on buyout transactions	1,142,832	2,771,415
Other payables	35,999,285	16,541,075
	<b>3,773,470,914</b>	<b>2,868,061,442</b>

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

(All amounts in ₹ unless otherwise stated)

**11 Employee benefits**

Defined Benefit Plans - As per Actuarial Valuations as on 31 March 2017 and recognised in the financial statements in respect of Employee Benefit Schemes (gratuity):

	As at 31 March 2017	As at 31 March 2016
<b>i) Change in projected benefit obligation</b>		
Projected benefit obligation at the beginning of the year	8,185,618	5,852,178
Service cost	2,235,472	1,312,534
Interest cost	515,715	341,672
Actuarial loss (net)	5,598,292	3,841,793
Benefits paid	(3,478,371)	(3,162,559)
Projected benefit obligation at the end of the year	<u>13,056,726</u>	<u>8,185,618</u>
<b>ii) Change in plan assets</b>		
Fair value of plan assets at the beginning of the year	1,083,981	2,610,949
Expected return on plan assets	167,395	142,113
Actuarial gain	131,674	-
Employer contributions	5,495,290	1,493,478
Benefits paid	(3,478,371)	(3,162,559)
Fair value of plan assets at the end of the year	<u>3,399,969</u>	<u>1,083,981</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	(13,056,726)	(8,185,618)
Funded status of the plans	3,399,969	1,083,981
Liability recognised in the balance sheet	<u>(9,656,757)</u>	<u>(7,101,637)</u>
<b>iv) Components of Employer Expenses</b>		
Service cost	2,235,472	1,312,534
Interest cost	515,715	341,672
Expected returns on plan assets	(167,395)	(142,113)
Recognized net actuarial loss	5,466,618	3,841,793
<b>Total expense recognised in the Statement of Profit and Loss</b>	<u>8,050,410</u>	<u>5,353,886</u>

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

<b>v) Key actuarial assumptions</b>		
Discount rate	7.21%	8.00%
Long-term rate of compensation increase	5.00%	5.00%
Rate of return on plan assets	8.00%	8.00%
Withdrawal rates	1st 5 years of service 52%	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	2017	2016	2015	2014	2013
Defined benefit obligation	13,056,726	8,185,618	5,852,178	1,946,856	2,426,658
Plan assets	3,399,969	1,083,981	2,610,949	2,899,026	3,467,718
(Surplus)/Deficit	9,656,757	7,101,637	3,241,229	-952,170	-1,041,060
Net actuarial loss/(gain) recognized during the current year	5,466,618	3,841,793	3,357,191	-627,771	-189,700

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 ₹27,897,837 (31 March 2016: ₹10,081,941).

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

(All amounts in ₹ unless otherwise stated)

**12 Tangible assets**

	Furniture and fixtures	Computer and accessories	Office equipment	Total
<b>Gross block</b>				
Balance as at 1 April 2015	9,644,699	10,507,641	1,918,157	22,070,497
Additions	2,149,953	8,136,191	741,703	11,027,847
Disposals	-	(414,284)	-	(414,284)
<b>Balance as at 31 March 2016</b>	<b>11,794,652</b>	<b>18,229,548</b>	<b>2,659,860</b>	<b>32,684,060</b>
Additions	5,146,361	21,808,457	1,479,906	28,434,724
Disposals	-	(85,152)	-	(85,152)
Subsidy Received	-	(7,496,378)	-	(7,496,378)
<b>Balance as at 31 March 2017</b>	<b>16,941,013</b>	<b>32,456,475</b>	<b>4,139,766</b>	<b>53,537,254</b>
<b>Accumulated depreciation</b>				
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)
<b>Up to 31 March 2016</b>	<b>7,913,518</b>	<b>9,399,401</b>	<b>1,397,686</b>	<b>18,710,605</b>
Depreciation charge	900,405	7,081,501	902,040	8,883,946
Reversal on disposal of assets	-	(29,562)	-	(29,562)
<b>Up to 31 March 2017</b>	<b>8,813,923</b>	<b>16,451,340</b>	<b>2,299,726</b>	<b>27,564,989</b>
<b>Net block</b>				
Balance as at 31 March 2016	3,881,134	8,830,147	1,262,174	13,973,455
<b>Balance as at 31 March 2017</b>	<b>8,127,090</b>	<b>16,005,135</b>	<b>1,840,040</b>	<b>25,972,265</b>


