

Arum Investments Private Limited

Financial Statements
together with Auditors' Report
for the year ended 31 March 2015

Arum Investments Private Limited

Financial statements together with Auditors' Report *for the year ended 31 March 2015*

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B S R & Associates LLP

Chartered Accountants

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Independent Auditors' Report To the Members of Arum Investments Private Limited

Report on the financial statements

We have audited the accompanying financial statements of Arum Investments Private Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's responsibility for financial statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making 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.

Auditors' responsibility

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

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

Independent Auditors' Report (Continued) **Arum Investments Private Limited**

Auditors' responsibility (continued)

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls.

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2015, and its profits and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2015 ('the Order') issued by the Central Government of India in terms of sub section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraph 3 and 4 of the Order.

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

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e) On the basis of the written representations received from the directors as on 31 March 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2015 from being appointed as a director in terms of Section 164 (2) of the Act; and

Independent Auditors' Report (Continued)
Arum Investments Private Limited

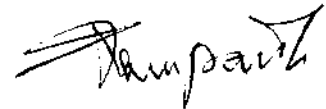
Report on Other Legal and Regulatory Requirements (continued)

- 0) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has no pending litigations as at 31 March 2015.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company

For B S R & Associates LLP

Chartered Accountants

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



N Sampath Ganesh

Partner

Membership No: 042554

Mumbai
14 May 2015

Arum Investments Private Limited

Annexure to the Independent Auditors' Report

(Referred to in our report of even date)

- i.
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The Company has a regular programme of physical verification of its fixed assets by which all the fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- ii. The principal activity of the Company is to carry on the business of giving loans. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable.
- iii. The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Act.
- iv. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, with regard to the purchase of fixed assets and sale of services. In our opinion and according to the information and explanation given to us, there is no continuing failure to correct major weaknesses in internal control system.
- v. The Company has not accepted any deposits from public.
- vi. The Central Government has not prescribed the maintenance of cost records under sub-section 1 of Section 148 of the Act, for any of the activities conducted/ services rendered by the Company.
- vii.
 - (a) According to the information and explanations given to us and on the basis of our examination of the books of account, amounts deducted / accrued in the books of account in respect of undisputed statutory dues including provident fund, income tax, service tax and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of employees' state insurance, sales tax, wealth tax, duty of customs, duty of excise, value added tax and cess as at 31 March 2015. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, service tax and other material statutory dues were in arrears as at 31 March 2015 for a period of more than six months from the date they became payable.
 - (b) According to the information and explanations given to us, there are no material dues of income tax and service tax which have not been deposited with the appropriate authorities on account of any dispute.
 - (c) According to the information and explanations given to us, there are no dues of investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder which is required to be transferred.

Arum Investments Private Limited

Annexure to the Independent Auditors' Report *(continued)*

- viii. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.
- ix. In our opinion and according to the information and explanation given to us, the Company has not defaulted in repayment of due to any financial institution, bank or debenture holder during the year.
- x. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions. Thus, paragraph 3(x) of the Order is not applicable.
- xi. In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised.
- xii. According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit.

For **B S R & Associates LLP**

Chartered Accountants

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



N Sampath Ganesh

Partner

Membership No: 042554

Mumbai
14 May 2015

Arum Investments Private Limited

Balance sheet

(Currency : Indian rupees)

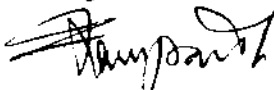
	Note	As at 31 March 2015	As at 31 March 2014
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2.1	255,129,000	339,469,320
Reserves and surplus	2.2	4,266,728,367	5,368,783,435
		<u>4,521,857,367</u>	<u>5,708,252,755</u>
Non-current liabilities			
Long-term borrowings	2.3	268,873,000	5,370,699,000
Long-term provisions	2.4	1,099,000	371,000
		<u>269,972,000</u>	<u>5,371,070,000</u>
Current liabilities			
Short-term borrowings	2.5	1,488,315	-
Trade payables	2.6	46,691,824	66,696,862
Other current liabilities	2.7	31,407,379	468,494,950
Short-term provisions	2.8	10,703,719	124,953,739
		<u>4,882,120,604</u>	<u>11,739,468,306</u>
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	2.9	1,234,616	1,310,315
Non-current investments	2.10	-	965,048,240
Deferred tax assets (net)	2.11	3,818,603	35,197,913
Long-term loans and advances	2.12	106,881,905	2,124,432
		<u>111,935,124</u>	<u>1,003,680,900</u>
Current assets			
Current investments	2.13	600,000,000	465,928,843
Cash and cash equivalents	2.14	280,617,206	77,618,571
Short-term loans and advances	2.15	3,889,479,062	9,700,076,846
Other current assets	2.16	89,213	492,163,146
		<u>4,770,185,481</u>	<u>10,735,787,406</u>
TOTAL		<u><u>4,882,120,604</u></u>	<u><u>11,739,468,306</u></u>

Significant accounting policies and notes to the financial statements

1 & 2

As per our report of even date attached.

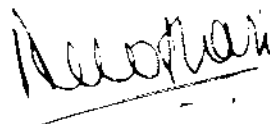
For B S R & Associates LLP
Chartered Accountants
Firm Registration No: 116231W/W-100024



N Sampath Ganesh
Partner
Membership No: 042554

Mumbai
14 May 2015

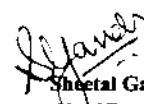
For and on behalf of the Board of Directors



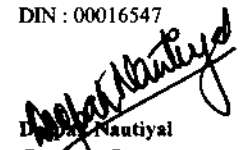
Parag Kothari
Director
DIN : 05158699



Ashish Pithawala
Director
DIN : 00016547



Shweta Gandhi
Chief Financial Officer



Anshu Nautiyal
Company Secretary

Mumbai
14 May 2015

Arum Investments Private Limited

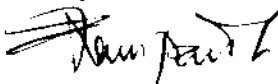
Statement of profit and loss

(Currency : Indian rupees)

	Note	For the year ended 31 March 2015	For the year ended 31 March 2014
Revenue from operations			
Fee and commission income	2.17	80,000,000	43,000,000
Income from treasury operations and investments	2.18	350,818,097	32,266,069
Interest income	2.19	1,261,935,983	1,515,505,565
Other income	2.20	-	2,896,180
Total Revenue		1,692,754,080	1,593,667,814
Expenses			
Employee benefit expenses	2.21	57,541,357	52,015,374
Finance costs	2.22	719,752,917	831,845,651
Depreciation	2.9	86,099	77,924
Other expenses	2.23	724,920,831	123,662,265
Total expenses		1,502,301,204	1,007,601,214
Profit before exceptional and extraordinary items and tax		190,452,876	586,066,600
Exceptional items / prior period item		122,571,860	-
Profit before tax		313,024,737	586,066,600
Tax expense:			
Current tax [includes excess provision for earlier years of Rs 20,352; (Previous year Rs. Nil)]		33,689,468	218,000,000
Minimum alternative tax credit entitlement		(33,710,000)	-
Deferred tax		31,379,310	(29,178,550)
Profit for the year		281,665,959	397,245,150
Earnings per equity share:			
Basic	2.26	73.14	141.56
Diluted		8.04	7.47
Significant accounting policies and notes to financial statements	1 & 2		

As per our report of even date attached.

