

Arum Investments Private Limited

Financial Statements
together with the
Independent Auditor's Report
for the year ended 31 March 2016

Arum Investments Private Limited

Financial statements together with the Independent Auditor's Report *for the year ended 31 March 2016*

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B S R & Associates LLP

Chartered Accountants

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Independent Auditor's Report

To the Members of 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 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's responsibility for 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.

Auditor's responsibility

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

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

Independent Auditor's Report (Continued)

Arum Investments Private Limited

Auditor's responsibility (Continued)

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances.

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2016, and its 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, 2016 (the "Order") issued by the Central Government of India in terms of sub section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraph 3 and 4 of the Order, to the extent applicable.

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;



Independent Auditor's Report (Continued)

Arum Investments Private Limited

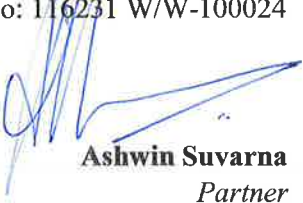
Report on other legal and regulatory requirements (Continued)

- e) On the basis of the written representations received from the directors as on 31 March 2016 taken on record by the Board of Directors, none of the directors are disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 2.32 to the financial statements;
 - ii. The Company has made provision as required under the applicable law or accounting standards, for material foreseeable losses, if any on long-term contracts including long term derivative contracts - Refer Note 2.51 to the financial statements; and
 - iii. There were no amounts 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: 116231 W/W-100024



Ashwin Suvarna
Partner

Mumbai
12 May 2016

Membership No: 109503

Arum Investments Private Limited

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

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

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all 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.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- ii. (a) The Company has conducted a physical verification of equity shares and other securities relating to Company's stock-in-trade on the basis of actual verification or statement received from depository participants at reasonable intervals. In our opinion, the frequency of such verification is reasonable in relation to the size of the Company and the nature of its business.
- (b) The Company is maintaining proper records of stock-in-trade. No material discrepancies have been noticed on physical verification of stock-in-trade.
- iii. The Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, paragraph 3(iii) of the Order is not applicable.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
- v. The Company has not accepted any deposits from the public.
- vi. The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any 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 records of the Company, 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, value added tax, sales tax, customs duty, excise duty, cess. 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 2016 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no material dues of service tax and other material statutory dues which have not been deposited with the appropriate authorities on account of any dispute. However, according to information and explanations given to us, the following dues have not been deposited by the Company on account of disputes:



Arum Investments Private Limited

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

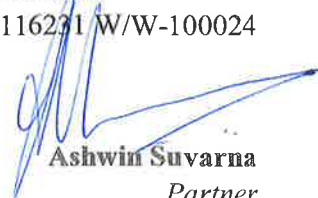
Name of statute	Nature of dues	Amount (in Rs)	Period to which the amount relates	Forum where dispute is pending
Income tax Act, 1961	Disallowance u/s 14A	219,446	AY 2010-11	CIT (A)
Income tax Act, 1961	Disallowance u/s 14A	1,213,023	AY 2013-14	CIT (A)

- viii. The Company has not defaulted in repayment of dues to any financial institution, bank, and Government or debenture holders during the year.
- ix. In our opinion and according to the information and explanations given to us, the Company has utilised the term loans for the purpose for which they were raised.
- x. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us and on the basis of our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the financial statements, as required by the applicable accounting standards.
- xiv. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi. According to the information and explanations given to us, the Company has registered as required, under Section 45-IA of the Reserve Bank of India Act, 1934.

For B S R & Associates LLP

Chartered Accountants

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


Ashwin Suvarna
Partner

Mumbai
12 May 2016

Membership No: 109503

Arum Investments Private Limited

Annexure - B to the Independent Auditor's Report of even date on the financial statements of Arum Investments Private Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (the "Act")

We have audited the internal financial controls over financial reporting of Arum Investments Private Limited (the "Company") as of 31 March 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's responsibility for internal financial controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India (the "ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records, and timely preparation of reliable financial information, as required under the Act.

Auditor's responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by the ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.