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

(All amounts in ₹ unless otherwise stated)

**13 Intangible assets**

	Computer Software	Total
<b>Gross block</b>		
Balance as at 1 April 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
Additions	22,636,941	22,636,941
Subsidy Received	(351,014)	(351,014)
Balance as at 31 March 2017	37,429,277	37,429,277
<b>Accumulated amortisation</b>		
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
Amortization charge	4,234,677	4,234,677
Up to 31 March 2017	14,027,910	14,027,910
<b>Net block</b>		
Balance as at 31 March 2016	5,350,117	5,350,117
Balance as at 31 March 2017	23,401,367	23,401,367

**14 Investments**

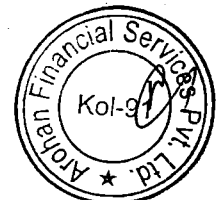
	As at 31 March 2017		As at 31 March 2016	
	Non-current	Current	Non-current	Current
<b>In equity instruments (non-trade, unquoted)</b>				
50,000 (31 March 2016: 50,000) equity shares of ₹10 each fully paid in Alpha Micro Finance Consultant Private Limited	500,000	-	500,000	-
<b>Aggregate amount of unquoted investments</b>	500,000	-	500,000	-

**15 Deferred tax assets (net)**

	As at 31 March 2017	As at 31 March 2016
On account of provision for bad and doubtful loans	35,040,532	20,280,923
On disallowances of expenses allowed on payment basis	3,785,122	2,641,931
On written down value of fixed assets	(4,400,783)	(602,834)
<b>Deferred tax assets (net)</b>	34,424,871	22,320,020



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

(All amounts in ₹ unless otherwise stated)

**16 Loan to customers**

	As at 31 March 2017		As at 31 March 2016	
	Non-current	Current	Non-current	Current
Unsecured, considered good*	670,735,598	8,299,066,989	1,044,661,759	4,791,246,467
Unsecured, considered doubtful**	32,632,176	-	24,287,534	-
<b>Total</b>	<b>703,367,774</b>	<b>8,299,066,989</b>	<b>1,068,949,273</b>	<b>4,791,246,467</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(g). The necessary provisions as per the RBI norms have been made. The details are as follows:

**As at 31 March 2017**

Asset classification	Classification criteria (#)	Amount Outstanding	Provision
Standard assets	0-90 days	8,969,802,587	91,024,347
Non-performing assets	above 90 days	32,632,176	32,632,176
<b>Total</b>		<b>9,002,434,763</b>	<b>123,656,523</b>

**As at 31 March 2016**

Asset classification	Classification criteria (#)	Amount Outstanding	Provision
Standard assets	0-90 days	5,855,908,206	37,997,184
Non-performing assets	above 90 days	24,287,534	20,604,651
<b>Total</b>		<b>5,860,195,740</b>	<b>58,601,835</b>

(≠) Consequent upon withdrawal of the legal tender status of the existing ₹500 and ₹1,000 notes (SBN) with effect from 8 November 2016 and pursuant to RBI Circular no. DBR.No.BP.BC.37/21.04.048/2016-17 dated November 21, 2016 and Circular No. DBR.No.BP.BC.49/21.04.048/2016-17 dated 28 December 2016, a special dispensation has been given for deferment of classification of loans as sub-standard. The asset classification of loans to customers has been made by the Company in accordance with the aforesaid Circulars.

