

Walker Chandniok & Co LLP

Walker Chandniok & 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 2014, and the Statement of Profit and Loss and 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. Management is responsible for 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 notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and the guidelines issued by the Reserve Bank of India as applicable to a Non-Banking Financial Company. This responsibility includes the design, implementation and maintenance of internal control 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.



Chartered Accountants

Offices in Bangalore, Chandigarh, Chennai, Gurgaon, Hyderabad, Kolkata, Mumbai, New Delhi, Noida and Pune

Walker Chandniok & Co LLP is registered with limited liability with identification number AUC-2085 and its registered office at L-41 Concorde Circus, New Delhi, 110001, India

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Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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.
4. An audit involves performing procedures to obtain audit evidence about the amounts and 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, in the case of:
 - i) the Balance Sheet, of the state of affairs of the Company as at 31 March 2014;
 - ii) the Statement of Profit and Loss, of the profit for the year ended on that date; and
 - iii) the Cash Flow Statement, of the cash flows for the year ended on that date.

Other matter

7. The financial statements of the Company as at and for the year ended 31 March 2013 were audited by another auditor whose report dated 27 April 2013, expressed an unqualified opinion on those financial statements. The balances as at 31 March 2013 as per the audited financial statements, regrouped and/or reclassified wherever necessary, have been considered as opening balances for the purpose of these financial statements.



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Report on Other Legal and Regulatory Requirements

8. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
9. As required by sub-section (3) of Section 227 of the Act, we report that:
 - a. we have 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 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 financial statements comply with the Accounting Standards notified under the Act read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013; and
 - e. on the basis of written representations received from the directors, as on 31 March 2014 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act.

Walker Chandiook & Co LLP
For Walker Chandiook & Co LLP
(Formerly Walker, Chandiook & Co)
Chartered Accountants
Firm Registration No.: 001076N

Sanjay Kumar Jain
per Sanjay Kumar Jain
Partner
Membership No.: 207660
Place: Hyderabad
Date: 29 April 2014



Walker Chandiook & Co LLP

Annexure 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 2014

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) In our opinion, a substantial part of fixed assets has not been disposed off during the year.
- (ii) The Company does not have any inventory. Accordingly, the provisions of clause 4(ii) of the Order are not applicable.
- (iii) (a) The Company has granted unsecured loans to one party covered in the register maintained under Section 301 of the Act. The maximum amount outstanding during the year is ₹7,618,261 and the year-end balance is ₹7,618,261.
- (b) In our opinion, the rate of interest and other terms and conditions of such loans are not, *prima facie*, prejudicial to the interest of the Company.
- (c) In respect of loans granted, receipt of the principal amount and the interest is regular.
- (d) There is no overdue amount in respect of loans granted to such party
- (e) The Company has taken unsecured loans from three parties covered in the register maintained under Section 301 of the Act. The maximum amount outstanding during the year is ₹12,600,000 and the year-end balance is ₹10,100,000.
- (f) In our opinion, the rate of interest and other terms and conditions of loans taken by the Company are not, *prima facie*, prejudicial to the interest of the Company.
- (g) In respect of loans taken, repayment of the principal amount and the interest is regular.
- (iv) Owing to the nature of its business, the Company does not maintain any physical inventories or sells any goods. Accordingly, clause 4(iv) of the Order with respect to purchase of inventories and sale of goods is not applicable. In our opinion, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and sale of services, *except in respect of computation of interest income for the moratorium period ranging from 30 to 60 days on microfinance loans, where the company has followed a portfolio approach, instead of using the period as applicable to individual loans, and charged interest for the period ranging from 40 to 55 days as part of the standard loan pricing schedule.* However, there is no continuing weakness in this aspect as at the date of our report as the management has taken necessary steps to correct the aforesaid weakness in the internal control system, and have also adjusted the financial statements by re-computing interest income appropriately.



Chartered Accountants

Walker Chandiook & Co LLP

Annexure 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 2014

- (v) (a) In our opinion, the particulars of all contracts or arrangements that need to be entered into the register maintained under Section 301 of the Act have been so entered.
- (b) Owing to the unique and specialized nature of the items and services involved and in the absence of any comparable prices, we are unable to comment as to whether the transactions made in pursuance of such contracts or arrangements have been made at prevailing market prices at the relevant time, except for transactions referred to in paragraph (iii)(c) above.
- (vi) The Company has not accepted any deposits from the public.
- (vii) The Company has an adequate internal audit system commensurate with its size and the nature of its business.
- (viii) To the best of our knowledge and belief, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act, in respect of Company's services. Accordingly, the provisions of clause 4(viii) of the Order are not applicable.
- (ix) (a) The Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, service 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 or more than six months from the date they become payable.
- (b) The dues outstanding in respect of sales-tax, service tax, income-tax, custom duty, wealth-tax, excise duty, cess on account of any dispute, are as follows:

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

- (x) In our opinion, the Company's accumulated losses at the end of the financial year are less than fifty per cent of its net worth. Further, the Company has not incurred cash losses in the current and the immediately preceding financial year.
- (xi) In our opinion, the Company has not defaulted in repayment of dues to any financial institution or a bank or to debenture-holder during the year.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provisions of clause 4(xii) of the Order are not applicable.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Accordingly, provisions of clause 4(xiii) of the Order are not applicable.
- (xiv) In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable.



Chartered Accountants

Walker Chandiook & Co LLP

Annexure 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 2014

- (xv) The Company has not given any guarantees for loans taken by others from banks or financial institutions. Accordingly, the provisions of clause 4(xv) of the Order are not applicable.
- (xvi) In our opinion, the Company has applied the term loans for the purpose for which these loans were obtained.
- (xvii) In our opinion, no funds raised on short-term basis have been used for long-term investment by the Company.
- (xviii) During the year, the Company has made preferential allotment of shares to a party covered in the register maintained under Section 301 of the Act. In our opinion, the price at which shares have been issued is not, *prima facie*, prejudicial to the interest of the Company.
- (xix) The Company has created security in respect of debentures issued during the year.
- (xx) The Company has not raised any money by public issues during the year. Accordingly, the provisions of clause 4(xx) of the Order are not applicable.
- (xxi) According to the information and explanations given to us, no fraud on or by the Company causing a material misstatement in the financial statement, has been noticed or reported during the year, *except for one incident of cash embezzlement by two customer service representatives amounting to ₹176,438 for which the Company has claimed and received compensation from the insurance company to the extent of ₹124,472. Services of such customer service representatives have been terminated and their final settlements withheld.*

Walker Chandiook & Co LLP
For Walker Chandiook & Co LLP
(Formerly Walker, Chandiook & Co)
Chartered Accountants
Firm Registration No.: 001076N

Sanjay Kumar Jain
per Sanjay Kumar Jain
Partner
Membership No.: 207660
Place: Hyderabad
Date: 29 April 2014





(An Intelicap Enterprise)

Arohan Financial Services Private Limited
Balance Sheet as at 31 March 2014
(All amounts in ₹ unless otherwise stated)

	Notes	31 March 2014	31 March 2013
Equity and liabilities			
<i>Shareholders' funds</i>			
Share capital	5	406,745,500	297,635,130
Reserves and surplus	6	266,714,423	122,626,895
		673,459,923	420,262,025
<i>Non-current liabilities</i>			
Long-term borrowings	7	338,688,030	442,896,564
		338,688,030	442,896,564
<i>Current liabilities</i>			
Short-term borrowings	7	111,507,630	35,650,000
Trade payables	8	1,176,100	152,670
Other current liabilities	9	1,150,790,774	157,840,519
Short-term provisions	10	17,531,009	3,315,135
		1,281,005,513	196,958,124
Total		2,293,153,466	1,060,116,713
Assets			
<i>Non-current assets</i>			
Fixed assets			
Tangible assets	12	6,741,008	7,382,716
Intangible assets	13	4,995,516	2,771,265
Capital work-in-progress		1,415,600	4,359,134
Non-current investments	14	500,000	500,000
Deferred tax assets (net)	15	4,924,394	-
Loan to customers	16	149,842,439	115,292,645
Long-term loans and advances	17	17,294,977	28,934,828
Other non-current assets	18	72,911,489	58,930,539
		265,624,823	218,171,127
<i>Current assets</i>			
Current investments	14	-	27,581,539
Cash and bank balances	19	520,559,151	120,747,754
Loan to customers	16	1,396,360,933	571,369,237
Short-term loans and advances	17	89,805,560	112,797,235
Other current assets	20	20,862,999	9,449,821
		2,027,528,643	841,945,586
Total		2,293,153,466	1,060,116,713

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.