Arum Investments Private Limited

Annexure - B to the Independent Auditor's Report of even date on the financial statements of Arum Investments Private Limited (*Continued*)

Meaning of internal financial controls over financial reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent limitations of internal financial controls over financial reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For B S R & Associates LLP

Chartered Accountants

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



Ashwin Suvarna
Partner

Membership No: 109503

Mumbai
12 May 2016

Arum Investments Private Limited

Balance sheet

(Currency : Indian rupees)

	Note	As at 31 March 2016	As at 31 March 2015
EQUITY AND LIABILITIES			
Shareholder's funds			
(a) Share capital	2.1	255,129,000	255,129,000
(b) Reserves and surplus	2.2	<u>4,678,741,115</u>	<u>4,266,728,367</u>
		4,933,870,115	4,521,857,367
Non-current liabilities			
(a) Long-term borrowings	2.3	268,873,000	268,873,000
(b) Long-term provisions	2.4	<u>4,139,571</u>	<u>1,099,000</u>
		273,012,571	269,972,000
Current liabilities			
(a) Short-term borrowings	2.5	14,545,958	1,488,315
(b) Trade payables	2.6	115,032,683	46,691,824
(c) Other current liabilities	2.7	39,014,591	31,407,379
(d) Short-term provisions	2.8	<u>34,258,678</u>	<u>10,703,719</u>
		202,851,910	90,291,237
TOTAL		<u><u>5,409,734,596</u></u>	<u><u>4,882,120,604</u></u>
ASSETS			
Non-current assets			
(a) Fixed assets			
Tangible assets	2.9	1,165,159	1,234,616
(b) Deferred tax assets (net)	2.10	5,560,401	3,818,603
(c) Long-term loans and advances	2.11	1,010,500,653	106,881,905
(d) Other non-current assets	2.12	<u>46,869,335</u>	<u>-</u>
		1,064,095,548	111,935,124
Current assets			
(a) Current Investments	2.13	70,000,000	600,000,000
(b) Stock-in-trade	2.14	1,650,000,000	-
(c) Cash and bank balances	2.15	82,807,033	280,617,206
(d) Short-term loans and advances	2.16	2,400,774,490	3,889,479,062
(e) Other current assets	2.17	<u>142,057,525</u>	<u>89,212</u>
		4,345,639,048	4,770,185,480
TOTAL		<u><u>5,409,734,596</u></u>	<u><u>4,882,120,604</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's Registration No: 116231W-W-100024


Ashwin Suvarna

Partner

Membership No: 109503

For and on behalf of the Board of Directors


Parag Kothari
Director
DIN : 05158699


Sanjay Shah
Director
DIN : 00003142


Sheetal Gandhi
Chief Financial Officer


Jalpa Jadav
Company secretary

Mumbai
12 May 2016

Mumbai
12 May 2016

Arum Investments Private Limited

Statement of profit and loss

(Currency : Indian rupees)

	Note	For the year ended 31 March 2016	For the year ended 31 March 2015
Revenue from operations			
Fee and commission income	2.18	-	80,000,000
Income from treasury operations and investments	2.19	41,162,607	350,818,097
Interest income	2.20	648,663,671	1,261,935,983
Other income	2.21	25,659	-
Total Revenue		689,851,937	1,692,754,080
Expenses			
Employee benefit expenses	2.22	14,823,487	57,541,357
Finance costs	2.23	98,649,152	719,752,917
Depreciation expenses	2.9	69,457	86,099
Other expenses	2.24	8,408,024	724,920,830
Total expenses		121,950,120	1,502,301,203
Profit before exceptional and extraordinary items and tax		567,901,817	190,452,877
Exceptional items / prior period item		-	122,571,860
Profit before tax		567,901,817	313,024,737
Tax expense:			
(1) Current tax [includes short / (excess) provision for earlier years of Rs. 772,250 previous year (Rs. 20,352)]		157,632,250	33,689,468
(2) Minimum alternative tax credit entitlement		(1,383)	(33,710,000)
(3) Deferred tax		(1,741,798)	31,379,310
Profit for the year		412,012,748	281,665,959
Earnings per equity share (Rs.) (Face value of Rs. 10 each)	2.27		
Basic		146.83	73.14
Diluted		15.98	8.04
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

Firms Registration No: 116231W/W-100024


Ashwin Suvarna

Partner

Membership No: 109503

For and on behalf of the Board of Directors



Parag Kothari

Director

DIN : 05158699



Sanjay Shah

Director

DIN : 00003142



Sheetal Gandhi

Chief Financial Officer



Jalpa Jadav

Company secretary

Mumbai
12 May 2016

Mumbai
12 May 2016

Arum Investments Private Limited

Cash Flow Statement

(Currency : Indian rupees)