For BSR & Associates LLP
Chartered Accountants
Firm Registration No: 116231W/W-100024



N Sampath Ganesh
Partner
Membership No: 042554

Mumbai
14 May 2015

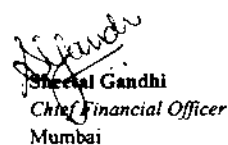
For and on behalf of the Board of Directors



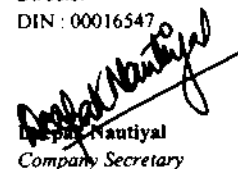
Parag Kothari
Director
DIN : 05158699



Ashish Pithawala
Director
DIN : 00016547



Sheetal Gandhi
Chief Financial Officer
Mumbai
14 May 2015



Anil Nautiyal
Company Secretary

Arum Investments Private Limited

Cash Flow Statement

(Currency : Indian rupees)

	For the year ended 31 March 2015	For the year ended 31 March 2014
A Cash flow from operating activities		
Profit before taxation	313,024,737	586,066,600
<i>Adjustments for</i>		
Depreciation	86,099	77,924
Provision for gratuity	706,409	123,416
Provision for compensated absences	163,000	54,000
Provision for non-performing asset	(80,789,719)	80,789,719
Provision for standard asset	(12,828,780)	4,961,792
Interest expense on debentures	719,441,315	826,291,818
Interest expense on Inter-corporate deposit	-	5,529,863
Dividend on investments	(59,390,158)	(31,659,165)
Profit on sale of current investment	(6,302,435)	(606,904)
Profit on sale of non-current investment	(285,133,971)	-
Interest income on fixed deposits	(99,125)	-
Bad debts written-off	807,897,192	-
Interest on short term borrowings	1,430	-
Operating cash flow before working capital changes	1,396,775,995	1,471,629,063
<i>Add / (Less): Adjustments for working capital changes</i>		
Decrease/(increase) in receivables from financing business	2,183,657,941	(2,692,471,870)
Gratuity paid	-	(4,000)
Decrease/(increase) in loans & advances and other current assets	3,345,177,797	(276,968,629)
(Decrease)/increase in liabilities and provisions	(101,610,114)	89,014,928
Cash generated from/(used in) operations	6,824,001,618	(1,408,800,508)
Income taxes paid	(159,468,872)	(205,340,512)
Net cash generated from/(used in) operating activities - A	6,664,532,746	(1,614,141,020)
B Cash flow from investing activities		
Purchase of fixed assets	(10,400)	(14,100)
Sale of non-current investments	1,250,182,211	-
Purchase of non-current investments	-	(965,048,240)
Purchase of current investments	(18,613,840,158)	(8,222,299,586)
Proceeds from sale / redemption of current investment	18,486,071,435	8,159,240,687
Dividend on investments	59,390,158	31,659,165
Interest income received on fixed deposits	9,913	-
Net cash generated from/(used in) investing activities - B	1,181,803,159	(996,462,074)

Arum Investments Private Limited

Cash Flow Statement (continued)

(Currency : Indian rupees)

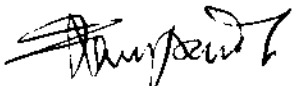
	For the year ended 31 March 2015	For the year ended 31 March 2014
C Cash flow from financing activities		
Buyback of compulsorily convertible non-cumulative preference shares	(1,391,615,280)	-
Redemption of 17% optionally convertible debentures	(206,826,000)	2,530,000,000
Redemption of 17% redeemable non-convertible debentures	(4,895,000,000)	-
Interest paid	(1,075,231,860)	(502,551,765)
Buyback tax paid	(76,446,066)	-
Other borrowings	1,487,028	-
Inter-corporate deposits borrowed	-	1,500,000,000
Inter-corporate deposits repaid	-	(1,500,000,000)
Dividend on preference shares	-	(31,141)
Dividend distribution tax on preference shares	-	(5,292)
Net cash (used in)/generated from financing activities - C	(7,643,632,178)	2,027,411,802
Net increase/(decrease) in cash and cash equivalents (A+B+C)	202,703,727	(583,191,292)
Cash and cash equivalent as at the beginning of the year	77,618,571	660,809,864
Cash and cash equivalent as at the end of the year (refer note 2.14)	280,617,206	77,618,571

As per our report of even date attached.

For B S R & Associates LLP

Chartered Accountants

Firm Registration No: 116231W/W-100024



N Sampath Ganesh

Partner

Membership No: 042554

Mumbai
14 May 2015

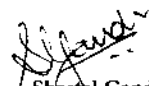
For and on behalf of the Board of Directors



Parag Kothari

Director

DIN : 05158699



Sheetal Gandhi

Chief Financial Officer

Mumbai

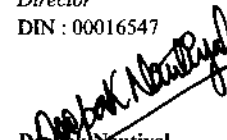
14 May 2015



Ashish Pithawala

Director

DIN : 00016547



Deepak Nautiyal

Company Secretary

Arum Investments Private Limited

Notes to the financial statements for the year ended 31 March 2015

1. Significant accounting policies

1.1 Basis of preparation of financial statements

The accompanying financial statements are prepared and presented in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention, on the accrual basis of accounting, unless otherwise stated, and comply with the Accounting Standards as prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) rules, 2014, the provisions of the Companies Act, 2013 (to the extent notified), provisions of the Companies Act, 1956 (to the extent applicable) (hereinafter together referred to as 'the Act') and the Schedule III to the Act and circulars and guidelines issued by the Reserve Bank of India ('RBI'). The financial statements are presented in Indian rupees.

The Company being a NBFC registered with RBI follows the guidelines issued by the RBI, in respect of income recognition, provisioning for non-performing assets and valuation of investments.

1.2 Use of estimates

The preparation of the financial statements in conformity with the GAAP requires the management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities as on the date of the financial statements. Actual results could differ from the estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

1.3 Current/non-current classification

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

Assets

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

- a. It is expected to be realized in, or is intended for sale or consumption in, the company's normal operating cycle;
- b. It is held primarily for the purpose of being traded;
- c. It is expected to be realized within 12 months after the reporting date; or
- d. It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

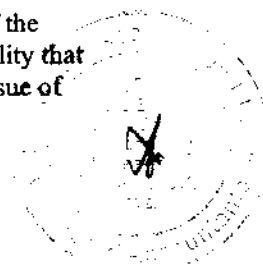
Current assets include the current portion of non-current financial assets.
All other assets are classified as non-current.

Liabilities

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

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

Current liabilities include current portion of non-current financial liabilities.
All other liabilities are classified as non-current



Arum Investments Private Limited

Notes to the financial statements for the year ended 31 March 2015 (Continued)

1. Significant accounting policies (Continued)

1.4 Revenue recognition

- a) Interest income in case of lending business is recognised on accrual basis except in case of non-performing assets, which is accounted on realisation, as per RBI guidelines.
- b) Portion of maturity premium on loans that is agreed with the borrower and receivable on maturity, is accounted upon its agreement at maturity.
- c) Other interest income is recognised on accrual basis.
- d) Dividend income is recognised when the right to receive payment is established.
- e) Profit/loss on sale of investments is recognised on trade date basis. Profit/loss on sale of investments is determined based on the weighted average cost of the investments sold.
- f) Realised profit/loss on closed positions of derivate instrument is recognised on final settlement on squaring of the contracts.
- g) Processing and other fee income is accounted for, on an accrual basis in accordance with the terms and contracts entered into between the Company and the counterparty.

1.5 Provisioning on receivables from financing business

Provision for non-performing assets is based on the management's assessment of the degree of impairment of the loan asset and the level of provisioning required as per the prudential norms prescribed by RBI.

Provision for standard assets is made on the basis of prudential norms prescribed by RBI.

1.6 Fixed asset and depreciation

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

Depreciation is provided on written down value basis from the date the asset is put to use or ready for its intended use whichever is earlier. In respect of asset sold, depreciation is provided upto the date of disposal.

As per the requirement of Schedule II of the Companies Act, 2013, the Company has evaluated the useful lives of the respective fixed assets which are as per the provisions of Part C of the Schedule for calculating the depreciation. The useful lives of the fixed assets are as follows:

Class of asset	Useful Life
Building	60 Years
Office equipments	5 Years
Computers and data processing units - End user devices, such as desktops, laptops, etc.	3 Years

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Arum Investments Private Limited

Notes to the financial statements for the year ended 31 March 2015 (Continued)

1. Significant accounting policies (Continued)

1.7 Impairment of assets

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

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

1.8 Investments

Investments are classified into long term investments and current investments. Investments which are intended to be held for one year or more are classified as long term investments and investments which are intended to be held for less than one year are classified as current investments.

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

Current investments are carried at lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each investment. In case of investments in mutual funds, the net asset value of units declared by the mutual fund is considered as the fair value.

1.9 Taxation

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

Income tax

Provision for income tax is recognised based on estimated tax liability computed after adjusting for allowances, disallowances and exemptions in accordance with the Income Tax Act, 1961.

Deferred tax

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

Arum Investments Private Limited

Notes to the financial statements for the year ended 31 March 2015 (Continued)

1. Significant accounting policies (Continued)

1.9 Taxation (continued)

Minimum Alternative Tax (MAT) Credit

MAT credit asset is recognised when there is convincing evidence that the asset can be realized in future. MAT credit assets are reviewed at each balance sheet date and written down or written up to reflect the amount that is reasonably certain to be realised.