For Walker Chandniok & Co LLP
(Formerly Walker, Chandniok & Co)
Chartered Accountants

per Sanjay Kumar Jain
Partner



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

Manoj Kumar Nanbiar
Managing Director
Amrita Kamjhal
Company Secretary

Shubhankar Sengupta
Director

Place: Hyderabad
Date: 29 April 2014

Place: Kolkata
Date: 29 April 2014





Arohan Financial Services Private Limited
 Statement of Profit and Loss for the year ended 31 March 2014
 (All amounts in ₹ unless otherwise stated)

	Notes	31 March 2014	31 March 2013
Revenue			
Revenue from operations	21	323,234,210	137,335,904
Other income	22	24,059,672	6,928,664
Total revenue		347,293,882	144,464,568
Expenses			
Employee benefit expenses	23	87,582,286	62,715,752
Finance costs	24	148,502,709	41,814,026
Depreciation and amortisation expense	25	3,872,323	2,656,615
Provision for loan portfolio	26	9,349,036	2,496,609
Other expenses	27	50,385,756	33,570,823
Total expenses		299,692,110	143,253,825
Profit before exceptional items and tax		47,601,772	1,210,743
Less: Exceptional item	4(i)	3,551,483	-
Profit before tax		44,050,289	1,210,743
Tax expense			
Current tax		18,352,378	137,984
Tax for earlier periods		-	529,372
Deferred tax		(1,924,394)	-
Profit for the year		30,622,305	543,387
Earnings per equity share (EPES)			
Nominal value per share		10	10
Basic	35	0.85	0.05
Diluted	35	0.85	0.03

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 Chandok & Co LLP
 For Walker Chandok & Co LLP
 (Formerly Walker, Chandok & Co)
 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

Shubhankar Sengupta
 Shubhankar Sengupta
 Director

Amrita Kanjilal
 Amrita Kanjilal
 Company Secretary

Place: Hyderabad
 Date: 29 April 2014

Place: Kolkata
 Date: 29 April 2014





(An Intellectap Enterprise)

Arohan Financial Services Private Limited
Cash Flow Statement for the year ended 31 March 2014
(All amounts in ₹ unless otherwise stated)

	31 March 2014	31 March 2013
Cash flows from operating activities		
Profit before tax	-14,050,289	1,210,743
Adjustments :		
Depreciation and amortisation expense	3,872,323	2,656,615
Provision for non-performing assets	12,900,519	2,496,609
Provision for securitized portfolio, net	550,746	-
Provision for bonus	764,609	-
Loan assets written-off	2,600,435	858,310
Provision no longer required, written back	-	(739,565)
Employee stock option compensation	2,660,040	-
Gain on sale of investments	(5,642,224)	-
(Gain) / loss on sale of assets	(14,686)	(155,477)
Operating profit before working capital changes	61,742,051	6,327,235
Increase in loans to customers	(862,141,925)	(311,815,313)
(Increase) / decrease in long-term loans and advances	(1,684,974)	1,071,994
Decrease / (increase) in short-term loans and advances	60,126,027	(139,123,123)
Increase in other non-current assets	(12,395,545)	(808,935)
Increase in other current assets	(11,353,178)	(10,221,658)
Increase / (decrease) in trade payables	1,023,430	(125,824)
Increase / (decrease) in other current liabilities	110,925,526	(12,256,843)
Cash used in operating activities	(653,758,588)	(466,952,467)
Income taxes paid	(19,361,653)	(137,894)
Net cash used in operating activities	A (673,120,241)	(467,090,361)
Cash flows from investing activities		
Purchase of tangible fixed assets	(1,092,712)	(1,963,410)
Purchase of intangible assets	(1,432,269)	(1,067,034)
Proceeds from sale of tangible fixed assets	28,935	643,765
Investment in current investments	-	(27,581,539)
Income from current investments	5,642,224	-
Proceeds from sale of investments	27,581,539	-
Decrease in other bank balances and restricted deposits	(173,089,318)	(8,592,013)
Net cash used in investing activities	B (142,361,601)	(38,560,231)

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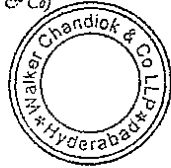
(An Intellectap Enterprise)

Arohan Financial Services Private Limited
Cash Flow Statement for the year ended 31 March 2014
(All amounts in ₹ unless otherwise stated)

	31 March 2014	31 March 2013
Cash flows from financing activities		
Proceeds from issue of equity shares, net	219,874,553	260,517,981
Proceeds from long-term borrowings	1,709,000,000	640,913,596
Repayment of long-term borrowings	(951,183,606)	(347,413,159)
Proceeds / (repayments) from short-term borrowings, net	75,857,630	(14,350,000)
Net cash from financing activities	C 1,073,548,577	539,668,418
Net increase in cash and cash equivalents (A+B+C)	258,066,735	54,017,826
Cash and cash equivalents as at the beginning of the year	110,016,891	75,999,065
Cash and cash equivalents as at the end of the year (refer note 1)	368,083,626	110,016,891
Note 1:		
Cash and bank balances as per Schedule 19	520,559,151	120,747,754
Less: Other bank balance	152,475,525	10,730,863
Cash and cash equivalents considered for cash flow	368,083,626	110,016,891
Note 2: Interest paid	125,970,667	40,679,212
Note 3: Interest received on loans to customers	268,484,599	101,921,382
Note 4: Interest received on fixed deposits	5,081,404	4,703,497

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

Walker Chandok & Co LLP
For Walker Chandok & Co LLP
(Formerly Walker, Chandok & Co)
Chartered Accountants
[Signature]
per Sanjay Kumar Jain
Partner



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

[Signature]
Manoj Kumar Nambiar
Managing Director
[Signature]
Amrita Kanjilal
Company Secretary

[Signature]
Shubhankar Sengupta
Director

Place: Hyderabad
Date: 29 April 2014

Place: Kolkata
Date: 29 April 2014





(An Intelicap Enterprise)

Arohan Financial Services Private Limited
Notes to the financial statements for the year ended 31 March 2014
 (All amounts in ₹ unless otherwise stated)

1. Company overview

Arohan Financial Services Private Limited ("the Company" or "Arohan") is a company domiciled in India and registered under the provisions of the erstwhile Companies Act, 1956 ("the Act"). The Company has been registered as a Non-Banking Financial Company ("NBFC") with the Reserve Bank of India ("the RBI") from 8 July 2009 and pursuant to the notification issued by the RBI for classification of NBFCs as Non-Banking Finance Company – Micro Finance Institutions ("NBFC-MFI"), the Company's application for registration as an NBFC-MFI was approved by the RBI on 10 January 2014.