	For the year ended 31 March 2016	For the year ended 31 March 2015
A Cash flow from operating activities		
Profit before taxation	567,901,817	313,024,737
Adjustments for		
Depreciation expenses	69,457	86,100
Provision for compensated leave absences	19,000	163,000
Provision for NPA	-	(80,789,719)
Provision for standard asset	5,251,091	(12,828,780)
Interest expense on debentures	45,708,411	719,441,315
Dividend on investments	-	(59,390,158)
Profit on sale of current investment	(34,399,627)	(6,302,435)
Profit on sale of non-current investment	-	(285,133,971)
Bad debts written off	-	807,897,192
Interest on short term borrowings	41,144,557	1,430
	625,694,706	1,396,168,711
Operating cash flow before working capital changes		
Add / (less): Adjustments for working capital changes	915,110,127	2,183,657,941
Decrease in receivables from financing business	(410,000)	-
Gratuity paid	(1,650,000,000)	-
Increase in stock in trade	(553,384,074)	3,345,078,672
(Increase) / decrease in loans & advances and other current assets	73,534,059	(100,608,798)
Decrease / (increase) in liabilities and provisions		
	(589,455,182)	6,824,296,526
Cash (used in) / generated from operations		
Income taxes paid	(101,452,283)	(159,468,872)
	(690,907,465)	6,664,827,654
Net cash (used in) / generated from operating activities - A		
B Cash flow from investing activities		
Purchase of fixed assets	-	(10,400)
Sale of non current investments	-	1,250,182,211
Investments in fixed deposits	(50,000,000)	-
Purchase of current investments	-	(18,613,840,158)
Sale of current investment	564,399,626	-
Proceeds from sale / redemption of current investments	-	18,486,071,435
Dividend on investments	-	59,390,158
Interest income received on fixed deposit	78,980	9,913
	514,478,606	1,181,803,159
Net cash generated from investing activities - B		



Arum Investments Private Limited

Cash Flow Statement (continued)

(Currency : Indian rupees)

C Cash flow from financing activities

Buyback of 0.01% compulsorily convertible non- cumulative preference shares	-	(1,391,615,280)
Redemption of 17% optionally convertible debentures	-	(206,826,000)
Redemption of 17% redeemable non-convertible debenture	-	(4,895,000,000)
Interest paid	(84,438,956)	(1,075,231,860)
Buyback tax paid	-	(76,446,066)
Proceeds from other borrowings	13,057,642	1,487,028

Net cash used in financing activities - C

(71,381,314) (7,643,632,178)

Net increase in cash and cash equivalents (A+B+C)

(247,810,173) 202,998,635

Cash and cash equivalent as at the beginning of the year

280,617,206 77,618,571

Cash and cash equivalent as at the end of the year (Refer note 2.15)

32,807,033 280,617,206

As per our report of even date attached.

For B S R & Associates LLP

Chartered Accountants

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

Ashwin Suvarna

Partner

Membership No: 109503

Mumbai

12 May 2016

For and on behalf of the Board of Directors

Parag Kothari

Director

DIN : 05158699

Sheetal Gandhi

Chief Financial Officer

Sanjay Shah

Director

DIN : 00003142

Jalpa Jadav

Company secretary

Mumbai

12 May 2016

Arum Investments Private Limited

Notes to the financial statements for the year ended 31 March 2016

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 ('the Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified), the Companies Act, 1956 (to the extent applicable) 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 Non Banking Financial Company ('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 management to make certain estimates and assumptions that affect the reported amount of assets, liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. The estimates and assumptions used in the accompanying financial statements are based upon management's evaluation of the relevant facts and circumstances 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, results 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 2016 (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 derivative 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 made based on management's assessment of the degree of impairment subject to minimum provisioning levels prescribed in the prudential norms for asset classification and provisioning guidelines issued by the RBI for NBFCs.

The Company also makes a provision against standard assets as per guidelines issued by the 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 estimated useful lives of the respective fixed assets which are as per the provisions of Part C of the Schedule for calculating the depreciation. The estimated useful lives of the fixed assets are as follows:

Class of asset	Estimated useful life
Building (Flat)	60 Years
Office Equipments	5 Years
Computers - End user devices, such as desktops, laptops, etc.	3 Years



Arum Investments Private Limited

Notes to the financial statements for the year ended 31 March 2016 (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. The recoverable amount is the greater of the net selling price and the value in use of those assets. Value in use is arrived at by discounting the estimated future cash flows to their present value based on an appropriate discount factor. 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 Stock-in-trade

Debt instruments are valued at cost or realizable value whichever is lower. In case of debt instruments for which direct quotes are not available, they are valued at the lowest of the quotes as on valuation date as provided by market intermediaries.

1.10 Taxation

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



Arum Investments Private Limited

Notes to the financial statements for the year ended 31 March 2016 (Continued)

1. Significant accounting policies (Continued)

1.10 Taxation (continued)

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 these assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written up to reflect the amount that is reasonable/virtually certain (as the case may be) to be realised.