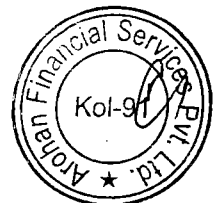
**17 Loans and advances**

(Unsecured, considered good)

	As at 31 March 2017		As at 31 March 2016	
	Long-term	Short-term	Long-term	Short-term
Security deposits	4,173,673	7,065,447	3,095,866	3,209,950
Loans to a body corporate	10,565,772	89,434,228	-	-
Deposit with financial institutions [Refer (a) below]	-	-	10,000,000	15,041,818
Advance tax (net of provision)	6,974,494	-	4,345,156	-
Loan to Arohan ESOP Trust	-	-	9,600,000	-
Portfolio buyout receivables	-	-	-	14,634,750
Advances to employees	-	2,659,101	-	3,317,995
Balances with government authorities	-	-	375,279	-
Other receivables	-	35,181,200	-	9,117,663
Advances recoverable on behalf of business correspondent arrangements	-	23,663,959	-	15,867,385
<b>Total</b>	<b>21,713,939</b>	<b>158,003,935</b>	<b>27,414,281</b>	<b>61,189,561</b>

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

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

(All amounts in ₹ unless otherwise stated)

**18 Other non-current assets**

(Unsecured, considered good)

	As at 31 March 2017	As at 31 March 2016
Bank deposits with maturity of more than 12 months [Refer (a) below]	600,438,101	284,666,602
Interest accrued on fixed deposits	45,573,439	10,991,214
Unamortised loan processing charges on borrowed funds	32,189,373	27,480,762
	<b>678,200,913</b>	<b>323,138,578</b>

(a) Includes deposits aggregating to ₹ 524,127,484 (31 March 2016: ₹ 262,383,208) 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**

	As at 31 March 2017	As at 31 March 2016
<b>Cash and cash equivalents</b>		
Balances with banks		
- in current accounts	1,370,562,187	330,771,935
- in deposit account (with original maturity upto 3 months)	441,278,371	240,000,000
Cash on hand	14,981,929	10,484,873
	<b>1,826,822,487</b>	<b>581,256,808</b>
<b>Other bank balances</b>		
Deposits with maturity of more than 3 months but less than 12 months [Refer (a) below]	78,528,869	245,014,579
<b>Total</b>	<b>1,905,351,356</b>	<b>826,271,387</b>

(a) Includes deposits aggregating to ₹ 66,618,193 (31 March 2016: ₹ 220,525,182) 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)

	As at 31 March 2017	As at 31 March 2016
Accrued Interest on loan to customers	133,647,999	77,391,292
Prepaid expenses	2,283,845	2,880,101
Interest receivable on loan transfer transactions	35,024,002	29,179,530
Grant receivable	136,540	7,713,315
Unamortised loan processing charges on borrowed funds	28,941,397	26,740,992
Interest accrued on fixed deposits	2,145,940	17,024,015
Interest strip on securitisation transactions	17,379,172	12,758,983
	<b>219,558,895</b>	<b>173,688,228</b>



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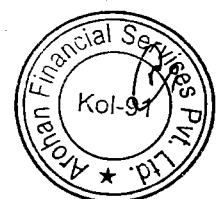




**Arohan Financial Services Private Limited**  
**Summary of significant accounting policies and other explanatory information**  
 (All amounts in ₹ unless otherwise stated)