As a NBFC-MFI with headquarters in Kolkata, Arohan operates in the states of Bihar, Assam and West Bengal. The Company is primarily engaged in providing the livelihood promotion services such as micro-credit to socio-economically disadvantaged customers un-reached by the formal banking systems and other allied services such as distribution of insurance and pension products as detailed below:

Description	Saral Loan	Saral Plus Loan	Bazaar Loan	Bazaar Plus Loan	Pragati Loan
Launch Date	April 2006	August 2013	April 2008	August 2013	October 2010
Loan Conditions	3-5 member JLGs who undergo 2 days of training prior to loan sanction	Individual Loans for people who have prior credit history with Arohan	3-5 member JLGs who undergo two days of meeting prior to loan sanction	Individual Loans for people who have prior credit history with Arohan	Individual clients involved in manufacturing within the age group of 21-50 years and employing at least 3 wage laborers.
Loan Size	₹7,500 to ₹15,000	₹20,000 to ₹30,000	₹7,500 to ₹15,000	₹20,000 to ₹30,000	₹40,000 to ₹200,000
Repayment Frequency	Monthly	Monthly	Monthly	Monthly	Monthly
Loan Tenure	12 months	24 months	12 Months	24 months	12-36 months

2. Basis of preparation

The financial statements are prepared under historical cost convention in accordance with the generally accepted accounting principles in India ("Indian GAAP") and comply in all material respects with the mandatory Accounting Standards ("AS") notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013, and with the relevant provisions of the Act, pronouncements of The Institute of Chartered Accountants of India ("ICAI") and guidelines issued by the RBI as applicable to non-banking financial company. The financial statements have been prepared on an accrual basis except for interest on non-performing loan assets which have been accounted on cash basis based on the RBI Guidelines. The accounting policies applied by the Company are consistent with those used in the prior period except as stated in Note 4.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule VI to the Act. Based on the nature of work and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as up to twelve months for the purpose of current and non-current classification of assets and liabilities.





(An Intelicap Enterprise)

Arohan Financial Services Private Limited
Notes to the financial statements for the year ended 31 March 2014
(All amounts in ₹ unless otherwise stated)

3. Significant accounting policies

a. Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include provisions for doubtful loans and advances, assessment of loss assets, future obligations under employee retirement benefit plans, income taxes, classification of assets and liabilities into current and non-current and the useful lives of fixed assets.

Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

b. Fixed assets

Fixed assets are stated at cost, net of depreciation. The cost of an asset comprises its purchase price and any cost directly attributable for bringing the asset to its working condition and location for its intended use.

c. Depreciation

Depreciation on all tangible assets is provided on straight line method over the estimated useful lives using rates prescribed under Schedule XIV of the Act. In respect of additions, depreciation is provided on pro-rata basis from the date of acquisition/installation. Assets costing less than or equal to ₹5,000 individually have been fully depreciated in the year of purchase. Intangible Assets are stated at cost of acquisition less accumulated amortization.

d. Intangible assets

Intangible assets are stated at cost of acquisition less accumulated amortization. Computer software expenditure is amortized over a period of 5 years on straight line method.

e. Investments

Investments that are readily realizable and intended to be held for not more than a year and current maturities of long-term investments are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However provision for diminution in value is made to recognize a decline other than temporary in the value of the long-term investments.

f. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the collectability is reasonably assured.

- Interest on loans is recognized on accrual basis, except in the case of Non-Performing Assets ("NPAs"), where interest is recognized upon realization, in accordance with the directives of the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 (as amended).
- Grants are recognized where there is reasonable assurance that the Company will comply with the conditions attached to them; and where such benefits have been earned by the Company and it is reasonably certain that the ultimate collection will be made.
- Loan processing fees income is recognized over the period of the loan.
- Securitization and direct assignment of loan portfolio
Premium arising on securitization /direct assignment of assets is recognized over the tenure of the agreement, loss if any arising from assignment/ securitization is immediately charged off and Loan processing fee on securitized portfolio is recognized upfront as per the guidelines on securitization of standard assets issued by the RBI.

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(An Intelicap Enterprise)

Arohan Financial Services Private Limited
Notes to the financial statements for the year ended 31 March 2014
(All amounts in ₹ unless otherwise stated)

- Interest income on deposits with banks is recognized in time proportion basis taking into account the amount outstanding and the rate applicable.

g. Asset classification and provisioning

Loans to customers are classified as standard and non-performing assets, based on the criteria laid down below:

Particulars	Criteria
Standard asset	The asset in respect of which, no default in repayment of principal or payment of interest is perceived and which does not disclose any problem nor carry more than normal risk attached to the business
Non-performing assets	An asset for which, interest/principal payment has remained overdue for a period of 90 days or more

Provision for loan portfolio

During the year, the Company had adopted the revised provisioning norms as applicable to NBFC-MFI, issued by the RBI vide its circular no. DNBS.PD/C.C.No.263/05.10.038/2011-12 dated 20 March 2012. Pursuant to the revised norms, provision is made at higher of (i) 1% of the outstanding loan portfolio or (ii) 50% of the aggregate loan installments which are overdue for more than 90 days and less than 180 days and 100% of the aggregate loan installments which are overdue for 180 days or more.

Loans write off

Under the following circumstances, loans are written off:

- Under extra-ordinary circumstances such as the death of a customer who has not received life insurance coverage or his/her spouse and/or any other incident where in the opinion of the management, the loan amount is not recoverable.
- Where the balance outstanding at the time of closure of loan is insignificant and in the opinion of the management, the cost of collection is not economically viable
- Loss assets as identified in terms of Directions issued by Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

h. Earning per equity shares

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

i. Employee benefits

Provident fund

The Company contributes to the provident fund maintained by the Regional Provident Fund Commissioner, in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952. The plan is a defined contribution plan and contribution paid or payable is recognised as an expense in the period in which services are rendered by the eligible employees. There are no other obligations of the Company other than the contributions made to the funds.



SS





Arohan Financial Services Private Limited
Notes to the financial statements for the year ended 31 March 2014
(All amounts in ₹ unless otherwise stated)

Gratuity

Gratuity is a post-employment defined benefit plan. An independent actuary, using the projected unit credit method calculates the defined benefit obligation annually. Actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are credited or charged to the statement of profit and loss in the period in which such gains or losses arises.

Employee state insurance

The Company contributes to the Employees State Insurance Fund maintained by the state authorities, in accordance with Employees State Insurance Act, 1948. The plan is a defined contribution plan and contribution paid or payable is recognized as an expense on accrual basis. There are no other obligations of the Company other than the contributions made to the funds.

Employee share based payments

Recognition, measurement and disclosures relating to employee stock compensation is done in accordance with the Guidance Note on Accounting for Employee Share-based Payments ("the Guidance Note"), issued by the ICAI. The Company uses intrinsic value method for the purposes of measurement of compensation cost and the fair value method for the purposes of additional disclosures in the financial statements. An independent valuer determines the intrinsic value of the underlying shares as on the date of the grant and compensation expenses, where applicable, are recognized as deferred employee stock compensation and is charged to statement of profit and loss using the straight line method over the vesting period.

j. Taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred income taxes reflect the impact of timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier periods.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is a virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

Unrecognized deferred tax assets of earlier years are re-assessed and recognized to the extent that it has become reasonably certain or virtually certain, as the case may be that future taxable income will be available against which such deferred tax assets can be realized. The carrying amount of deferred tax assets are reviewed at each balance sheet date.