Minimum 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.

1.11 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 2016 (Continued)

1. Significant accounting policies (Continued)

1.11 Employee benefits (continued)

Deferred Bonus

The Company has adopted a Deferred Bonus Plan under its Deferred Variable Compensation Plan. A pool of identified senior employees of the Company is entitled for benefits under this plan. Such deferred compensation will be paid in a phased manner over a future period of time. The measurement for the same has been based on actuarial assumptions and principles. These assumptions and principles are consistent with the requirements of Accounting Standard 15 (Revised 2005).

1.12 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.

1.13 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 (Continued)

(Currency : Indian rupees)

2.1 Share capital

	As at 31 March 2016	As at 31 March 2015
a. 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	320,000,000	320,000,000
	350,000,000	350,000,000
b. 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	105,615,390
	255,129,000	255,129,000

c. Reconciliation of shares at the beginning and at the end of the year :

	31 March 2016		31 March 2015	
	No. of shares	Amount	No. of shares	Amount
i) Equity shares				
Outstanding at the beginning of the year	2,805,998	28,059,980	2,805,998	28,059,980
Shares issued during the year	-	-	-	-
Outstanding at the end of the year	2,805,998	28,059,980	2,805,998	28,059,980
ii) 0.01% Compulsorily convertible non- cumulative preference shares - Series A				
Outstanding at the beginning of the year	800,000	8,000,000	800,000	8,000,000
Shares issued during the year	-	-	-	-
Outstanding at the end of the year	800,000	8,000,000	800,000	8,000,000
iii) 0.01% Compulsorily convertible non- cumulative preference shares - Series B				
Outstanding at the beginning of the year	11,345,363	113,453,630	11,345,363	113,453,630
Shares issued during the year	-	-	-	-
Outstanding at the end of the year	11,345,363	113,453,630	11,345,363	113,453,630
iv) 0.01% Compulsorily convertible non- cumulative preference shares - Series C				
Outstanding at the beginning of the year	10,561,539	105,615,390	18,995,571	189,955,710
Shares issued during the year	-	-	-	-
Shares bought back during the year	-	-	(8,434,032)	(84,340,320)
Outstanding at the end of the year	10,561,539	105,615,390	10,561,539	105,615,390

d. 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.

e. 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.

f. 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.

g. 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.

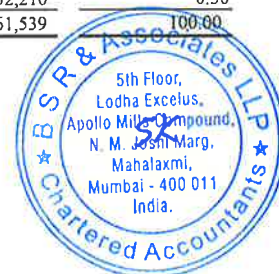


Arum Investments Private Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees)

	As at 31 March 2016		As at 31 March 2015	
	No. of shares	% holding in the class	No. of shares	% holding in the class
h. Shares held by holding / ultimate holding company and / or their subsidiaries / associates :				
(a) Equity shares				
Edelweiss Securities Limited, fellow subsidiary	1,105,186	39.39	1,105,186	39.39
ECAP Equities Limited, holding company	1,700,812	60.61	297,813	10.61
	<u>2,805,998</u>	<u>100.00</u>	<u>1,402,999</u>	<u>50.00</u>
(b) Preference shares				
0.01% Compulsorily Convertible Non- cumulative Preference Shares - Series A				
Edelweiss Securities Limited, fellow subsidiary	154,208	19.28	154,208	19.28
Edelweiss Finance & Investments Limited, fellow subsidiary	466,300	58.29	466,300	58.29
Edelweiss Commodities Services Limite, fellow subsidiary	179,492	22.43	179,492	22.43
	<u>800,000</u>	<u>100.00</u>	<u>800,000</u>	<u>100.00</u>
0.01% Compulsorily Convertible Non- cumulative Preference Shares - Series B				
ECAP Equities Limited, holding company	11,345,363	100.00	11,345,363	100.00
	<u>11,345,363</u>	<u>100.00</u>	<u>11,345,363</u>	<u>100.00</u>
0.01% Compulsorily Convertible Non- cumulative Preference Shares - Series C				
Edelweiss Commodities Services Limited, fellow subsidiary	1,147,994	10.87	1,147,994	10.87
ECAP Equities Limited, holding company	9,413,545	89.13	9,381,335	88.83
	<u>10,561,539</u>	<u>100.00</u>	<u>10,529,329</u>	<u>99.70</u>
i. 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
ECAP Equities Limited	1,700,812	60.61	297,813	10.61
Menora Developers and Infrastructure Private Limited	-	-	889,160	31.69
EW Special Opportunities Fund LLC	-	-	513,839	18.31
	<u>2,805,998</u>	<u>100.00</u>	<u>2,805,998</u>	<u>100.00</u>
j. Details of Preference shareholders holding more than 5% shares in the company:				
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
	<u>800,000</u>	<u>100.00</u>	<u>800,000</u>	<u>100.00</u>
ii) 0.01% Compulsorily Convertible Non- cumulative Preference Shares - Series B				
ECAP Equities Limited	11,345,363	100.00	11,345,363	100.00
	<u>11,345,363</u>	<u>100.00</u>	<u>11,345,363</u>	<u>100.00</u>
iii) 0.01% Compulsorily Convertible Non- cumulative Preference Shares - Series C				
Edelweiss Commodities Services Limited	1,147,994	10.87	1,147,994	10.87
ECAP Equities Limited	9,413,545	89.13	9,381,335	88.83
EW Special Opportunities Fund LLC	-	-	32,210	0.30
	<u>10,561,539</u>	<u>100.00</u>	<u>10,561,539</u>	<u>100.00</u>