	<u>Year ended</u> <u>31 March 2017</u>	<u>Year ended</u> <u>31 March 2016</u>
<b>21 Revenue from operations</b>		
Interest on loan to customers	1,821,049,581	1,134,072,328
Income from loan processing fee	98,164,910	57,081,980
Income from securitisation (excess interest spread)	39,484,101	14,325,405
Other operating revenues [Refer (a) below]	145,779,130	75,367,768
	<u>2,104,477,722</u>	<u>1,280,847,481</u>
(a) Includes Interest on margin money deposits placed to avail term loan from banks, financial institutions and on deposits placed as cash collateral in connection with securitization amounting to ₹ 43,552,565 (31 March 2016 ₹ 35,849,297).		
<b>22 Other income</b>		
Interest income on:		
Fixed deposits	14,473,020	7,492,315
Income tax refund	69,212	-
Gain on sale of current investments	23,815,410	8,668,132
Profit on sale of fixed assets	29,693	12,000
Sundry balances written back	264,827	1,280,091
Grant received	6,654,757	9,352,548
Gain on foreign exchange fluctuation	48,304	-
	<u>45,355,223</u>	<u>26,805,086</u>
<b>23 Employee benefits expense</b>		
Salaries and other allowances	388,344,204	203,539,212
Contribution to provident and other funds	38,030,237	18,617,446
Employee stock option compensation	145,101	776,281
Staff welfare expenses	11,964,060	7,401,016
	<u>438,483,602</u>	<u>230,333,955</u>
<b>24 Finance costs</b>		
Interest expenses	934,229,141	535,840,613
Other borrowing costs	53,530,552	55,082,866
	<u>987,759,693</u>	<u>590,923,479</u>
<b>25 Depreciation and amortisation expense</b>		
Depreciation of tangible assets (Refer note 12)	8,883,946	7,346,759
Amortisation of intangible assets (Refer note 13)	4,234,677	1,284,796
	<u>13,118,623</u>	<u>8,631,555</u>

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

(All amounts in ₹ unless otherwise stated)

	<u>Year ended</u> <u>31 March 2017</u>	<u>Year ended</u> <u>31 March 2016</u>
<b>26 Provision for loan portfolio</b>		
Contingent provision against standard assets	32,422,511	1,543,659
Provision for non-performing assets (*)	32,632,176	20,604,651
	<u>65,054,687</u>	<u>22,148,310</u>

(\*) The Company has made an additional provision towards non-performing assets for an amount of ₹ 32,632,176 (31 March 2016: Nil) during the year. This amount is over and above the amount required to be created in accordance with RBI guidelines.

**27 Other expenses**

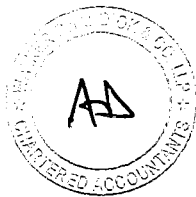
Rent	35,700,680	27,130,341
Repairs and maintenance-others	7,409,919	2,818,348
Insurance	5,443,124	3,434,863
Power and fuel	4,876,898	1,958,726
Rates and Taxes	7,284,071	2,780,249
Office expenses	6,017,719	3,684,809
Membership and subscription	2,051,317	1,479,251
Office maintenance	7,615,021	4,491,909
Printing and stationery	10,144,665	8,068,362
Legal and Professional expenses	32,436,895	5,708,256
Recruitment and induction expenses	10,590,277	7,654,511
Communication expenses	9,884,227	2,360,898
Travelling and conveyance	70,038,378	39,702,180
Payment to auditors (Refer note (a) below)	2,579,246	2,372,000
Loss on sale of assets	-	-
Loan assets written off	15,260,694	6,643,832
Loss on foreign exchange fluctuation	-	98,908
Expenditure on corporate social responsibility (Refer Note 36)	3,624,909	1,712,838
Miscellaneous expenses	4,145,141	1,744,948
	<u>235,103,181</u>	<u>123,845,229</u>

**(a) Payments to auditors**
**As auditor**

Statutory audit	2,200,000	2,200,000
Tax audit	100,000	100,000

**In other capacity**

Other services	-	-
Reimbursement of expenses	279,246	72,000
	<u>2,579,246</u>	<u>2,372,000</u>



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

(All amounts in ₹ unless otherwise stated)

**28 Related party disclosures**
**a) Names of related parties and description of relationship**

Relationship	Name
Key Management Personnel (KMP)	Manoj Kumar Nambiar - Managing Director Milind Ramchandra Nare - Chief Financial Officer Nipun Bhatia - Chief Operating Officer (resigned wef 31 March 2017) Vanita Mundhra - Company Secretary
Relatives of KMP	Geeta Nambiar
Entities which are able to exercise control or have significant influence	Intellectash Microfinance Network Company Private Limited Intellectual Capital Advisory Services Private Limited Intellectap Software Technologies Private Limited Intellectap Advisory Services Private Limited Aavishkaar Venture Management Services Private Limited Tano India Private Equity Fund II
Enterprise over which KMP have significant influence or control	Arohan ESOP Trust