The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

k. Provision and contingent liabilities

A provision is recognized when the Company has a present obligation as a result of past event i.e., it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. A disclosure of the contingent liability is made when there is a possible or a present obligation that may, but probably will not, require an outflow of resources.



Arohan Financial Services Private Limited
Notes to the financial statements for the year ended 31 March 2014
(All amounts in ₹ unless otherwise stated)

l. Foreign currency transaction

Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are reported at year-end rates. Non-monetary items which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Exchange differences

Exchange differences arising on the settlement of foreign currency monetary items or on reporting monetary items of the Company at rates different from those at which they were initially recorded during the year, or reported in previous consolidated financial statements, are recognized as income or as expenses in the year in which they arise.

m. Borrowing costs

Interest on borrowing is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable on the borrowing. Ancillary expenditure incurred in connection with the arrangement of borrowings is amortized over the tenure of the respective borrowings. An unamortized borrowing cost remaining, if any, is fully expensed off as and when the related borrowing is prepaid /cancelled.

n. Cash and cash equivalent

Cash and cash equivalents comprise cash and deposit with banks. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible into known amounts of cash to be cash equivalents.

o. Cash flow statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of non-cash nature, any deferrals, or accruals of past or future operating cash receipts or payments and item of expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

4. Changes in accounting policy

(i) Effective 1 April 2013, the Company has amended its policy for asset classification and provisioning of loan portfolio to be in consistent with the revised provisioning norms prescribed by the RBI for Microfinance Institutions in India. This change has consequential impact on the recognition of interest income on NPAs and estimation of provisioning against loan portfolio. The incremental provision of ₹3,551,483 on account of change in the provisioning norms and being significant to the financial statements and not expected to recur frequently, have been classified and presented as "exceptional items" in the statement of profit and loss.

(ii) Hitherto the loan processing income was being recognized upfront when it became due. Effective 1 April 2013, such loan processing income is being amortized over the period of the loan. Had the Company continued to use the earlier policy of recognizing loan processing income, the Revenue from operations for the year ended 31 March 2014 would have been higher by ₹13,531,001.



SP





(An Intellectap Enterprise)

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

	31 March 2014		31 March 2013	
	Number	Amounts	Number	Amounts
5 Share capital				
Authorised share capital				
Equity shares of ₹10 each	45,000,000	450,000,000	35,000,000	550,000,000
	45,000,000	450,000,000	35,000,000	550,000,000
Issued, subscribed and fully paid up				
Equity shares of ₹10 each	41,495,450	414,954,500	30,588,513	305,885,130
Less: Amount recoverable from the trust (Refer (h) below)	(820,900)	(8,209,000)	(825,000)	(8,250,000)
	40,674,550	406,745,500	29,763,513	297,635,130

(a) Reconciliation of equity share capital

	31 March 2014		31 March 2013	
	Number	Amounts	Number	Amounts
Equity shares of ₹10 each				
Balance at the beginning of the year	30,588,513	305,885,130	9,776,766	97,767,660
Add : Issued during the year	10,906,937	109,069,570	20,811,747	208,117,470
Balance at the end of the year	41,495,450	414,954,500	30,588,513	305,885,130

(b) During the year, the Company has issued 10,712,988 equity shares of ₹10 each to certain existing shareholders on a preferential basis at a price of ₹20.39 (including premium of ₹10.39) aggregating to ₹218,437,825. Further, the Company has issued 193,949 additional equity shares of ₹10 each on preferential basis to Mr Manoj Kumar Nambiar at ₹12.89.

(c) Terms and rights attached to 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.

(d) Details of shares held by holding company and its subsidiaries

	31 March 2014		31 March 2013	
	Number	Amount	Number	Amount
Equity shares of ₹10 each				
IntelCash Microfinance Network Company Private Limited ("IntelCash"), the holding company	-	-	17,067,494	170,674,940

Subsequent to allotment of further shares during the year, IntelCash ceased to be a holding company with effect from 26 September 2013 and hence share-holding details of IntelCash is not disclosed as at 31 March 2014.

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

	31 March 2014		31 March 2013	
	Number	%	Number	%
Equity shares of ₹10 each				
IntelCash Microfinance Network Company Private Limited	17,067,494	41.13%	17,067,494	55.80%
Aavishkar Goodwell India Microfinance Development Company II Limited	14,152,170	34.11%	4,973,858	16.26%
India Financial Inclusion Fund	3,088,912	7.44%	3,088,912	10.10%
Michael & Susan Dell Foundation	4,460,980	10.75%	3,087,791	10.09%

(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, 4,100 (31 March 2013: Nil) 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.

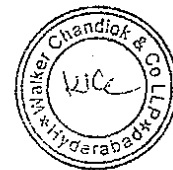
(g) Shares reserved for issue under options and contracts/commitments

i) Employee stock option plan

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.

ii) Equity warrants

Pursuant to the terms of the Share Subscription Agreement dated 12 September 2012, the Company has issued 1,000,000 warrants, representing the rights to acquire 1,000,000 equity shares of ₹10 each at a price based on the prevailing book value of the Company on the date of exercise to IntelCash. Warrants can be exercised within a period of three years from the date of issue. During the current financial year the rights have not been exercised.





(An Intellectap Enterprise)

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

(b) 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 the 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 the Trust under a back to back arrangement by the Trust with the employees of the Company. The year-end balance for the total loan granted is ₹8,299,000 (31 March 2013: ₹8,250,000).

Subsequently, pursuant to the Board of Directors approval in their meeting held on 11 March 2011 and 25 April 2013, the Company has established ESOP 2 - 2011 plan and ESOP 2013 plan respectively and has allocated 225,000 and 400,000 equity shares of ₹10 each at face value under the respective plans to the ESOP Trust. As at 31 March 2014, the stock option outstanding comprises of 225,000 (31 March 2013: 225,000) and 395,900 (31 March 2013: Nil) equity shares of ₹10 each, fully paid-up at an exercise price of ₹33 and ₹13.74 each to the eligible employees, subject to progressive vesting over a period of sixty months and thirty six months from the date of the grant and exercise price being payable immediately under the respective schemes. Options granted under the ESOP 2 - 2011 plan are issued at the market price and options under ESOP 2013 scheme are accounted at intrinsic value of ₹6.65 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
Date of Grant	March 31, 2011	May 26, 2013
Date of Board approval	March 11, 2011	April 25, 2013
Number of options granted	225,000	400,000
Method of settlement	Equity	Equity
Vesting period	60 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 2014	31 March 2013
ESOP 2-2011		
Exercise price	33	33
Weighted average remaining contractual life (in years)	2.00	2.00
ESOP 2013		
Exercise price	13.74	-
Weighted average remaining contractual life (in years)	2.27	-

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

	31 March 2014	31 March 2013
Deferred employee stock compensation opening balance	-	-
Add: Accrued employee stock compensation	2,660,040	-
Less: Deferred employee stock compensation exercised	27,265	-
Deferred employee stock compensation closing balance	2,632,775	-

Reconciliation of stock options:

	ESOP 2-2011	ESOP 2013
Outstanding as at 1 April 2012	225,000	-
Exercised and vested	-	-
Forfeited	-	-
Outstanding as at 31 March 2013	225,000	-
Stock option issued during the year	-	400,000
Exercised and vested	-	4,100
Forfeited	-	-
Outstanding as at 31 March 2014	225,000	395,900





(An Intellectap Enterprise)