1.10 Employee benefits

The accounting policy followed by the company in respect of its employee benefit schemes in accordance with Accounting Standard 15 (revised 2005), is set out below:

Provident Fund

The Company contributes to a recognised provident fund which is a defined contribution scheme. The contributions are accounted for on an accrual basis and recognised in the statement of profit and loss.

Gratuity

The Company's gratuity scheme is a defined benefit plan. The Company's net obligation in respect of the gratuity benefits scheme is calculated by estimating the amount of future benefit that the employees have earned in return for their service in the current and prior periods. This benefit is discounted to determine its present value and the fair value of any plan assets, if any, is deducted.

The present value of the obligation under such benefit plan is determined based on actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method which recognizes each period of service that give rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

Compensated leave absences

The eligible employees of the Company are permitted to carry forward certain number of their annual leave entitlement to subsequent years, subject to a ceiling. The Company recognises the charge to the statement of profit & loss account and corresponding liability on account of such non-vesting accumulated leave entitlement based on a valuation by an independent actuary.

The obligation is measured at present values of estimated future cash flows. The discounted rates used for determining the present value are based on the market yields on Government Securities as at the balance sheet date.

Actuarial gains and losses are recognised immediately in the Statement of profit and loss.



Arum Investments Private Limited

Notes to the financial statements for the year ended 31 March 2015 (Continued)

1. Significant accounting policies (Continued)

1.11 Earnings per share

The Company reports basic and diluted earnings per share in accordance with Accounting Standard 20 – “Earnings Per Share” notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. Basic earnings per share is computed by dividing the net profit after tax attributable to the equity shareholders for the year by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share reflect the potential dilution that could occur if securities or other contracts to issue equity shares were exercised or converted during the year. Diluted earnings per share is computed by dividing the net profit after tax attributable to the equity shareholders for the year by the weighted average number of equity shares considered for deriving the basic EPS and weighted average number of equity shares that could have been issued upon conversion of all potential equity shares.

1.12 Provisions and contingencies

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

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

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

Arum Investments Private Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

(Currency : Indian rupees)

	As at 31 March 2015	As at 31 March 2014
2.1 Share capital		
Authorised :		
3,000,000 (Previous year: 3,000,000) equity shares of Rs. 10 each	30,000,000	30,000,000
32,000,000 (Previous year: 32,000,000) preference shares of Rs. 10 each	<u>320,000,800</u>	<u>320,000,000</u>
	<u>350,000,800</u>	<u>350,000,000</u>
Issued, Subscribed and Paid up:		
2,805,998 (Previous year: 2,805,998) equity shares of Rs. 10 each, fully paid-up	28,059,980	28,059,980
800,000 (Previous year: 800,000) 0.01% Compulsorily convertible non- cumulative preference shares - Series A of Rs. 10 each, fully paid up	8,000,000	8,000,000
11,345,363 (Previous year: 11,345,363) 0.01% Compulsorily convertible non- cumulative preference shares - Series B of Rs. 10 each, fully paid up	113,453,630	113,453,630
10,561,539 (Previous year: 18,995,571) 0.01% Compulsorily convertible non- cumulative preference shares - Series C of Rs. 10 each, fully paid up	105,615,390	189,955,710
	<u>255,129,000</u>	<u>339,469,320</u>

Movement in share capital during the year :

	31 March 2015		31 March 2014	
	No of shares	Amount	No of shares	Amount
i) Equity shares				
Outstanding as at the beginning of the year	2,805,998	28,059,980	2,805,998	28,059,980
Issued during the year	-	-	-	-
Outstanding as at the end of the year	<u>2,805,998</u>	<u>28,059,980</u>	<u>2,805,998</u>	<u>28,059,980</u>
ii) 0.01% Compulsorily convertible non- cumulative preference shares - Series A				
Outstanding as at the beginning of the year	800,000	8,000,000	800,000	8,000,000
Issued during the year	-	-	-	-
Outstanding as at the end of the year	<u>800,000</u>	<u>8,000,000</u>	<u>800,000</u>	<u>8,000,000</u>
iii) 0.01% Compulsorily convertible non- cumulative preference shares - Series B				
Outstanding as at the beginning of the year	11,345,363	113,453,630	11,345,363	113,453,630
Issued during the year	-	-	-	-
Outstanding as at the end of the year	<u>11,345,363</u>	<u>113,453,630</u>	<u>11,345,363</u>	<u>113,453,630</u>
iv) 0.01% Compulsorily convertible non- cumulative preference shares - Series C				
Outstanding as at the beginning of the year	18,995,571	189,955,710	18,995,571	189,955,710
Issued during the year	-	-	-	-
Bought back during the year (*)	<u>(8,434,032)</u>	<u>(84,340,320)</u>	-	-
Outstanding as at the end of the year	<u>10,561,539</u>	<u>105,615,390</u>	<u>18,995,571</u>	<u>189,955,710</u>

(*) Buy-back of 0.01% Compulsorily Convertible Non- cumulative Preference Shares - Series C

During the financial year 2014-15, pursuant to the Special Resolution passed at the Extra-Ordinary General Meeting of the holders of 0.01% Compulsorily Convertible Non-Cumulative Preference Shares - Series C (CCPS-C) of the Company held on 10 December 2014, the Company bought-back 8,434,032 fully-paid up CCPS-C of the face value of Rs. 10/- each at a price of Rs. 165/- per CCPS-C from the existing CCPS-C holders on a proportionate basis.

Terms/rights attached to equity shares

The Company has only one class of shares referred to as equity shares having a par value of Rs 10. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Terms/rights attached to 0.01% Compulsorily convertible non- cumulative preference shares - Series A (CCPS - A)

The tenure of CCPS-A shall be upto 31 December 2017. With the required consent of the CCPS-A holders, the term of issue of the CCPS-A had been changed and accordingly the holders of CCPS-A can convert any or all the CCPS-A held by them into 1 equity share of the Company of Rs.10 each at par. However, there will be mandatory conversion into equity shares of all the CCPS-A outstanding as on 31 December 2017. The CCPS-A shall carry 0.01% dividend.

Terms/rights attached to 0.01% Compulsorily convertible non- cumulative preference shares - Series B (CCPS - B)

The tenure of CCPS-B shall be upto 31 December 2017. During the term of the CCPS-B, the holder can convert any or all the CCPS-B held by them into 1 equity share of the Company of Rs. 10 each at face value. However, there will be mandatory conversion into equity shares of all the CCPS-B outstanding as on 31 December 2017. The CCPS-B shall carry 0.01% dividend.

Terms/rights attached to 0.01% Compulsorily convertible non- cumulative preference shares - Series C (CCPS - C)

The tenure of CCPS-C shall be upto till 31 March 2018. During the term of the CCPS-C, the holder can convert any or all the CCPS-C held by them into 1 equity share of the Company of Rs. 10 each at face value. However, there will be mandatory conversion into equity shares of all the CCPS-C outstanding as on 31 March 2018. The CCPS-C shall carry 0.01% dividend.

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Arum Investments Private Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

(Currency : Indian rupees)

	As at 31 March 2015		As at 31 March 2014	
	As at 31 March 2015		As at 31 March 2014	
	No of shares	% holding in the class	No of shares	% holding in the class
Details of Equity shareholders holding more than 5% shares in the Company:				
Equity Shares of Rs 10 each fully paid				
Edelweiss Securities Limited	1,105,186	39.39	1,105,186	39.39
Menora Developers and Infrastructure Private Limited	889,160	31.69	889,160	31.68
EW Special Opportunities Fund LLC	513,839	18.31	811,652	28.93
ECAP Equities Limited	297,813	10.61	-	-
	2,805,998	100.00	2,805,998	100.00
Details of Preference shareholders holding more than 5% shares in the Company:				
	No of shares	% holding in the class	No of shares	% holding in the class
i) 0.01% Compulsorily Convertible Non- cumulative Preference Shares - Series A				
Edelweiss Securities Limited	154,208	19.28	154,208	19.28
Edelweiss Finance & Investments Limited	466,300	58.29	466,300	58.29
Edelweiss Commodities Services Limited	179,492	22.43	179,492	22.43
	800,000	100.00	800,000	100.00
ii) 0.01% Compulsorily Convertible Non- cumulative Preference Shares - Series B				
ECAP Equities Limited	11,345,363	100	-	-
Menora Developers and Infrastructure Private Limited	-	-	4,799,992	42.31
EW Special Opportunities Fund LLC	-	-	6,545,371	57.69
	11,345,363	100.00	11,345,363	100.00
iii) 0.01% Compulsorily Convertible Non- cumulative Preference Shares - Series C				
Edelweiss Commodities Services Limited	1,147,994	10.87	2,064,736	10.87
Menora Developers and Infrastructure Private Limited	-	-	6,194,208	32.61
EW Special Opportunities Fund LLC	32,210	0.30	10,736,627	56.52
ECAP Equities Limited	9,381,335	88.83	-	-
	10,561,539	100.00	18,995,571	100.00