Arum Investments Private Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees)

2.2 Reserves and surplus

	As at 31 March 2016	As at 31 March 2015
Capital Redemption Reserve - Opening balance(**)	84,340,320	-
Add : Additions during the year	-	84,340,320
	<u>84,340,320</u>	<u>84,340,320</u>
Securities Premium Account - Opening balance	2,461,531,900	3,853,147,180
Add : Additions during the year	-	-
Less: Transfer to Capital Redemption Reserve	-	(84,340,320)
Less: Premium paid on buyback of Preference Shares	-	(1,307,274,960)
	<u>2,461,531,900</u>	<u>2,461,531,900</u>
Special Reserve under Section 45-IC of the Reserve Bank of India Act, 1934, of India (*)	359,534,291	303,201,099
Add : Additions during the year	82,402,549	56,333,192
	<u>441,936,840</u>	<u>359,534,291</u>
Surplus in statement of profit and loss		
Opening Balance	1,361,321,857	1,212,435,156
Add: Profit for the year	412,012,748	281,665,959
Amount available for appropriation	<u>1,773,334,605</u>	<u>1,494,101,115</u>
Appropriations:		
Buyback Tax Paid	-	76,446,067
Transfer to Special Reserve under Section 45-IC of the Reserve Bank of India Act, 1934	82,402,550	56,333,192
	<u>1,690,932,055</u>	<u>1,361,321,857</u>
	<u>4,678,741,115</u>	<u>4,266,728,367</u>

(*) 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 (Continued)

(Currency : Indian rupees)

As at
31 March 2016

As at
31 March 2015

2.3 Long-term borrowings

Unsecured

2,150,984, 17% Compulsorily convertible debentures of Rs. 125 each
(Refer note 2.30)

268,873,000

268,873,000

268,873,000

268,873,000

a 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.

2.4 Long-term provisions

Provision for employee benefits

Gratuity (Refer note 2.28)

Compensated leave absences

916,868

891,000

202,000

208,000

Others

Provision for standard assets

3,020,703

-

4,139,571

1,099,000

2.5 Short-term borrowings

Unsecured

Loans and advances from related parties (Refer note 2.26)

14,545,958

1,488,315

14,545,958

1,488,315



Arum Investments Private Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees)

	As at 31 March 2016	As at 31 March 2015
2.6 Trade payables		
Total outstanding dues of micro, small and medium enterprises (Refer note 2.49)	-	-
Total outstanding dues other than micro, small and medium enterprises (Includes sundry creditors and provision for expenses)	115,032,683	46,691,824
	<u>115,032,683</u>	<u>46,691,824</u>
2.7 Other Current Liabilities		
Interest accrued and due on borrowings	437,910	-
Interest accrued but not due on borrowings	22,488,536	20,512,433
Income received in advance	6,711,391	-
Other Payables		
Accrued salaries and benefits	3,721,928	3,185,076
TDS, Service tax and other taxes payable	3,798,919	6,868,770
Book overdraft	933,132	-
Others	922,775	841,099
	<u>39,014,591</u>	<u>31,407,379</u>
2.8 Short-term provisions		
Provision for employee benefits		
Gratuity (Refer note 2.28)	129,000	424,409
Compensated leave absences	39,000	52,000
Others		
Provision for standard assets	11,854,165	9,623,778
Provision for taxation (Net of advance tax and tax deducted at source Rs. 351,112,484, Previous year Rs. 606,372,493)	22,236,513	603,532
	<u>34,258,678</u>	<u>10,703,719</u>