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

6 Reserves and surplus

	31 March 2014	31 March 2013
i) Securities premium reserve		
Balance at the beginning of the year	218,068,651	165,668,140
Add: Premium on shares issued during the year	111,885,912	60,145,825
Add: Transferred from shares options outstanding account	27,265	-
Less: Share issue expense	(1,078,729)	(7,745,314)
Balance at the end of the year	<u>328,901,099</u>	<u>218,068,651</u>
ii) Share options outstanding account		
Balance at the beginning of the year	-	-
Add: Additions made during the year	2,660,040	-
Less: Transferred to security premium reserve account	(27,265)	-
Balance at the end of the year	<u>2,632,775</u>	<u>-</u>
iii) Portfolio risk reserve		
Balance at the beginning of the year	-	9,469,194
Less: Transferred to general reserve	-	(9,469,194)
Balance at the end of the year	<u>-</u>	<u>-</u>
iv) Statutory reserve		
Balance at the beginning of the year	6,075,410	5,966,733
Add: Additions made during the year	6,124,461	108,677
Balance at the end of the year	<u>12,199,871</u>	<u>6,075,410</u>
v) General reserve		
Balance at the beginning of the year	9,469,194	-
Add: Additions made during the year	-	9,469,194
Balance at the end of the year	<u>9,469,194</u>	<u>9,469,194</u>
vii) Surplus in the statement of profit and loss		
Balance at the beginning of the year	(110,986,360)	(111,421,070)
Add: Transferred from statement of profit and loss	30,622,305	543,387
Less: Transfer to statutory reserve	(6,124,461)	(108,677)
Balance at the end of the year	<u>(86,488,516)</u>	<u>(110,986,360)</u>
	<u>266,714,423</u>	<u>122,626,895</u>

a) Statutory reserve

In accordance with the provision of Section 45-1C 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.





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

7 Borrowings

	31 March 2014		31 March 2013	
	Long term	Short term	Long term	Short term
Secured				
13.65% Debentures	100,000,000	-	-	-
Term loans from				
Banks	690,868,196	70,000,000	176,884,920	30,000,000
Others	564,282,321	30,407,630	400,449,203	-
	1,355,150,517	100,407,630	577,334,123	30,000,000
Unsecured				
Loans and advances from related parties	-	10,100,000	-	5,650,000
Other loans and advances	-	1,000,000	-	-
	-	11,100,000	-	5,650,000
Total long-term borrowings	1,355,150,517	111,507,630	577,334,123	35,650,000
Less: Current maturities of long-term borrowings (note 9)	1,016,462,487	-	134,437,559	-
	338,688,030	111,507,630	442,896,564	35,650,000

a) Terms and conditions of debentures and nature of security

The Company issued 13.65% 200 rated, senior, secured, redeemable, non-convertible debentures each having a face value of ₹500,000 each at par to Hinduja Leyland Finance Limited on 28 March 2014. The debentures are secured by way of a first ranking exclusive hypothecation/ charge on the book debts of the Company to the extent of security cover ratio of 1.1:1 in favour of the trustee for the benefit of the debenture holders. Debentures are redeemable in 24 installments on various dates with the earliest redemption being on 15 May 2014 and the last being on 15 April 2016.

b) Terms and conditions of term loans and nature of security

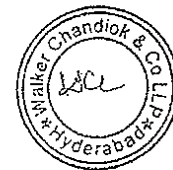
Term loans are secured by way of hypothecation of the outstanding loan portfolio in addition to the fixed deposits being held as collateral security. The term loan carries interest in the range of 13% per annum to 15.35% per annum (31 March 2013 : 12.5% to 15.5% per annum).

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 loan carries interest in the range of 13% per annum to 16% per annum (31 March 2013 : 13.25% to 15% per annum).

d) Repayment details of borrowings

	31 March 2014	31 March 2013
Up to 1 year	1,127,970,117	170,087,559
Over 1 to 3 years	338,688,030	442,896,564
Over 3 years	-	-
	1,466,658,147	612,984,123





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

8 Trade payables

	31 March 2014	31 March 2013
Dues to micro and small enterprises [Refer (a) below]	-	-
Dues to others	1,176,100	152,670
	<u>1,176,100</u>	<u>152,670</u>

(a) There are no amounts that need to be disclosed in accordance with the Micro Small and Medium Enterprise Development Act, 2006 (the 'MSMEID') pertaining to micro or small enterprises. For the year ended 31 March 2014, no supplier has intimated the Company about its status as micro or small enterprises or its registration with the appropriate authority under MSMEID.

9 Other current liabilities

	31 March 2014	31 March 2013
Current maturities of long-term borrowings	1,016,462,487	134,437,559
Interest accrued but not due on borrowings	6,342,628	3,289,145
Refundable interest (Refer note a below)	4,967,567	-
Statutory liabilities	2,375,226	1,851,200
Payable on account of securitisation	73,170,186	4,529,348
Employee dues	2,449,525	3,957,818
Incentive payable	5,635,391	-
Unamortised profit on securitisation	18,886,208	9,196,320
Unamortised loan processing fees	13,531,001	-
Liabilities for expenses	3,894,402	319,161
Other payables	3,076,153	259,768
	<u>1,150,790,774</u>	<u>157,840,319</u>

a) Represents adjustable interest collected on the individual microfinance loans pertaining to the moratorium period ranging from 30 to 60 days as part of the standard loan pricing schedule, as the Company has followed a portfolio approach, instead of using the period as applicable to individual loans and charged interest for the period ranging from 40 to 55 days for this period.

10 Provisions

	31 March 2014		31 March 2013	
	Long term	Short term	Long term	Short term
Provision against loan portfolio	-	15,462,033	-	801,549
Contingent provision against standard assets	-	-	-	1,759,965
Provision against securitized portfolio	-	1,304,367	-	753,621
Provision for bonus	-	764,609	-	-
	-	<u>17,531,009</u>	-	<u>3,315,135</u>



DR





(An Intellectap Enterprise)

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

11 Employee benefits

The Company has taken a group gratuity for its employees with the Life Insurance Corporation of India (LIC). Under this policy the eligible employees are entitled to receive gratuity payments upon their resignation or death in lump sum. The following table set out the status of the gratuity plan as required under Accounting Standard (AS) - 15 - Employee benefits and the reconciliation of opening and closing balances of the present value of the defined benefit obligation.

	31 March 2014	31 March 2013
i) Change in projected benefit obligation		
Projected benefit obligation at the beginning of the year	2,426,658	1,974,262
Service cost	916,815	702,318
Interest cost	157,095	157,941
Actuarial (gain) / loss	(627,771)	(189,700)
Benefits paid	(925,941)	(218,163)
Projected benefit obligation at the end of the year	<u>1,946,856</u>	<u>2,426,658</u>
ii) Change in plan assets		
Fair value of plan assets at the beginning of the year	3,467,718	2,599,473
Expected return on plan assets	278,536	227,454
Employer contributions	78,713	858,054
Benefits paid	(925,941)	(218,163)
Fair value of plan assets at the end of the year	<u>2,899,026</u>	<u>3,467,718</u>
iii) Reconciliation of present value of obligation on the fair value of plan assets		
Present value of projected benefit obligation at the end of the year	(1,946,856)	(2,426,658)
Funded status of the plans	<u>2,899,026</u>	<u>3,467,718</u>
Asset / (liability) recognised in the balance sheet	<u>952,170</u>	<u>1,041,060</u>
iv) Expense recognised in the statement of profit and loss		
Service cost	916,815	702,318
Interest cost	157,095	157,941
Expected returns on plan assets	(278,536)	(227,454)
Recognized net actuarial (gain) / loss	(627,771)	(189,700)
Net gratuity costs	<u>167,603</u>	<u>443,105</u>
v) Key actuarial assumptions		
Discount rate	9%	8%
Long-term rate of compensation increase	5%	6%
Rate of return on plan assets	9%	9%

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

Particulars	2014	2013	2012	2011	2010
Defined benefit obligation	1,946,856	2,426,658	1,974,262	1,209,420	518,186
Plan assets	2,899,026	3,467,718	2,599,473	1,890,464	506,692
Surplus/Deficit	-	-	-	-	-
Net actuarial loss/(gain) recognized during the current year	(627,771)	(189,700)	376,928	383,471	(8,081)

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 ₹3,330,920 (31 March 2013: ₹2,732,727).