**b) Transactions with related parties**

	Year ended 31 March 2017	Year ended 31 March 2016
<b>Issue of equity shares (including share premium)</b>		
Intellectash Microfinance Network Company Private Limited	-	3,565,988
Tano India Private Equity Fund II (including conversion of preference shares)	308,533,175	-
Aavishkaar Venture Management Services Private Limited	449,999,967	-
<b>Loan repayment received</b>		
Arohan ESOP Trust	9,600,000	-
<b>Loan taken</b>		
Manoj Kumar Nambiar	-	3,400,000
Geeta Nambiar	-	3,400,000
<b>Loan repaid</b>		
Manoj Kumar Nambiar	2,400,000	4,000,000
Geeta Nambiar	3,400,000	4,000,000
<b>Remuneration*</b>		
Manoj Kumar Nambiar	7,816,382	5,992,680
Nipun Bhatia	3,165,009	-
Milind Ramchandra Nare	3,492,037	-
Vanita Mundhra	809,706	586,520
<b>Interest paid</b>		
Manoj Kumar Nambiar	190,911	398,299
Geeta Nambiar	252,904	556,410
<b>Professional fees</b>		
Intellectap Advisory Services Private Limited	13,468,750	-
<b>Loan processing charges</b>		
Manoj Kumar Nambiar	-	12,000
Geeta Nambiar	-	17,000
<b>Reimbursement of expenses</b>		
Tano India Private Equity Fund II	49,995	12,999
Aavishkaar Venture Management Services Private Limited	49,492	-
Intellectap Advisory Services Private Limited	22,820	-
<b>Rent &amp; service charges</b>		
Intellectual Capital Advisory Services Private Limited	134,232	558,382
Intellectap Software Technologies Private Limited	-	3,969

**c) Balances receivable/(payable)**

	As at 31 March 2017	As at 31 March 2016
Manoj Kumar Nambiar	-	(2,435,982)
Geeta Nambiar	-	(3,400,000)
Arohan ESOP Trust	-	9,600,000
Intellectap Advisory Services Private Limited (after TDS)	(13,135,858)	(40,777)



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

(All amounts in ₹ unless otherwise stated)

**29 Additional disclosures pursuant to the RBI guidelines and notifications:****i) Capital**

	<u>31 March 2017</u>	<u>31 March 2016</u>
Capital to Risk/Weighted Assets Ratio (CRAR) (%)	39.35%	25.02%
CRAR-Tier I Capital (%)	35.62%	25.02%
CRAR-Tier II Capital (%)	3.73%	-
Amount of subordinated debt raised as Tier-II Capital	350,000,000	-
Amount raised by issue of Perpetual Debt Instruments	-	-

**ii) Investments**

	<u>31 March 2017</u>	<u>31 March 2016</u>
<b>A. Value of Investments</b>		
Gross Value of Investments:		
a) In India	500,000	500,000
b) Outside India	-	-
Provisions for Depreciation:		
a) In India	-	-
b) Outside India	-	-
Net Value of Investments		
a) In India	500,000	500,000
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**

	<u>31 March 2017</u>	<u>31 March 2016</u>
<b>A) Securitisation</b>		
1) No. of SPVs sponsored by the NBFC for securitisation transactions	3	3
2) Total amount of securitised assets as per books of the SPVs sponsored	809,195,056	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	73,511,168	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	-	-



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

(All amounts in ₹ unless otherwise stated)

	31 March 2017	31 March 2016
- Others	-	-
(ii) Exposure to third party securitisations		
- First loss	-	-
- Others	-	-
b) On-balance sheet exposures		
(i) Exposure to own securitisations		
- First loss	109,957,386	63,757,929
- Others	-	-
(ii) Exposure to third party securitisations		
- First loss	-	-
- Others	-	-
Number of loans assigned/ securitised	71,151	44,409
Book value of loans assigned/ securitised	809,195,056	420,256,408
Sale consideration received for loans assigned/ securitised	809,195,056	420,256,408
Gain / (Loss) on account of direct assigned / securitization	-	-
Income recognised in the statement of profit and loss	39,484,101	14,325,405
<b>Credit enhancements provided and outstanding (Gross):</b>		
Principal collateralisation	36,429,251	22,118,454
Interest collateralisation	36,446,218	30,381,845
Cash collateral	73,511,168	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**

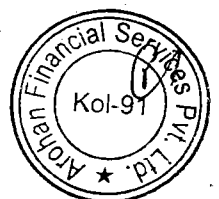
The Company does not have a parent company and accordingly no disclosures required.