2.2 Reserves and surplus

	As at 31 March 2015	As at 31 March 2014
Capital Redemption Reserve - Opening balance(**)	-	-
Add : Additions during the year	84,340,320	-
	84,340,320	-
Securities Premium Account - Opening balance	3,853,147,180	3,853,147,180
Less: Transfer to Capital Redemption Reserve	(84,340,320)	-
Less: Premium paid on buyback of Preference Shares	(1,307,274,960)	-
	2,461,531,900	3,853,147,180
Special Reserve under Section 45-IC of the Reserve Bank of India Act, 1934(*)	303,201,099	223,685,507
Add : Additions during the year	56,333,192	79,515,592
	359,534,291	303,201,099
Surplus in statement of profit and loss		
Opening Balance	1,212,435,156	894,742,031
Add: Profit for the year	281,665,959	397,245,150
Amount available for appropriation	1,494,101,114	1,291,987,181
Appropriations:		
Buyback tax paid	76,446,066	-
Transfer to Special Reserve under Section 45-IC of the Reserve Bank of India Act, 1934	56,333,192	79,515,592
Dividend on preference shares	-	31,141
Dividend distribution tax on preference shares	-	5,292
	1,361,321,857	1,212,435,156
	4,266,728,367	5,368,783,435

(*) Represents reserve created @ 20% of the profit after tax for the year as per the provisions of section 45-IC of the Reserve Bank of India Act, 1934

(**) Represents reserve created on buyback of CCPS-C.

Arum Investments Private Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

(Currency : Indian rupees)

	As at 31 March 2015	As at 31 March 2014
2.3 Long-term borrowings		
<u>Secured</u>		
4,895 (Previous year: 4,895) 17% Redeemable Non-Convertible Debentures of Rs. 1,000,000 each	-	4,895,000,000
<u>Unsecured</u>		
2,150,984 (Previous year: 3,805,592) 17% Compulsorily Convertible Debentures of Rs. 125 each	268,873,000	475,699,000
	<u>268,873,000</u>	<u>5,370,699,000</u>

a. Details of 17% Non-convertible debentures (NCD)

(i) Listing of NCDs

Series	Date of allotment	Date of redemption	Balance as at 31 March 2015
17% Redeemable Non-Convertible Debentures	21-Feb-13	20-Feb-18	-
17% Redeemable Non-Convertible Debentures	15-Mar-13	14-Mar-18	-
17% Redeemable Non-Convertible Debentures	13-Jun-13	12-Jun-18	-
17% Redeemable Non-Convertible Debentures	14-Jun-13	13-Jun-18	-
Total			-

During the year under review, the company has redeemed all Non-Convertible Debentures amounting to Rs. 4,895,000,000 at a price equivalent to face value plus accrued interest and call premium (1% per annum for the balance period from the date of redemption till the date of maturity) in accordance with the terms of issue.

(ii) Terms/rights attached to 17% Non-convertible debentures (NCD)

The debentures were secured by way of pari passu charge over an immovable property and exclusive charge on the receivables from the existing and the new loans to be disbursed by the Company.

As per the terms of the issue, the Company had an option to call back the NCDs at any time before the date of redemption of debentures at a price equivalent to face value plus accrued interest plus call premium (1% per annum for the balance period or as decided by consent of more than 75% of the NCD holders). At end of the tenure, the NCDs would have been redeemed at par value.

(iii) As at 31 March 2014, the Company had an asset cover of more than 110% in accordance with the terms of the trust deed in respect of secured redeemable Non-Convertible Debentures aggregating to Rs. 489.50 crores by way of charge on immovable property and floating charge on receivables from financing business. The same is not disclosed for the financial year 31 March 2015 as these NCDs were redeemed during the year and consequently not required to be disclosed.

(iv) The debt equity ratio as at 31 March 2014 was 0.79:1 based on debt of Rs. 4,895,000,000 and equity of Rs. 6,184,085,362 (comprising of equity shares, reserves and surplus, compulsorily convertible preference shares and compulsorily convertible debentures). Asset coverage ratio as at 31 March 2014 was 1.81:1 based on asset cover available of Rs. 8,883,304,939 (comprising of immovable property of Rs. 1,282,065 and standard loans of Rs. 8,882,022,874) and debt of Rs. 4,895,000,000. Consequent to redemption of the NCDs during the year, the same is not required to be disclosed as at 31 March 2015.

b. Terms/rights attached to 17% Compulsorily convertible debentures (CCD)

The tenure of CCDs shall be upto 31 December 2017. During the term of the CCD, the holder of each CCD can convert any or all the CCDs held by them into 1 equity share of the Company of Rs. 10 each at the rate of Rs. 125 each. However, there will be mandatory conversion into equity shares of all the CCDs outstanding as on 31 December 2017 at the aforementioned rate of conversion.

c. During the year under review, the company has converted Compulsorily Convertible Debentures amounting to Rs. 206,826,000 into Optionally Convertible Debentures. The same were redeemed at a price equivalent to face plus accrued interest in accordance with the terms of issue.

Arum Investments Private Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

(Currency : Indian rupees)

	As at 31 March 2015	As at 31 March 2014
2.4 Long-term provisions		
Provision for employee benefits		
Gratuity (Refer note 2.42)	891,000	292,000
Compensated leave absences	208,000	79,000
	<u>1,099,000</u>	<u>371,000</u>
2.5 Short-term borrowings		
<u>Unsecured</u>		
Loans and advances from related parties	1,488,315	-
	<u>1,488,315</u>	<u>-</u>
2.6 Trade payables		
Trade payables (Refer note 2.40) (includes sundry creditors and provision for expenses)	46,691,824	66,696,862
	<u>46,691,824</u>	<u>66,696,862</u>
2.7 Other current liabilities		
Interest accrued but not due on borrowings	20,512,433	376,302,835
Other Payables		
Accrued salaries and benefits	3,185,076	1,415,000
TDS, Service tax and statutory dues	6,868,770	83,744,639
Book overdraft	-	6,486,283
Others	841,099	546,193
	<u>31,407,379</u>	<u>468,494,950</u>
2.8 Short-term provisions		
Provision for employee benefits		
Gratuity (Refer note 2.42)	424,409	68,000
Compensated leave absences	52,000	18,000
Others		
Provision for standard assets	9,623,778	22,452,558
Provision for non-performing assets	-	80,789,719
Provision for taxation (Net of advance tax and tax deducted at source Rs. 409,394,424; Previous year: Rs. 606,372,493)	603,532	21,625,462
	<u>10,703,719</u>	<u>124,953,739</u>

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Arum Investments Private Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

(Currency : Indian rupees)

2.9 Fixed assets

Description of assets	Gross block		Depreciation		Net block		
	As at 1 April 2014	Additions during the year	Deductions / Adjustments during the year	As at 31 March 2015	For the year	As at 31 March 2015	As at 31 March 2014
Tangible assets							
Buildings	1,359,412	-	-	1,359,412	64,103	1,217,962	1,282,065
Computer	41,765	-	-	41,765	12,911	1,739	14,650
Office equipments	15,050	10,400	-	25,450	9,085	14,915	13,600
Total	1,416,227	10,400	-	1,426,627	86,099	1,234,616	1,310,315
Previous year	1,402,127	14,100	-	1,416,227	77,924	1,310,315	

Note:

As per the requirement of the Companies Act, 2013, the Company has evaluated the useful lives of its fixed assets and has computed depreciation according to the provisions of Schedule II of the Act. Consequently, in the Statement of profit and loss of the Company, the depreciation charge for the year ended 31 March 2015 is higher by Rs.13,280.