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

12 Tangible assets

Gross block	Furniture and fixtures	Computer and accessories	Office equipment	Total
Balance as at 1 April 2012	8,170,755	5,107,880	1,293,372	14,572,007
Additions	759,724	998,566	205,120	1,963,410
Disposals	(1,636,764)	(489,651)	(333,665)	(2,460,078)
Balance as at 31 March 2013	7,293,715	5,616,795	1,164,829	14,075,339
Additions	223,366	815,231	54,115	1,092,712
Disposals	(42,563)	-	-	(42,563)
Balance as at 31 March 2014	7,474,578	6,432,026	1,218,944	15,125,548
Accumulated depreciation Up to 1 April 2012	4,699,711	2,174,442	152,904	7,027,057
Depreciation charge	374,618	702,351	52,476	1,129,445
Reversal on disposal of assets	(1,182,884)	(240,008)	(40,987)	(1,463,879)
Balance as at 31 March 2013	3,891,445	2,636,785	164,393	6,692,623
Depreciation charge	858,685	800,845	60,641	1,720,171
Reversal on disposal of assets	(28,254)	-	-	(28,254)
Balance as at 31 March 2014	4,721,876	3,437,630	225,034	8,384,540
Net block				
Balance as at 31 March 2013	3,402,270	2,980,010	1,000,436	7,382,716
Balance as at 31 March 2014	2,752,702	2,994,396	993,910	6,741,008





(An Intelicap Enterprise)

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

13 Intangible assets

Gross block	Computer	Total
	Software	
Balance as at 1 April 2012	7,636,955	7,636,955
Additions	20,000	20,000
Balance as at 31 March 2013	7,656,955	7,656,955
Additions	4,376,403	4,376,403
Balance as at 31 March 2014	12,033,358	12,033,358
Accumulated amortisation Up to 1 April 2012	3,358,518	3,358,518
Amortization charge	1,527,172	1,527,172
Balance as at 31 March 2013	4,885,690	4,885,690
Amortization charge	2,152,152	2,152,152
Balance as at 31 March 2014	7,037,842	7,037,842
Net block		
Balance as at 31 March 2013	2,771,265	2,771,265
Balance as at 31 March 2014	4,995,516	4,995,516

14 Investments

(Valued at cost unless stated otherwise)

	31 March 2014		31 March 2013	
	Non-current	Current	Non-current	Current
In equity shares (Trade, unquoted, valued at cost) 50,000 (31 March 2013: 50,000) equity shares of ₹10 each fully paid in Alpha Micro Finance Consultant Private Limited	500,000	-	500,000	-
Other investments, Non-trade, Unquoted Investment in liquid fund	-	-	-	27,581,539
Aggregate amount of unquoted investments	500,000	-	500,000	27,581,539

15 Deferred tax assets (net)

	31 March 2014	31 March 2013
On account of provision for bad and doubtful receivables	5,439,859	-
On account of depreciation	(515,465)	-
Deferred tax assets (net)	4,924,394	-





(An Intelicap Enterprise)

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

16 Loan to customers

	31 March 2014		31 March 2013	
	Non-current	Current	Non-current	Current
Unsecured, considered good*	148,245,528	1,394,050,701	115,263,769	566,741,955
Unsecured, considered doubtful**	1,596,911	2,310,252	28,876	4,627,282
	149,842,439	1,396,360,953	115,292,645	571,369,237

* 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))

17 Loans and advances

	31 March 2014		31 March 2013	
	Non-current	Current	Non-current	Current
<i>(Unsecured, considered good)</i>				
Security deposits	1,130,312	985,350	142,550	2,658,512
Prepaid expenses	-	15,756,650	-	6,565,754
Deposit with financial institutions [Refer (a) below]	6,250,000	66,401,307	20,625,100	29,266,955
Advance tax, net of provision	2,174,404	-	1,165,129	-
Loan to Arohan ESOP trust [Refer (b) below]	7,718,261	-	6,963,296	-
Advance payment against securitisation	-	-	-	65,348,697
Premium on portfolio purchased	-	-	-	1,000,000
Grant receivable	-	1,678,253	-	407,477
Advances to employees	22,000	848,878	38,753	969,730
Balances with government authorities	-	165,398	-	119,133
Other receivables	-	3,969,724	-	6,460,977
	17,294,977	89,805,560	28,934,828	112,797,235
<i>(Unsecured, considered doubtful)</i>				
Other receivables	-	2,139,754	-	-
Less: Provision for doubtful advances	-	(2,139,754)	-	-
	17,294,977	89,805,560	28,934,828	112,797,235

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

(b) During the previous year, the Company has extended a loan of ₹10,200,000 to the ESOP Trust at an interest rate of 10% per annum, which is revised to 15% per annum w.e.f October 2013.





(An Intellectap Enterprise)

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

16(a) Loans to customers

Loans to customers has been classified in accordance with the directives issued by the RBI vide the Non-Banking Financial (Non-deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007, as amended, 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 2014

Asset classification	Classification criteria	Amount Outstanding	Provision
Standard assets	0-90 days	1,542,296,229	15,422,962
Non-performing assets	90 days or above	3,207,143	39,071
Total		1,546,203,372	15,462,033

As at 31 March 2013

Asset classification	Classification criteria	Amount Outstanding	Provision
Standard assets	0-180 days	682,555,231	1,759,965
Non-performing assets			
Sub-standard assets	180-730 days	4,077,775	772,673
Doubtful assets	730 days or above	28,876	28,876
Total		686,661,882	2,561,514

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(An Intellectap Enterprise)

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

	31 March 2014	31 March 2013
Bank deposits with maturity of more than 12 months [Refer (a) below]	64,500,904	55,915,500
Interest accrued on fixed deposits	15,410,585	3,015,039
	<u>79,911,489</u>	<u>58,930,539</u>

(a) Represents deposits placed as margin money to avail term loans from banks, financial institutions and as cash collateral in connection with asset securitisation transactions.