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

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**Arohan Financial Services Private Limited**  
**Summary of significant accounting policies and other explanatory information**  
 (All amounts in ₹ unless otherwise stated)

vii) **Miscellaneous**

**A) Registration obtained from other financial sector regulators**

The Company has obtained a certificate of registration under registration number CA0402 dated 1 August 2016 to act as Corporate Agent (Composite) under Insurance Regulatory and 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

**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. (CARE) vide their report dated 1 July 2016 and migration of ratings during the year are as follows:

Facilities	Ratings	Remarks
Long-term Bank facilities	CARE A-	Revised from CARE BBB+
Non-Convertible Debentures	CARE A-	Revised from CARE BBB+
Unsecured Subordinated Tier II Debt	CARE BBB+	Availed in current year

**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 2017	31 March 2016
Provision towards standard and non performing assets (refer note 26)	65,054,687	22,148,310
Provision made towards Income tax (including for earlier year)	147,790,966	124,437,765
Other Provision and Contingencies (employee benefits)	9,471,758	5,886,124

**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 2017	31 March 2016
<b>a) Concentration of Advances</b>		
Total Advances to twenty largest borrowers	102,248,125	2,171,542
Percentage of Advances to twenty largest borrowers to Total Advances	1.12%	0.04%

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**Arohan Financial Services Private Limited**  
**Summary of significant accounting policies and other explanatory information**  
 (All amounts in ₹ unless otherwise stated)

	31 March 2017	31 March 2016
<b>b) Concentration of Exposures</b>		
Total exposure to twenty largest borrowers/customers	102,248,125	2,171,542
Percentage of exposures to twenty largest borrowers / customers to Total Exposure	1.12%	0.04%

<b>c) Concentration of NPAs</b>		
Total exposure to top four NPA accounts	237,107	323,074

**d) Sector-wise NPAs**

	Percentage of NPAs to Total Advances in that sector	
	31 March 2017	31 March 2016
Agriculture & allied activities	Nil	
MSME	Nil	
Corporate borrowers	Nil	
Services	Nil	
Unsecured personal loans	0.36%	
Auto loans	Nil	
Other personal loans	Nil	
	<b>0.36%</b>	

**e) Movement of NPAs**

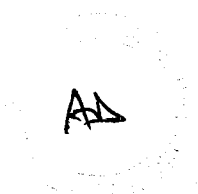
	31 March 2017	31 March 2016
i) Net NPAs to Net Advances (%)	0.00%	0.41%
ii) Movement of NPAs (Gross)		
a) Opening Balance	24,287,534	9,844,522
b) Additions during the year	31,719,620	18,376,442
c) Reductions during the year	23,374,978	3,933,430
d) Closing balance	32,632,176	24,287,534
iii) Movement of Net NPAs		
a) Opening Balance	24,044,659	9,746,077
b) Additions during the year	31,719,620	18,192,677
c) Reductions during the year	55,764,279	3,894,095
d) Closing balance	-	24,044,659
iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening Balance	20,604,651	9,844,522
b) Provisions made during the year	12,027,525	10,760,129
c) Write-off/write-back of excess provisions	-	
d) Closing balance	32,632,176	20,604,651