Arum Investments Private Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees)

2.9 Fixed assets

Description of assets	Gross Block			Depreciation			Net Block	
	As at 1 April 2015	Additions during the year	Deductions / Adjustments during the year	As at 31 March 2016	As at 1 April 2015	Charge for the year during the year	As at 31 March 2016	As at 31 March 2015
Tangible assets								
Building (Flat)	1,359,412	-	-	1,359,412	141,450	60,898	1,157,064	1,217,962
Computer	41,765	-	-	41,765	40,026	1,468	271	1,739
Office equipment	25,450	-	-	25,450	10,535	7,091	7,824	14,915
Total	1,426,627	-	-	1,426,627	192,011	69,457	1,165,159	1,234,616
Previous year	1,416,227	10,400	-	1,426,627	105,912	86,099	1,234,616	



Arum Investments Private Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees)

	As at 31 March 2016	As at 31 March 2015
2.10 Deferred taxes (net)		
Deferred tax assets		
Tax effect of the timing difference on account of:		
Disallowances under section 43B of the Income Tax Act, 1961	445,385	545,218
Provision for standard assets and non-performing assets	5,148,192	3,330,597
	<u>5,593,577</u>	<u>3,875,814.67</u>
Deferred tax liabilities		
Tax effect of the timing difference on account of:		
Difference between book and tax depreciation	33,176	57,212
	<u>33,176</u>	<u>57,212</u>
Deferred tax asset (net)	<u>5,560,401</u>	<u>3,818,603</u>
2.11 Long-term loans and advances		
<u>Secured</u>		
<i>(considered good, unless otherwise stated)</i>		
Receivable from financing business		
- considered good	1,006,901,107	-
<u>Unsecured</u>		
<i>(considered good, unless otherwise stated)</i>		
Other loans and advances		
Advance income taxes and tax deducted at source (net of provision for taxation Rs. 218,204,456, Previous year Rs. 335,160,529)	3,599,546	106,881,905
	<u>1,010,500,653</u>	<u>106,881,905</u>
2.12 Other non-current assets		
Interest accrued but not due on loans given	46,869,335	-
	<u>46,869,335</u>	<u>-</u>



Arum Investments Private Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees)

	As at 31 March 2016			As at 31 March 2015		
	Face value	Quantity	Amount	Face value	Quantity	Amount
2.13 Current investments						
(at lower of cost and fair value)						
Current investment within the meaning of AS 13						
Investments in mutual funds - unquoted						
Reliance Money Manager Fund-Direct Growth Plan Growth option	1,000	34,927	70,000,000	-	-	-
Indiabulls Ultra Short Term Fund- Direct Plan Growth	-	-	-	1,000	445,607	600,000,000
			<u>70,000,000</u>			<u>600,000,000</u>
Aggregate of unquoted investments in mutual funds						
At carrying value			70,000,000			600,000,000
At net asset value			73,335,948			601,962,903
2.14 Stock in trade						
Debentures (unquoted)						
15.00% Pantaloon Industries Limited 31.03.2017 NCD	10,000,000	55	550,000,000	-	-	-
18.50% Manyata Developers Pvt. Ltd. 30.12.2020 NCD	1,000,000	500	500,000,000	-	-	-
5.00% New Media Broadcasting Pvt Ltd. 18.02.2021 NCD	1,000,000	600	600,000,000	-	-	-
			<u>1,650,000,000</u>			<u>-</u>
Aggregate of stock-in-trade in quoted debentures and bonds						
At carrying value			1,650,000,000			-
At Market value			1,650,000,000			-



Arum Investments Private Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees)

	As at 31 March 2016	As at 31 March 2015
2.15 Cash and bank balances		
Cash and Cash equivalents		
Balances with Banks		
- in current accounts	32,807,033	110,617,206
- in fixed deposits with original maturity less than 3 months	-	170,000,000
	<u>32,807,033</u>	<u>280,617,206</u>
Other bank balances		
- Short term deposits with banks	50,000,000	-
(Other bank deposits with maturity less than 12 months)		
	<u>82,807,033</u>	<u>280,617,206</u>
2.16 Short-term loans and advances		
<u>Secured</u>		
<i>(considered good unless stated otherwise)</i>		
Receivable from financing business		
- considered good	1,927,500,000	3,849,511,234
- considered non performing asset	-	-
	<u>1,927,500,000</u>	<u>3,849,511,234</u>
<u>Unsecured - Considered good</u>		
Loans and advances to related parties (Refer note 2.26)	364,500,000	-
Other loans and advances		
Advances to others	-	262,000
Prepaid expenses	40,225	38,061
Vendor Advances	137,522	26,970
Cenvat and VAT Assets	6,149,987	5,930,797
Advance tax and tax deducted at source (net of provision for taxation)	102,446,756	-
MAT credit entitlement	-	33,710,000
	<u>2,400,774,490</u>	<u>3,889,479,062</u>
2.17 Other Current Assets		
Accrued interest on fixed deposits	10,233	89,213
Accrued interest on investment in debt instrument	33,484,822	-
Accrued interest on loans given	17,843,627	-
Other receivable	90,718,843	-
	<u>142,057,525</u>	<u>89,213</u>