19 Cash and bank balances

	31 March 2014	31 March 2013
Cash and cash equivalents		
Balances with banks		
- in current accounts	366,256,272	108,670,730
- in deposit account (with maturity upto 3 months)	1,230,697	900,386
Cash on hand	596,657	445,775
	<u>368,083,626</u>	<u>110,016,891</u>
Other bank balances		
Deposits with maturity more than 3 months but less than 12 months [Refer (a) below]	152,475,525	10,730,863
Total	<u>520,559,151</u>	<u>120,747,754</u>

(a) Includes deposits aggregating to ₹ 140,578,544 (31 March 2013: ₹ 10,730,863) 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 2014	31 March 2013
Accrued interest from loan to borrowers	19,850,829	8,408,761
Gratuity fund (Refer Note 11)	952,170	1,041,060
Total	<u>20,802,999</u>	<u>9,449,821</u>

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(An Intellectap Enterprise)

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

21 Revenue from operations

	31 March 2014	31 March 2013
Interest on loan to customers	279,926,667	107,636,935
Loan processing fee	13,189,860	10,457,234
Income from securitisation	24,219,396	15,384,605
Other operating revenues	5,898,287	4,057,130
	<u>323,234,210</u>	<u>137,535,904</u>

22 Other income

	31 March 2014	31 March 2013
Interest income from		
Fixed deposits	17,476,950	5,512,432
Loan to ESCOP trust	814,965	332,496
Current investments	5,642,224	-
Income tax refund	-	147,000
Profit on sale of fixed assets, net	14,686	155,477
Provision no longer required, written back	-	739,365
Other income	110,847	41,694
	<u>24,059,672</u>	<u>6,928,664</u>

23 Employee benefit expenses

	31 March 2014	31 March 2013
Salaries and wages	74,848,347	53,970,395
Contribution to gratuity fund	167,603	443,105
Contribution to provident and other defined contribution funds	6,134,639	5,333,760
Employee stock option compensation	2,660,040	-
Staff welfare expenses	3,771,657	2,768,292
	<u>87,582,286</u>	<u>62,715,752</u>

24 Finance costs

	31 March 2014	31 March 2013
Interest expenses	129,024,150	40,127,409
Bank charges	384,883	341,411
Loan processing charges	19,093,676	1,343,206
	<u>148,502,709</u>	<u>41,814,026</u>

25 Depreciation and amortisation expense

	31 March 2014	31 March 2013
Depreciation of tangible assets (Refer note 12)	1,720,171	1,129,443
Amortisation of intangible assets (Refer note 13)	2,152,152	1,527,172
	<u>3,872,323</u>	<u>2,656,615</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)

26 Provision for loan portfolio

	<u>31 March 2014</u>	<u>31 March 2013</u>
Provision towards own portfolio	9,349,036	2,496,609
	<u>9,349,036</u>	<u>2,496,609</u>

27 Other expenses

	<u>31 March 2014</u>	<u>31 March 2013</u>
Rent	9,016,485	9,353,946
Repairs and maintenance-others	1,982,049	1,636,150
Insurance	2,055,723	1,647,655
Electricity	1,634,774	1,500,879
Service tax	1,355,056	1,060,177
Office expenses	937,963	637,725
Membership and subscription	819,491	321,650
Office maintenance	2,538,847	2,000,236
Printing and stationery	3,900,529	1,925,247
Professional fees	8,129,600	2,345,668
Recruitment and induction	1,448,071	154,402
Communication expenses	2,128,046	1,453,537
Travelling and conveyance	7,090,976	6,792,054
Amortisation of premium	1,000,000	1,000,000
Payment to auditors (Refer note (a) below)	791,883	398,454
Provision for other receivables	2,139,754	-
Loan assets written off	2,600,435	858,310
Miscellaneous expenses	816,074	284,733
	<u>50,385,756</u>	<u>33,570,823</u>

(a) Payments to auditors

As auditor		
Statutory audit	750,000	200,000
Tax audit	-	75,000
In other capacity		
Other services	-	78,000
Reimbursement of expenses	41,883	45,454
	<u>791,883</u>	<u>398,454</u>





(An Intellectap Enterprise)

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

28 Related parties

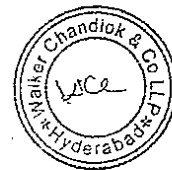
a) Names of related parties

Relationship	Name
Ultimate Holding company	Intellectual Capital Advisory Services Private Limited (till 25 September 2013)
Holding Company	IntellectCash Microfinance Network Company Private Limited (till 25 September 2013)
Entities in which directors of the Company are able to exercise control or have significant influence	IntellectCash Microfinance Network Company Private Limited (w.e.f 26 September 2013)
	Intellectual Capital Advisory Services Private Limited (w.e.f 26 September 2013)
	Intellectap Software Technologies Private Limited
	Aavishkaar Goodwill India Microfinance Development Company II Limited
	Michael & Susan Dell Foundation
	India Financial Inclusion Fund
Key management personnel (KMP)	Shubhankar Sengupta
	Manoj Kumar Nambiar
Relatives of KMP	Geeta Nambiar

b) Transactions with related parties

	Year ended 31 March	
	2014	2013
Issue of Equity share (including share premium)		
IntellectCash Microfinance Network Company Private Limited	-	162,017,272
Aavishkaar Venture Management Services Private Limited	-	80,240
Aavishkaar Goodwill India Microfinance Development Company II Limited	187,145,775	64,113,030
Michael & Susan Dell Foundation	27,999,330	-
India Financial Inclusion Fund	-	12,000,000
Manoj Kumar Nambiar	2,500,000	2,500,000
Managerial Remuneration*		
Shubhankar Sengupta	2,089,460	1,969,600
Manoj Kumar Nambiar	3,373,800	1,710,000
Loan given / (borrowed)		
Manoj Kumar Nambiar	(5,000,000)	(2,000,000)
Geeta Nambiar	(5,700,000)	-
Shubhankar Sengupta - through Arohan ESOP Trust	-	10,200,000
Interest received / (paid)		
Manoj Kumar Nambiar	(539,534)	(72,123)
Geeta Nambiar	(126,493)	-
Shubhankar Sengupta - through Arohan ESOP Trust	814,965	332,496
Fees for raising equity capital		
Intellectual Capital Advisory Services Private Limited	200,000	5,000,000
Rent & service Charge		
Intellectual Capital Advisory Services Private Limited	63,242	-
Intellectap Software Technologies Private Limited	118,325	-

* Managerial remuneration does not include the share of profit amounting to ₹2,192,827 (31 March 2013: ₹Nil) payable to both the KMPs, the allocation of which is to be decided by the Compensation Committee in its ensuing meeting.





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

c) Balances with related parties

	As at 31 March	
	2014	2013
Balance (due to) / due from *		
Manoj Kumar Nambiar	(3,400,000)	(2,000,000)
Geeta Nambiar	(5,700,000)	-
Shubhankar Sengupta - through Arohan ESCOP Trust (including interest receivable)	7,618,261	6,863,296
IntelCash Microfinance Network Company Private Limited	-	(3,500,000)
Intellectual Capital Advisory Services Private Limited	(200,000)	(5,000,000)

* Disclosure on balances due to related parties does not include, share of profit amounting to ₹2,192,827 (31 March 2013: ₹ -) payable to both the KMP's, the allocation of which is to be decided by the Compensation Committee in its ensuing meeting.

29 Additional disclosures pursuant to RBI circulars

i) Capital adequacy ratio

The RBI has issued the "Non-Banking Financial Company - Micro Finance Institutions ("NBFC-MFI") - Directions" dated 2 December 2011, which provides the regulatory framework for all micro finance institutions.