Arum Investments Private Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

(Currency : Indian rupees)

	As at 31 March 2015			As at 31 March 2014		
	Quantity	Face value	Amount	Quantity	Face value	Amount
2.10 Non-current investments - at cost						
Others (quoted)						
i) Investment in equity instruments						
Alok Industries limited	-	-	-	50,000,000	10	500,000,000
Essar Ports Limited	-	-	-	5,660,000	10	465,048,240
			<u>-</u>			<u>965,048,240</u>
Aggregate of quoted investment						
At carrying value			-			965,048,240
At market value			-			614,509,000

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Arum Investments Private Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

(Currency : Indian rupees)

	As at 31 March 2015	As at 31 March 2014
2.11 Deferred tax assets (net)		
Deferred tax assets		
Tax effect of the timing differences on account of:		
Disallowances under section 43B of the Income Tax Act, 1961	545,218	149,216
Provision for standard assets and non-performing assets	<u>3,330,597</u>	<u>35,092,050</u>
	<u>3,875,815</u>	<u>35,241,266</u>
Deferred tax liabilities		
Tax effect of the timing differences on account of:		
Difference between book and tax depreciation	57,212	43,353
	<u>57,212</u>	<u>43,353</u>
Deferred tax assets (net)	<u><u>3,818,603</u></u>	<u><u>35,197,913</u></u>

Arum Investments Private Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

(Currency : Indian rupees)

	As at 31 March 2015	As at 31 March 2014
2.12 Long-term loans and advances		
<i>(Unsecured, considered good)</i>		
Other loans and advances		
Advance income taxes and tax deducted at source	106,881,905	2,124,432
(Net of provision for taxation Rs.335,160,529; Previous year Rs. 83,581,049)		
	<u>106,881,905</u>	<u>2,124,432</u>

Arum Investments Private Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

(Currency : Indian rupees)

	As at 31 March 2015			As at 31 March 2014		
	Face value	Quantity	Amount	Face value	Quantity	Amount
2.13 Current investments - at lower of cost and fair value						
Current portion of long term investments						
<i>Investments in debentures - quoted</i>						
10% Redeemable debentures of Sindhu Trade Links Limited	-	-	-	99	1,000,000	99,000,000
Current investments						
<i>Investments in mutual funds - unquoted</i>						
Indiabulls Ultra Short Term Fund- Direct Plan Growth	1,000	445,607	600,000,000	-	-	-
Kotak Liquid Scheme Plan A - Direct Plan - Growth	-	-	-	1,000	88,227	229,355,546
JM High Liquidity Fund (Direct) - Growth Option	-	-	-	10	3,933,329	137,573,297
			<u>600,000,000</u>			<u>465,928,843</u>
Aggregate value of quoted debentures						
At carrying value			-			99,000,000
At market value			-			99,000,000
Aggregate value of unquoted investments in mutual funds						
At carrying value			600,000,000			366,928,843
At net asset value			601,962,903			367,562,721

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Arum Investments Private Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

(Currency : Indian rupees)

	As at 31 March 2015	As at 31 March 2014
2.14 Cash and cash equivalents		
Balances with Banks		
- in current accounts	110,617,206	77,618,571
- in fixed deposits with maturity less than 3 months	170,000,000	-
	<u>280,617,206</u>	<u>77,618,571</u>

Arum Investments Private Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

(Currency : Indian rupees)

	As at 31 March 2015	As at 31 March 2014
2.15 Short-term loans and advances		
<u>Secured</u>		
<i>(considered good unless otherwise stated)</i>		
Receivable from financing business		
- considered good	3,849,511,234	8,882,022,874
- considered non-performing asset	-	807,897,192
	<u>3,849,511,234</u>	<u>9,689,920,066</u>
Other loans and advances		
Advances to others	262,000	-
Prepaid expenses	38,061	8,979
Vendor Advances	26,970	22,473
Cenvat and VAT Assets	5,930,797	10,125,328
Minimum alternative tax credit entitlement	33,710,000	-
	<u>3,889,479,062</u>	<u>9,700,076,846</u>
2.16 Other Current Assets		
Accrued interest on fixed deposits	89,213	-
Accrued interest on investment in debt instrument	-	7,323,287
Accrued interest on loans given	-	467,985,859
Fee income receivable	-	16,854,000
	<u>89,213</u>	<u>492,163,146</u>

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Arum Investments Private Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

(Currency : Indian rupees)

	For the year ended 31 March 2015	For the year ended 31 March 2014
2.17 Fee and commission income		
Loan processing and other fees	80,000,000	43,000,000
	<u>80,000,000</u>	<u>43,000,000</u>
2.18 Income from treasury operations and investments		
Profit on sale of current investments (net)	6,302,435	-
Profit on sale of long term investments (net)	285,133,971	606,904
Loss on trading in equity derivative instruments (net)	(8,466)	-
Dividend on current investments	56,560,158	13,829,165
Dividend on long term investments	2,830,000	17,830,000
	<u>350,818,097</u>	<u>32,266,069</u>
2.19 Interest income		
On loans	1,249,952,856	1,500,858,575
On fixed deposits	99,125	-
On debt instruments	11,874,578	14,646,576
On Others	9,424	414
	<u>1,261,935,983</u>	<u>1,515,505,565</u>
2.20 Other income		
Miscellaneous income	-	2,896,180
	<u>-</u>	<u>2,896,180</u>

Arum Investments Private Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

(Currency : Indian ruppes)

	For the year ended 31 March 2015	For the year ended 31 March 2014
2.21 Employee benefit expenses		
Salaries and wages (Refer note 2.38)	57,314,509	52,015,374
Contribution to provident and other funds	122,294	.
Staff welfare expenses	104,554	.
	<u>57,541,357</u>	<u>52,015,374</u>
2.22 Finance costs		
Interest on debentures	719,441,315	826,291,818
Interest on Inter-corporate deposits	-	5,529,863
Interest - others	299,781	3,661
Bank charges	11,821	20,309
	<u>719,752,917</u>	<u>831,845,651</u>

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Arum Investments Private Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

(Currency : Indian rupees)

	For the year ended 31 March 2015	For the year ended 31 March 2014
2.23 Other expenses		
Advertisement and business promotion	30,324	24,991
Auditors' remuneration (refer below)	853,650	653,921
Bad- debts and advances written-off	807,897,192	-
Communication	160,601	161,434
Clearing and custodian charges	83,528	26,775
Contribution towards corporate social responsibility	100,000	-
Electricity charges (Refer note 2.38)	128,729	392,061
Insurance	428	9,252
Legal and professional fees	3,563,810	24,247,475
Office expenses	5,612	11,510
Printing and stationery	10,527	6,228
Provision for standard assets	(12,828,780)	4,961,792
Provision for non-performing assets	(80,789,719)	80,789,719
Rates and taxes	2,365	47,500
Rent (Refer note 2.38)	984,187	5,726,902
Repairs and maintenance - others	-	6,500
Security transaction tax	1,250,226	464,120
Service tax expenses	2,832,287	4,600,885
Stamp duty	600	1,001,430
Stock exchange expenses	81,127	92,365
Travelling and conveyance	528,846	415,495
Miscellaneous expenses	25,290	21,910
	724,920,831	123,662,265
Auditors' Remuneration:		
As auditor	681,000	469,000
For other services	125,000	147,921
For reimbursement of expenses	47,650	37,000
	853,650	653,921

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Arum Investments Private Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

(Currency: Indian rupees)

2.24 Segment Reporting

Primary segment (Business segment)

The Company's business is organized and management reviews the performance based on the business segments as mentioned below:-

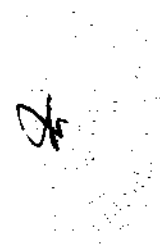
Segment	Activities covered
Financing business	Wholesale financing
Capital based business	Income from treasury operations and investments

Income for each segment has been specifically identified. Expenditure, assets and liabilities are either specifically identified with individual segments or have been allocated to segments on a systematic basis. Based on such allocations, segment disclosures relating to revenue, results, assets and liabilities have been prepared.

Secondary segment (Geographical segment)

Since the business operations of the Company are primarily concentrated in India, the Company is considered to operate only in the domestic segment and therefore there is no reportable geographic segment.