**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)

ix) **Disclosure of customer complaints**

	31 March 2017	31 March 2016
a) No. of complaints pending at the beginning of the year	68	-
b) No. of complaints received during the year	486	453
c) No. of complaints redressed during the year	444	385
d) No. of complaints pending at the end of the year	110	68

x) **Information on instances of fraud identified during the year**

	31 March 2017	31 March 2016
<b>Nature of fraud</b>		
<b>Cash embezzlement and snatching</b>		
No. of cases	6	6
Amount of fraud	2,453,434	1,072,595
Recovery	1,780,326	800,546
Amount provided for	673,108	272,049
<b>Loans given against fictitious documents</b>		
No. of cases	2	1
Amount of fraud	1,114,214	371,992
Recovery	814,769	275,244
Amount provided for	299,445	96,748



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

(All amounts in ₹ unless otherwise stated)

**30 Asset Liability Management**
**Maturity pattern of assets and liability as on 31 March 2017**

	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	483,868,253	36,988,143	57,660,683	123,925,361	198,891,859	218,911,042	-	-	1,120,245,341
Advances (Micro Finance Portfolio)	1,022,637,618	923,019,423	884,721,786	2,324,381,521	2,963,438,185	882,236,230	-	-	9,002,434,763
Advances (Corporate)	-	6,232,804	7,810,303	24,091,812	51,299,309	10,363,772	-	-	100,000,000
Investments	-	-	-	-	-	-	-	500,000	500,000
Borrowings	309,966,024	273,701,538	307,173,646	1,700,619,097	1,456,858,891	2,867,213,214	870,000,000	350,000,000	8,135,532,410
Foreign Currency assets	136,540	-	-	-	-	-	-	-	136,540
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-

**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	-	-	-	-	-	-	-	-	-

**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.



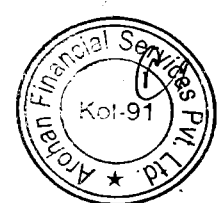

**Arohan Financial Services Private Limited****Summary of significant accounting policies and other explanatory information**

(All amounts in ₹ unless otherwise stated)

**31 Additional disclosures pursuant to Para 18 of Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking company and Deposit taking company (Reserve Bank) Directions, 2016.**

	As at 31 March 2017	
	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	1,580,499,976	-
Unsecured	100,000,000	-
(other than falling within the meaning of public deposits)		
(b) Deferred Credits	-	-
(c) Term Loans (includes short-term borrowings)		
Secured	6,205,052,434	-
Unsecured	250,000,000	-
(d) Inter-corporate loans and borrowing	-	-
(e) Commercial Paper	-	-
(f) Other Loans	-	-
<b>Assets side :</b>		
(2) Break up of Loans and Advances:		<b>31 March 2017</b>
a) Secured, gross		100,000,000
b) Unsecured, gross		9,002,434,763
Total		9,102,434,763
Of Total Loans and Advances		
(a) Loans to Body Corporates		100,000,000
(a) Others		9,002,434,763
Total Loans and Advances		9,102,434,763
(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 counting towards AFC 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		-

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

(All amounts in ₹ unless otherwise stated)

31 March 2017

## 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

Net of provision as at 31 March 2017

## (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	99,000,000	8,879,778,240	8,978,778,240
<b>Total</b>	<b>99,000,000</b>	<b>8,879,778,240</b>	<b>8,978,778,240</b>

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

Category	Market value / Breakup or fair value or NAV	Book value (net of provisions)
1. Related parties	-	-
2. Other than related parties	500,000	500,000
<b>Total</b>	<b>500,000</b>	<b>500,000</b>

## (7) Other information

## (i) Gross non-performing assets

## (a) Related parties

## (b) Other than related parties

## (ii) Net non-performing assets

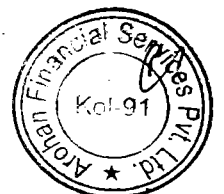
## (a) Related parties

## (b) Other than related parties

## (iii) Assets acquired on satisfaction of debt

31 March 2017

32,632,176



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

(All amounts in ₹ unless otherwise stated)

**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 ₹ 2,537,872 (31 March 2016: ₹ 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 2016: ₹ 7,500,000).
- (c) The details of credit enhancement provided in respect of securitisation transaction outstanding as at 31 March 2017 has been provided in note 29(iv).
- (d) Capital commitment for purchase/ development of intangible asset (net of advances) ₹ 1,000,000 (31 March 2016: ₹ 1,938,719).