Arum Investments Private Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees)

	For the year ended 31 March 2016	For the year ended 31 March 2015
2.18 Fee and commission income		
Loan processing and other fees	-	80,000,000
	<u>-</u>	<u>80,000,000</u>
2.19 Income from treasury operations and investments		
Profit on trading of securities (net)	6,762,980	-
Profit on sale of current investment (net)	34,399,627	6,302,435
Profit on sale of long term investment (net)	-	285,133,971
Loss on trading in equity derivative instruments (net)	-	(8,466)
Dividend on current investment	-	56,560,158
Dividend on long term investment	-	2,830,000
	<u>41,162,607</u>	<u>350,818,097</u>
2.20 Interest income		
On loan	552,222,652	1,249,952,856
On Intercompany deposits	1,249,315	-
On fixed deposits	432,773	99,125
On debt instrument	94,758,931	11,874,578
On others	-	9,424
	<u>648,663,671</u>	<u>1,261,935,983</u>
2.21 Other income		
Miscellaneous income	25,659	-
	<u>25,659</u>	<u>-</u>



Arum Investments Private Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees)

	For the year ended 31 March 2016	For the year ended 31 March 2015
2.22 Employee benefit expenses		
Salaries and wages (Refer note 2.48)	14,395,577	57,314,509
Contribution to provident and other funds	286,325	122,294
Staff welfare expenses	141,585	104,554
	<u>14,823,487</u>	<u>57,541,357</u>
2.23 Finance costs		
Interest on debentures	45,708,411	719,441,315
Interest on loan from ultimate holding company	41,144,557	-
Interest on loan from fellow subsidiaries	9,610,466	-
Interest on late payment of taxes	225	-
Interest - others	2,185,379	299,781
Bank charges	114	11,821
	<u>98,649,152</u>	<u>719,752,917</u>



Arum Investments Private Limited

Notes to the financial statements (Continued)

(Currency : Indian rupees)

	For the year ended 31 March 2016	For the year ended 31 March 2015
2.24 Other expenses		
Advertisement and business promotion	54,978	30,324
Auditor's remuneration (refer below)	550,730	853,650
Bad- debts and advances written off	-	807,897,192
Communication	103,670	160,601
Clearing & custodian charges	91,513	83,528
Contribution towards corporate social responsibility (Refer note 2.45)	-	100,000
Directors' sitting fees	135,000	-
Electricity charges (Refer note 2.48)	95,657	128,729
Insurance	276	428
Legal and professional fees	1,083,926	3,563,810
Membership & Subscription	84,352	-
Office expenses	8,309	5,612
Printing and stationery	6,165	10,527
Provision for standard assets	5,251,091	(12,828,780)
Provision for non performing asset	-	(80,789,719)
Rates and taxes	2,500	2,365
Rent (Refer note 2.48)	507,256	984,187
Security transaction tax	-	1,250,226
Service tax expenses	238,949	2,832,287
Stamp duty	115,627	600
Stock exchange expenses	-	81,127
Travelling and conveyance	67,065	528,846
Miscellaneous expenses	10,960	25,290
	8,408,024	724,920,830

Auditor's Remuneration:

As auditor	400,000	681,000
For other services (certification)	131,250	125,000
For reimbursement of expenses	19,480	47,650
	550,730	853,650



Arum Investments Private Limited

Notes to the financial statements for the year ended 31 March 2016 (*continued*)

(Currency: Indian rupees)

2.25 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 2016 (continued)

(Currency: Indian rupees)