The following table gives information as required under the Accounting Standard -17 on Segment Reporting:



Arum Investments Private Limited

Notes to the financial statements for the year ended 31 March 2015 (Continued)

(Currency: Indian rupees)

2.24 Segment reporting (Continued)

Particulars	For the Year Ended 31 March 2015	For the Year Ended 31 March 2014
I Segment revenue		
a) Capital based business	350,818,097	32,266,069
b) Financing business	1,384,408,718	1,561,401,745
c) Others	80,099,125	-
Total	1,815,325,941	1,593,667,814
Less : Inter segment revenue	-	-
Total income	1,815,325,941	1,593,667,814
II Segment results		
a) Capital based business	262,583,263	(54,349,162)
b) Financing business	1,896,613	641,069,683
c) Others	48,544,860	(653,921)
Total	313,024,737	586,066,600
Profit before taxation	313,024,737	586,066,600
Less : Provision for taxation	31,358,778	188,821,450
Profit after taxation	281,665,959	397,245,150
	As at	As at
Particulars	31 March 2015	31 March 2014
III Segment assets		
a) Capital based business	600,061,731	366,928,843
b) Financing business	3,850,622,388	11,325,060,338
c) Others	431,436,485	47,479,125
Total	4,882,120,604	11,739,468,306
IV Segment liabilities		
a) Capital based business	36,627,463	574,793,784
b) Financing business	308,438,137	5,434,796,305
c) Others	15,197,636	21,625,462
Total	360,263,236	6,031,215,551
V Capital expenditure		
a) Capital based business	520	705
b) Financing business	9,360	13,395
c) Others	520	-
Total	10,400	14,100
VI Depreciation		
a) Capital based business	4,305	3,896
b) Financing business	77,489	74,028
c) Unallocated	4,305	-
Total	86,099	77,924
VII Significant non-cash expenses other than depreciation		
a) Capital based business	43,470	8,871
b) Financing business	715,061,162	85,920,056
c) Others	43,470	-
Total	715,148,102	85,928,927

Arum Investments Private Limited

Notes to the financial statements for the year ended 31 March 2015 *(continued)*

(Currency: Indian rupees)

2.25 *Disclosure as required by Accounting Standard 18 – “Related Party Disclosure” as prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014*

(A) Enterprises which exercise significant influence over the Company

Edelweiss Securities Limited

ECap Equities Limited (w.e.f. 29 January 2015)

(B) Holding company of the Enterprises which exercise significant influence over the Company

Edelweiss Financial Services Limited

(C) Key Management Personnel

Tarang Mehta

Arum Investments Private Limited

Notes to the financial statements for the year ended 31 March 2015 (Continued)

(Currency: Indian rupees)

2.25 Disclosure as required by Accounting Standard 18 – “Related Party Disclosure” as prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 (Continued)

(D) Transactions with related parties:

Sr. No.	Nature of Transaction	Related Party Name	2014-15	2013-14
(I) Current account transactions during the year				
1	Short term loans and advances taken from	Edelweiss Financial Services Limited	1,487,028	449,149
		Edelweiss Securities Limited	-	1,855,991
2	Interest expense on loans taken from	Edelweiss Financial Services Limited	1,430	-
3	Interest expense on debentures	Ecap Equities Limited	7,638,940	-
4	Cost reimbursements paid to	Edelweiss Financial Services Limited	534,641	4,558,000
5	Cost reimbursements received from	Edelweiss Securities Limited	262,000	-
6	Reimbursements paid to	Edelweiss Financial Services Limited	120,117,206	36,341,029
		Edelweiss Securities Limited	-	3,661
7	Brokerage paid on sale of equity shares	Edelweiss Securities Limited	47,998	-
8	Remuneration to Key Management Personnel	Tarang Mehta	801,814	-
(II) Balances with related parties				
Long-term borrowings				
1	17% Compulsorily Convertible Debentures	Ecap Equities Limited	268,873,000	-
Short-term borrowings				
2	Loans and advances from	Edelweiss Financial Services Limited	1,488,315	-
3	Trade Payables to	Edelweiss Financial Services Limited	591,055	4,665,569
		Edelweiss Securities Limited	456,484	-
Other liabilities				
4	Interest accrued and due on borrowings	Ecap Equities Limited	20,512,435	-
Other assets				
5	Other Advances to	Edelweiss Securities Limited	262,000	-

Handwritten mark

Arum Investments Private Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

(Currency: Indian rupees)

2.26 Earnings per share

In accordance with Accounting Standard 20 on Earnings per Share as prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies Rules, 2014, the computation of earnings per share is set out below

	For the year ended 31 March 2015	For the year ended 31 March 2014
Shareholders' earnings (as per statement of profit and loss) - a	281,665,959	397,245,150
Less: Buyback tax paid on buyback of CCPS-C	76,446,066	0.00
Less: Preference dividend on cumulative preference share capital	-	31,141
Less : Dividend distribution tax on the above Preference dividend	-	5,292
Net profit for the year attributable to equity shareholders	205,219,893	397,208,717
Calculation of weighted average number of equity shares of Rs. 10 each:		
- Number of shares outstanding at the beginning of the year	2,805,998	2,805,998
- Number of shares issued during the year	-	-
Total number of equity shares outstanding at the end of the year	2,805,998	2,805,998
Weighted average number of equity shares outstanding during the year (based on the date of issue of shares) – b	2,805,998	2,805,998
Number of dilutive potential equity shares – c	22,706,902	50,340,934
Total number of equity shares for diluted earnings per share (b+c)	25,512,900	55,952,930
Basic earnings per share (in Rupees) {a / b}	73.14	141.56
Diluted earnings per share (in Rupees) {a / (b+c)}	8.04	7.47

The Company has issued compulsorily convertible preference shares and compulsorily convertible debentures, which have been considered for the purpose of computing diluted earnings per share.

Arum Investments Private Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

(Currency: Indian rupees)

2.27 Schedule to the Balance Sheet of a non-deposit taking non-banking financial company (as required in terms of Paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007. (Figures are as at 31 March 2015)

	Amount Outstanding	Amount Overdue
Liabilities side :		
Loans and Advances availed by the NBFCs inclusive of interest accrued thereon but not paid:		
(1)		-
(a) Debentures : Secured	-	-
: Unsecured	268,873,000	-
(other than falling within the meaning of public deposits *)	-	-
(b) Deferred Credits	-	-
(c) Term Loans	-	-
(d) Inter-Corporate Loans and Borrowing	-	-
(e) Commercial Paper	-	-
(f) Other Loans:	1,488,315	-
(* Please see Note 1 below)		
		Amount Outstanding
Assets side :		
(2) Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:		
(a) Secured		3,849,511,234
(b) Unsecured		-
(3) Break-up of Leased Assets and stock on hire and hypothecation loans counting towards AFC activities		NA
(i) Lease assets including lease rentals under sundry debtors :		
(a) Financial Lease		-
(b) Operating Lease		-
(ii) Stock on hire including hire charges under sundry debtors:		-
(a) Assets on Hire		-
(b) Repossessed Assets		-
(iii) Hypothecation loans counting towards EL / HP activities :		-
(a) Loans where assets have been repossessed		-
(b) Loans other than (a) above		-

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Arum Investments Private Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

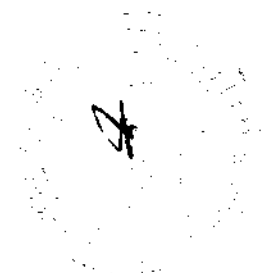
(Currency: Indian rupees)

2.27 Schedule to the Balance Sheet of a non-deposit taking non-banking financial company (as required in terms of Paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007. (Figures are as at 31 March 2015) (Continued)

(6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) (Please see Note 3):		
Category	Market value / Break-up or fair value or NAV	Book value (net of provisions)
1. Related parties**		
(a) Subsidiaries	-	-
(b) Companies in the same group	-	-
(c) Other related parties	-	-
2. Other than related parties	601,962,903	600,000,000
Total	601,962,903	600,000,000
** As per Accounting Standard of ICAI (Please see Note 3)		
(7) Other information		
Particulars	Amount	
(i) Gross Non-Performing Assets	-	
(a) Related Party	-	
(b) Other than Related Parties	-	
(ii) Net Non-Performing Assets	-	
(a) Related Party	-	
(b) Other than Related Parties	-	
(iii) Assets acquired in satisfaction of debts	-	

Notes:

- As defined in paragraph 2(1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998
- Provisioning norms shall be applicable as prescribed in the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.
- All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in (4) above.