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

	31 March 2017	31 March 2016
a) Profit considered for computation of basic and diluted EPES	274,627,044	216,541,788
b) <b>Computation of weighted average number of equity shares in computation of basic and diluted EPES</b>		
Weighted average number of shares considered for computation of basic EPES	56,479,401	51,687,286
Add: Effect of shares issued under ESOP scheme	27,086	62,429
Add: Effect of convertible preference shares	-	9,176,660
Add: Effect of warrants issued	-	83,184
Weighted average number of shares considered for computation of diluted EPES	<u>56,506,488</u>	<u>61,009,559</u>
c) <b>Earnings per equity share [EPES]</b>		
Basic EPES	4.86	4.19
Diluted EPES	<u>4.86</u>	<u>3.55</u>

**34 Foreign Currency Disclosures**

	As at 31 March 2017		As at 31 March 2016	
	Foreign currency	Amount	Foreign currency	Amount
a) Earnings in foreign currency				
Grant income		138,803		2,933,475
		<u>138,803</u>		<u>2,933,475</u>
b) Unhedged foreign currency exposure				
Grant Receivable	€ 1,968	138,803	S 20,000	1,341,020
		<u>138,803</u>		<u>1,341,020</u>

**35 Details of Specified Bank Notes (SBN) held and transacted during the period 8th November 2016 to 30th December 2016(\*):-**

	SBNs	Other denomination Notes	Total
Closing cash in hand as on 8 November 2016	8,259,000	7,145,753	15,404,753
Add:- Permitted receipts	-	1,749,957,821	1,749,957,821
Less:- Permitted payments	-	996,002,885	996,002,885
Less:- Amount deposited in banks	8,259,000	701,945,307	710,204,307
<b>Closing cash in hand as on 30 December 2016</b>	<u>-</u>	<u>59,155,382</u>	<u>59,155,382</u>

(\*) The Company is not able to determine appropriateness of classification between SBNs and Other denomination notes due to the nature of business of company.

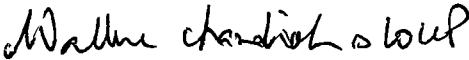


**Arohan Financial Services Private Limited**
**Summary of significant accounting policies and other explanatory information**

(All amounts in ₹ unless otherwise stated)

- 36 Disclosure in respect of Corporate Social Responsibility under section 135 of the Companies Act, 2013 and Rules thereon
- |   | 31 March 2017 | 31 March 2016 |
|---|---------------|---------------|
| (a) Gross amount required to be spent during the year | 3,624,909     | 1,712,838     |
| (b) Amount spent during the year on:                  |               |               |
| (i) Construction/acquisition of any asset             | -             | -             |
| (ii) On purposes other than (i) above                 | 3,624,909     | 1,712,838     |
- 37 **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.
- 38 Lease payments made under cancellable operating lease amounting to ₹ 35,700,680 (31 March 2016: ₹ 27,130,341) disclosed as rent and the same has been recognised as an expense in the statement of profit and loss.
- 39 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.
- 40 Previous year figures have been reclassified / regrouped wherever necessary, to confirm to current year presentation.

This is the summary of significant accounting policies and other explanatory information referred in our report of even date.



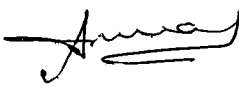
 For Walker Chandiook & Co LLP  
 Chartered Accountants

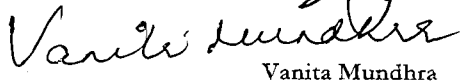


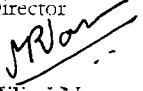
 per Anamitra Das  
 Partner

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


 Manoj Kumar Nambiar  
 Managing Director


 Anurag Agrawal  
 Director


 Vanita Mundhra  
 Company Secretary


 Milind Nare  
 Chief Financial Officer

 Place: Kolkata  
 Date: 19 May 2017

 Place: Kolkata  
 Date: 19 May 2017