	As at 31 March	
	2014	2013
CRAR (%)	37.10%	51.30%
CRAR-Tier I Capital (%)	37.10%	50.35%
CRAR-Tier II Capital (%)	0.00%	0.95%

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

iii) Information on instances of fraud identified during the year

	Year ended 31 March	
	2014	2013
Nature of fraud		
<i>Cash embezzlement</i>		
No. of cases	1	2
Estimated amount of fraud	176,438	301,702
Recovery	124,472	59,000
Amount provided for	51,966	242,702
<i>Loans given against fictitious documents</i>		
No. of cases	-	Multiple
Estimated amount of fraud	-	1,907,000
Recovery	-	-
Amount provided for	-	1,907,000





(An Intellicap Enterprise)

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

30 Assignment/ securitisation of loans

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

	Year ended 31 March	
	2014	2013
Number of loans assigned/ securitised	72,217	41,998
Book value of loans assigned/ securitised	649,199,473	246,030,680
Sale consideration received for loans assigned/ securitised	688,986,547	264,519,170
Gain / (Loss) on account of direct assigned / securitization	39,787,074	18,488,490
Income recognised in the statement of profit and loss	23,465,775	15,384,605
Credit enhancements provided and outstanding (Gross):		
Principal subordination	356,377,715	163,207,248
Cash collateral	85,537,445	20,643,984
Corporate Guarantee	-	-

Disclosure pursuant to the RBI circular DNBS.PD.No. 301/3.10.01/2012-13 dated 21 August 2012:

	Year ended 31 March	
	2014	2013
(1) No of SPVs sponsored by the NBFC for securitisation transactions	8	4
(2) Total amount of securitised assets as per books of the SPVs sponsored by the NBFC	649,199,473	246,030,680
(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	85,537,445	20,643,984
(ii) Others	-	-
(4) Amount of exposures to securitisation transactions other than MRR		
a) Off-balance sheet exposures		
(i) Exposure to own securitisations		
- First loss	-	-
- Others	-	-
(ii) Exposure to third party securitisations		
- First loss	-	-
- Others	-	-
b) On-balance sheet exposures		
(i) Exposure to own securitisations		
- First loss	-	-
- Others	-	-
(ii) Exposure to third party securitisations		
- First loss	-	-
- Others	-	-



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

Maturing pattern of assets and liability as on 31 March 2014

	1 day up to 30 days	Over 1 Month to 2 Month	Over 2 Month up to 3 Month	Over 3 Month up to 6 Month	Over 6 Month up to 12 Month	Over 1 year up to 3 years	Over 3 years up to 5 years	Over 5 years	Total
Liabilities									
Borrowing from Bank/financial institutions	46,760,334	44,323,401	74,511,995	192,843,461	341,601,368	160,651,137	-	-	860,681,696
Market Borrowings (Including intercorporate loans and loan from shareholders)	36,835,766	48,814,189	48,874,875	127,149,271	166,248,157	178,053,893	-	-	605,976,451
Total	83,605,100	93,135,590	123,386,870	319,992,732	507,849,525	338,698,030	-	-	1,466,658,147
Assets									
Advance Investment	15,957,648	168,408,282	166,783,531	411,979,961	494,231,508	449,842,439	-	500,000	1,516,203,372
Total	154,957,648	168,408,282	166,783,531	411,979,961	494,231,508	449,842,439	-	500,000	1,516,203,372

Maturing pattern of assets and liability as on 31 March 2015

	1 day up to 30 days	Over 1 Month to 2 Month	Over 2 Month up to 3 Month	Over 3 Month up to 6 Month	Over 6 Month up to 12 Month	Over 1 year up to 3 years	Over 3 years up to 5 years	Over 5 years	Total
Liabilities									
Borrowing from Bank/ FI	17,971,228	12,471,226	22,471,223	33,804,560	5,690,000	115,166,657	-	-	206,984,901
Market Borrowings (Including intercorporate loans and loan from Shareholders)	19,579,514	26,114,628	24,695,883	5,839,390	2,150,000	327,729,907	-	-	406,999,222
Total	37,550,742	38,585,856	47,167,111	39,643,950	7,840,000	442,896,564	-	-	612,984,123
Assets									
Advance (All term finance portfolio) Investment	39,644,638	55,668,329	51,602,020	143,147,132	261,217,118	115,292,645	-	500,000	686,661,882
Total	87,226,177	55,668,329	51,692,020	143,147,132	261,217,118	115,292,645	-	500,000	715,743,421





(An Intellecap Enterprise)

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

32 Additional disclosures pursuant to Non-Banking Financial (Non-Deposit Accepting or Holding) Companies
 Prudential Norms (Reserve Bank) Directions, 2007) issued by RBI

	As at 31 March 2014	
	Amount outstanding	Amount overdue
Liabilities side :		
(1) Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:		
(a) Debentures		
Secured	100,000,000	-
Unsecured	-	-
(other than falling within the meaning of public deposits)		
(b) Deferred Credits	-	-
(c) Term Loans	1,255,150,517	-
(d) Inter-corporate loans and borrowing	-	-
(e) Commercial Paper	-	-
(f) Other Loans (Short-term borrowings)	111,507,630	-
Assets side :		
(2) Break up of Loans to customers:		As at 31 March 2014
a) Secured, gross		-
b) Unsecured, gross		1,546,203,372
(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		-





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

	As at 31 March 2014
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	500,000
(b) Preference	-
(ii) Debentures and Bonds	-
(iii) Units of mutual funds	-
(iv) Government Securities	-
(v) Others	-

Net of provision as at 31 March 2014

(5) Borrower group-wise classification of assets financed as in (2) and (3)	Secured	Unsecured	Total
Category			
1. Related parties			
(a) Subsidiaries	-	-	-
(b) Companies in the same group	-	-	-
(c) other related parties	-	-	-
2. Other than related parties	-	1,530,741,338	1,530,741,338
Total	-	1,530,741,338	1,530,741,338

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

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
Total	500,000	500,000

(7) Other information

	As at 31 March 2014
(i) Gross non-performing assets	
(a) Related parties	-
(b) Other than related parties	3,907,143
(ii) Net non-performing assets	
(a) Related parties	-
(b) Other than related parties	3,868,071
(iii) Assets acquired on satisfaction of debt	-





(An Intellectap Enterprise)

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

33 Contingent liabilities and commitments

- (a) Credit enhancements provided by the Company towards asset assignment/ securitisation transactions aggregating to ₹85,537,445 (31 March 2013: ₹20,643,984) and towards performance guarantee against other service agreement aggregates to ₹975,000 (31 March 2013: ₹Nil)
- (b) 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 2013: ₹Nil). Based on the management assessment, crystallization of liability on these items is not considered probable and hence not acknowledged as debt by the Company.

34 Other commitments

For purchase/ development of intangible asset

Year ended 31 March	
2014	2013
500,000	1,950,360
500,000	1,950,360

35 Earnings per equity share [EPES]

a) Profit/(loss) considered for computation of basic and diluted EPES

Year ended 31 March	
2014	2013
30,622,305	543,387

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	36,069,409	20,323,130
Add: Effect of shares issued under ESOP scheme	121,944	-
Add: Effect of equity warrants issued to Intellectash	-	-
Weighted average number of shares considered for computation of diluted EPES	36,191,353	20,323,130

c) Earnings per equity share [EPES]

Basic EPES	0.85	0.03
Diluted EPES	0.85	0.03

36 Earnings in foreign currency

Grant income

Year ended 31 March	
2014	2013
5,207,007	1,223,982
5,207,007	1,223,982

37 Segment reporting

The Company operates in a single reportable segment i.e. lending to customers, which have 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 ₹9,016,485 (31 March 2013: ₹9,353,946) disclosed as rent and the same has been recognised as an expense in the statement of profit and loss.





(An Intellectap Enterprise)

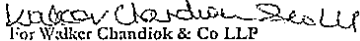
Arohan Financial Services Private Limited
Summary of significant accounting policies and other explanatory information
(All amounts in ₹ unless otherwise stated)


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

40 Comparatives

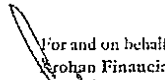
Previous year figures have been reclassified / regrouped wherever necessary, to confirm to current year presentation.

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



For Walker Chandok & Co LLP
(Formerly Walker, Chandok & Co)
Chartered Accountants



per Sanjay Kumar Jain
Partner




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

Manoj Kumar Nambiar
Managing Director


Amrita Kanjilal
Company Secretary


Shubhankar Sengupta
Director

Place: Hyderabad
Date: 29 April 2014

Place: Kolkata
Date: 29 April 2014