Arum Investments Private Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

(Currency: Indian rupees)

2.27 Schedule to the Balance Sheet of a non-deposit taking non-banking financial company (as required in terms of Paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007. (Figures are as at 31 March 2014)

	Amount Outstanding	Amount Overdue
Liabilities side :		
Loans and Advances availed by the NBFCs inclusive of interest accrued thereon but not paid:		-
(1)		-
(a) Debentures : Secured	4,895,000,000	-
: Unsecured	475,699,000	-
(other than falling within the meaning of public deposits *)	-	-
(b) Deferred Credits	-	-
(c) Term Loans	-	-
(d) Inter-Corporate Loans and Borrowing	-	-
(e) Commercial Paper	-	-
(f) Other Loans:	-	-
(* Please see Note 1 below)		
	Amount Outstanding	
Assets side :		
(2) Break-up of Loans and Advances including bills receivables [other than those included in (4) below]:		
(a) Secured	9,689,920,066	
(b) Unsecured	-	
(3) Break-up of Leased Assets and stock on hire and hypothecation loans counting towards AFC activities		NA
(i) Lease assets including lease rentals under sundry debtors :		-
(c) Financial Lease		-
(d) Operating Lease		-
(ii) Stock on hire including hire charges under sundry debtors:		-
(c) Assets on Hire		-
(d) Repossessed Assets		-
(iii) Hypothecation loans counting towards EL / HP activities :		-
(c) Loans where assets have been repossessed		-
(d) Loans other than (a) above		-

Arum Investments Private Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

(Currency: Indian rupees)

2.27 Schedule to the Balance Sheet of a non-deposit taking non-banking financial company (as required in terms of Paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007. (Figures are as at 31 March 2014) (Continued)

		Amount Outstanding
(4)	Break-up of Investments	
	Current Investments:	
	1. <u>Quoted</u> :	
	(i) Shares : (a) Equity	-
	(b) Preference	-
	(ii) Debentures and Bonds	99,000,000
	(iii) Units of Mutual Funds	366,928,843
	(iv) Government Securities	-
	(v) Others	-
	2. <u>Unquoted</u> :	-
	(i) Shares : (a) Equity	-
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of Mutual Funds	-
	(iv) Government Securities	-
	(v) Others	-
	Long Term investments :	
	1. <u>Quoted</u> :	
	(i) Shares : (a) Equity	965,048,240
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of Mutual Funds	-
	(iv) Government Securities	-
	(v) Others	-
	2. <u>Unquoted</u> :	-
	(i) Shares : (a) Equity	-
	(b) Preference	-
	(ii) Debentures and Bonds	-
	(iii) Units of Mutual Funds	-
	(iv) Government Securities	-
	(w) Others	-
(5)	Borrower group-wise classification of all assets financed as in (2) and (3) above: (Please see Note 2 below)	
	Category	Amount (net of provisions)
		Secured Unsecured Total
	1. Related Parties**	
	(a) Subsidiaries	- - -
	(b) Companies in the same group	- - -
	(c) Other related parties	- - -
	2. Other than related parties	9,609,130,347 - 9,609,130,347
	Total	9,609,130,347 - 9,609,130,347

Arum Investments Private Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

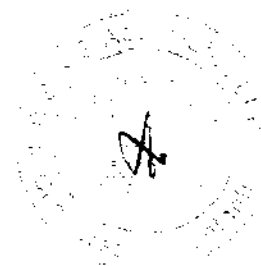
(Currency: Indian rupees)

2.27 Schedule to the Balance Sheet of a non-deposit taking non-banking financial company (as required in terms of Paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007. (Figures are as at 31 March 2014) (Continued)

(6) Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted) (Please see Note 3):		
Category	Market value / Break-up or fair value or NAV	Book value (net of provisions)
1. Related parties**		
(a) Subsidiaries	-	-
(b) Companies in the same group	-	-
(c) Other related parties	-	-
2. Other than related parties	1,081,071,721	1,430,977,083
Total	1,081,071,721	1,430,977,083
** As per Accounting Standard of ICAI (Please see Note 3)		
(7) Other information		
Particulars	Amount	
(i) Gross Non-Performing Assets	-	
(a) Related Party	-	
(b) Other than Related Parties	807,897,192	
(ii) Net Non-Performing Assets	-	
(a) Related Party	-	
(b) Other than Related Parties	727,107,473	
(iii) Assets acquired in satisfaction of debts	-	

Notes:

- As defined in paragraph 2(1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998
- Provisioning norms shall be applicable as prescribed in the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.
- All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long term or current in (4) above.



Arum Investments Private Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

(Currency: Indian rupees)

2.28 Capital to Risk Assets Ratio (CRAR)

Items	31 March 2015	31 March 2014
i. CRAR (%)	107.62%	53.09%
ii. CRAR - Tier I Capital (%)	101.37%	48.80%
iii. CRAR - Tier II Capital (%)	6.25%	4.29%
iv. Amount of subordinated debt raised as Tier-II capital	-	-
v. Amount raised by issue of Perpetual Debt Instruments	-	-

2.29 Investments

		2015	2014
1)	Value of Investments		
	i Gross Value of Investments		
	a) In India	600,000,000	1,430,977,083
	b) Outside India	-	-
	ii Provisions for Depreciation		
	a) In India	-	-
	b) Outside India	-	-
	iii Net Value of Investments		
	a) In India	600,000,000	1,430,977,083
	b) Outside India	-	-
2)	Movement of provisions held towards depreciation on investments.		
	i Opening balance	-	-
	ii Add : Provisions made during the year	-	-
	iii Less : Write-off / write-back of excess provisions during the year	-	-
	iv Closing balance	-	-

Arum Investments Private Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

(Currency: Indian rupees)

2.30 Details of 'Provisions and Contingencies'

		31 March 2015	31 March 2014
i)	Provisions for depreciation on Investment	-	-
ii)	Provision towards NPA	-	80,789,719
iii)	Provision made towards Income tax	603,532	21,625,462
iv)	Provision for Standard Assets	9,623,778	22,452,558
v)	Other Provision and Contingencies		
	(a) Provision for gratuity	1,315,409	360,000
	(b) Provision for compensated absences	260,000	97,000

2.31 Exposure to real estate sector, both direct and indirect

Category		31 March 2015	31 March 2014
A	Direct exposure		
	i. Residential Mortgages		
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Individual housing loans up to Rs.15 lakh may be shown separately)	-	1,000,000,000
	ii. Commercial Real Estate		
	Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	-	2,250,000,000
	Investments in Mortgage Backed Securities (MBS) and other securitised exposures	-	-
	Residential	-	-
	Commercial Real Estate	-	-

Arum Investments Private Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

(Currency: Indian rupees)

2.31 Exposure to real estate sector, both direct and indirect (continued)

Category		31 March 2015	31 March 2014
B	Indirect Exposure		
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	-	-

2.32 Exposure to capital markets

Particulars		31 March 2015	31 March 2014
i	direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt	-	965,048,240
ii	advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds	-	1,407,897,191
iii	advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security	-	-
iv	advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances	-	-
v	secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers	-	-



Arum Investments Private Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

(Currency: Indian rupees)

2.32 Exposure to capital markets (continued)

Particulars		31 March 2015	31 March 2014
vi	loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources	-	6,189,463,282
vii	bridge loans to companies against expected equity flows / issues	-	-
viii	all exposures to Venture Capital Funds (both registered and unregistered)	-	-
Total Exposure to Capital Market		-	8,562,408,713

2.33 Maturity pattern of certain items of assets and liabilities

As at 31 March 2015

Particulars	Liabilities			Assets		
	Borrowings from banks	Market borrowings	Foreign Currency liabilities	Advances	Investments	Foreign Currency Assets
1 day to 30/31 days (one month)	-	-	-	-	100,000,000	-
Over one month to 2 months	-	-	-	-	200,000,000	-
Over 2 months to 3 months	-	-	-	-	300,000,000	-
Over 3 months to 6 months	-	-	-	-	-	-
Over 6 months to 1 year	-	-	-	3,849,511,234	-	-
Over 1 year to 3 years	-	-	-	-	-	-
Over 3 years to 5 years	-	268,873,000	-	-	-	-
Over 5 years	-	-	-	-	-	-
Total	-	268,873,000	-	3,849,511,234	600,000,000	-

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Arum Investments Private Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

(Currency: Indian rupees)

2.33 Maturity pattern of certain items of assets and liabilities (continued)

As at 31 March 2014

Particulars	Liabilities			Assets		
	Borrowings from banks	Market borrowings	Foreign Currency liabilities	Advances	Investments	Foreign Currency Assets
1 day to 30/31 days (one month)	-	-	-	-	366,928,843	-
Over one month to 2 months	-	-	-	922,191,781	-	-
Over 2 months to 3 months	-	-	-	-	-	-
Over 3 months to 6 months	-	-	-	2,159,271,472	-	-
Over 6 months to 1 year	-	-	-	5,800,559,622	99,000,000	-
Over 1 year to 3 years	-	-	-	-	965,048,240	-
Over 3 years to 5 years	-	5,370,699,000	-	807,897,192	-	-
Over 5 years	-	-	-	-	-	-
Total	-	5,370,699,000	-	9,689,920,067	1,430,977,083	-

2.34 Details of Single Borrower Limit and Borrower Group Limit exceeded by Company:

During the year ended 31 March 2015 and 31 March 2014, the Company's credit exposure to single borrowers and group borrowers were within the limits prescribed by the RBI.

Arum Investments Private Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

(Currency: Indian rupees)

2.35 Concentration of Advances, Exposures & NPAs:

A)	Concentration of advances	2015	2014
	Total Exposures to twenty largest borrowers	3,849,511,234	9,689,920,066
	% of Exposures to twenty largest borrowers to total advances	100%	100%
B)	Concentration of exposures		
	Total Exposures to twenty largest borrowers / Customers	3,849,511,234	9,689,920,066
	% of Exposures to twenty largest borrowers / Customers to Total exposure	100%	100%
C)	Concentration of NPAs		
	Total Exposures to top Four NPAs	-	807,897,192
D)	Sector-wise NPAs		
		% of NPAs to Total Advances in that sector	% of NPAs to Total Advances in that sector
1	Agriculture & allied activities	-	-
2	MSME	-	-
3	Corporate borrowers	-	-
4	Services	-	-
5	Unsecured personal loans	-	-
6	Auto loans	-	-
7	Other personal loans	-	100%



Arum Investments Private Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

(Currency: Indian rupees)

2.36 Movement of Non Performing Advances:

		2015	2014
i	Net NPAs to Net advances (%)	0.00%	7.57%
ii	Movement of NPAs (Gross)		
	a) Opening balance	807,897,192	-
	b) Additions during the year	1,000,000,000	807,897,192
	c) Reductions/written off during the year	1,807,897,192	-
	d) Closing balance	-	807,897,192
iii	Movement of NPAs (Net)		
	a) Opening balance	727,107,473	-
	b) Additions during the year	900,000,000	727,107,473
	c) Reductions/written off during the year	1,627,107,473	-
	d) Closing balance	-	727,107,473
iv	Movement of Provisions for NPAs (excluding provision on Standard assets)		
	a) Opening balance	80,789,719	-
	b) Additions during the year	100,000,000	80,789,719
	c) Reductions/written off during the year	180,789,719	-
	d) Closing balance	-	80,789,719

2.37 Customer Complaints:

	Particulars	2015	2014
(a)	No. of complaints pending at the beginning of the year	-	-
(b)	No. of complaints received during the year	-	-
(c)	No. of complaints redressed during the year	-	-
(d)	No. of complaints pending at the end of the year	-	-

Arum Investments Private Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

(Currency: Indian rupees)

2.38 Cost Sharing

Edelweiss Securities Limited, being the entity exercising significant influence over the Company along with its fellow subsidiaries and its Holding Company incurs expenditure like common senior management compensation cost, rent expenditure etc. which is for the benefit of the Company. This cost so expended is reimbursed by the Company on the basis of number of employees, area occupied, time spent by employees for other companies, actual identifications etc. Accordingly, and as identified by the management, the expenditure heads in Notes 2.21 and 2.23 include reimbursements paid based on management's best estimate.

2.39 Contingent Liability and commitment

There is Nil (previous year Nil) contingent liability and commitment as at the balance sheet date.

2.40 Details of dues to micro, small and medium enterprises

Trade Payables includes Rs. Nil (Previous year: Rs. Nil) payable to "Suppliers" registered under the Micro, Small and Medium Enterprises Development Act, 2006. No interest has been paid / is payable by the Company during the year to "Suppliers" registered under this act. The aforementioned is based on the responses received by the Company to its inquiries with suppliers with regard to applicability under the said act.

2.41 Foreign currency

The Company has undertaken the following transactions in foreign currency during year:

	2015	2014
Expenditure incurred in foreign currency (on accrual basis)		
Interest on non-convertible debentures	-	68,255,699
Interest on compulsorily convertible debentures	-	11,395,795
Dividend on preference shares	-	17,282
	<hr/>	<hr/>
	-	79,668,776
	<hr/>	<hr/>

Arum Investments Private Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

(Currency: Indian rupees)

2.42 Disclosure pursuant to Accounting Standard 15 (Revised) - Employee Benefits

A) Defined contribution plan (provident fund):

Amount of Rs. 122,294 (Previous year: Rs. Nil) is recognised as expenses and included in "Employee benefit expenses".

B) Defined benefit plan (Gratuity):

The following tables summarize the components of the net benefit expenses recognised in the profit and loss account and the fund status and amount recognised in the balance sheet for the gratuity benefit plan

Statement of Profit and loss

Net employee benefit expenses (recognized in employee cost)

	2015	2014
Current service cost	204,000	83,000
Interest on defined benefit obligation	54,409	19,000
Expected return on plan assets	-	-
Net actuarial losses/(gains) recognized in the period	-	-
Past service cost	-	-
Actuarial (gain) or losses	448,000	21,000
Total included in 'Employee Benefit Expense'	706,409	123,000

Balance Sheet

Changes in the present value of the defined benefit obligation are as follows:

	2015	2014
Liability at the beginning of the year	360,000	241,000
Interest cost	54,409	19,000
Current service cost	204,000	83,000
Past service cost (non vested benefit)	-	-
Transfer in / (out)	250,000	(4,000)
Past service cost (vested benefit)	-	-
Benefits Paid	-	-
Actuarial (gain)/loss	447,000	21,000
Liability at the end of the year	1,315,409	360,000

Arum Investments Private Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

(Currency: Indian rupees)

2.42 Disclosure pursuant to Accounting Standard 15 (Revised) - Employee Benefits (continued)

Amount Recognized in the Balance Sheet:

	2015	2014	2013	2012	2011
Liability at the end of the year	1,315,409	360,000	240,584	150,584	-

Experience Adjustment :

Particulars	2015	2014	2013	2012	2011
On Plan Liabilities: (Gain)/ Loss	327,000	39,000	104,000	117,992	-

Principal actuarial assumptions at the balance sheet date:

	2014-15	2013-14
Discount rate	7.80%	8.90 %
Salary escalation	7.00%	6.00 %
Employee attrition rate	13.00 % - 25.00 %	13.00 % - 25.00 %

Arum Investments Private Limited

Notes to the financial statements for the year ended 31 March 2015 (continued)

(Currency: Indian rupees)

2.43 The Company has received demand notice from tax authorities on account of disallowance of expenditure for earning exempt income under section 14A of Income Tax Act 1961 read with Rule 8D of the Income Tax Rules, 1962. The company has filed appeal and is defending its position. Due to the lack of clarity on legal position relating to the application of Rule 8D, the outcome and quantification of the eventual tax liability on the company, if any, at this stage cannot be estimated. The Company has been advised by its tax counsel that it has a good chance in sustaining its position.

As per our report of even date attached

For **B S R & Associates LLP**

Chartered Accountants

Firm Registration No: 116231W/W-100024



N Sampath Ganesh

Partner

Membership No: 042554

Mumbai

14 May 2015

For and on behalf of the Board of Directors



Parag Kothari

Director

DIN : 05158699



Sheetal Gandhi

Chief Financial Officer

Mumbai

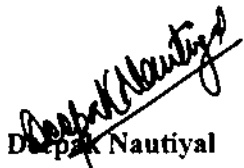
14 May 2015



Ashish Pithawala

Director

DIN : 00016547



Deepak Nautiyal

Company Secretary