2.25 Segment Reporting (Continued)

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
I Segment Revenue		
a) Capital based business	41,595,379	350,818,097
b) Financing business	648,230,899	1,384,408,718
c) Unallocated	25,659	80,099,125
Total Income	689,851,937	1,815,325,940
II Segment Results		
a) Capital based business	39,575,691	262,664,390
b) Financing business	528,392,866	1,815,487
c) Unallocated	(66,740)	48,544,860
Profit before taxation	567,901,817	313,024,737
Less : Provision for taxation	155,889,069	31,358,778
Profit after taxation	412,012,748	281,665,959
	As at 31 March 2016	As at 31 March 2015
III Segment Assets		
a) Capital based business	120,058,258	600,061,731
b) Financing business	5,048,157,766	3,850,622,388
c) Unallocated	241,518,572	431,436,485
Total	5,409,734,596	4,882,120,604
IV Segment Liabilities		
a) Capital based business	4,872,566	36,627,463
b) Financing business	333,532,773	308,438,137
c) Unallocated	137,459,141	15,197,637
Total	475,864,481	360,263,237
	For the year ended 31 March 2016	For the year ended 31 March 2015
V Capital Expenditure		
a) Capital based business	-	520
b) Financing business	-	9,360
c) Unallocated	-	520
Total	-	10,400
VI Depreciation and Amortisation		
a) Capital based business	3,473	4,305
b) Financing business	62,511	77,489
c) Unallocated	3,473	4,305
Total	69,457	86,099
VII Significant Non-Cash Expenses Other than Depreciation and Amortisation		
a) Capital based business	6,073	43,470
b) Financing business	5,360,404	715,061,161
c) Unallocated	6,073	43,470
Total	5,372,550	715,148,101



Arum Investments Private Limited

Notes to the financial statements for the year ended 31 March 2016 (continued)

(Currency: Indian rupees)

2.26 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

Names of related parties by whom control is exercised	Edelweiss Financial Services Limited - Ultimate Holding company
Enterprises which exercise significant influence over the Company	Edelweiss Securities Limited ECap Equities Limited (w.e.f 29 January 2015)
Fellow subsidiaries with whom the transactions have taken place (w.e.f 31 March 2016)	ECL Finance Limited Edelcap Securities Limited Edelweiss Commodities Services Limited Edelweiss Alternative Asset Advisors Limited Edelweiss Web Services Limited Edelweiss Finance and Investments Limited
Key Management Personnel (with whom transactions have taken place)	Tarang Mehta (Till 05 February 2015) Bhavin N Mehta (From 03 August 2015)



Arum Investments Private Limited

Notes to the financial statements (Continued)

(Currency: Indian rupees)

2.26 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)

Transactions with related parties:

Sr. No.	Nature of Transaction	Related Party Name	2015-16	2014-15
(I) Current account transactions during the year				
1	Short term loans taken from (Refer note 1)	Edelweiss Financial Services Limited	20,191,512,972	1,487,028
		Edelweiss Commodities Services Limited	11,185,200,000	-
2	Short term loans repaid to (Refer note 1)	Edelweiss Financial Services Limited	20,179,600,000	-
		Edelweiss Commodities Services Limited	11,184,054,042	-
3	Short term loans given to (Refer note 1)	ECL Finance Limited	147,700,000	-
		Edelweiss Commodities Services Limited	96,405,145	-
		Edelcap Securities Limited	30,900,000	-
4	Short term loans given repaid by (Refer note 1)	Edelweiss Commodities Services Limited	626,405,145	-
		Edelcap Securities Limited	314,100,000	-
5	Interest expense on loans taken from	Edelweiss Financial Services Limited	41,144,556	1,430
		Edelweiss Commodities Services Limited	9,610,467	-
6	Interest expense on debentures	Ecap Equities Limited	45,708,411	7,638,940
7	Interest income on short term loan from	Edelcap Securities Limited	42,066,705	-
		Edelweiss Commodities Services Limited	40,095,491	-
		ECL Finance Limited	44,391	-
8	Cost reimbursements paid to	Edelweiss Financial Services Limited	64,069,997	120,651,847
		Edelweiss Alternative Asset Advisors Limited	38,607,121	-
		Edelweiss Web Services Limited	11,970,628	-
		Edelweiss Commodities Services Limited	94,917	-
		Edelweiss Financial Services Limited	75,955	-
9	Cost reimbursements received from	Edelweiss Securities Limited	-	262,000
10	Rent paid to	Edelweiss Commodities Services Limited	507,256	-
11	Brokerage paid on sale of equity shares	Edelweiss Securities Limited	13,042	47,998
12	Remuneration to Key Management Personnel (Refer note 2)	Tarang Mehta	-	801,814
		Bhavin N Mehta	1,715,905	-
(II) Secondary market transactions				
	Sale of securities (Stock in trade) to	ECL Finance Limited	627,871,233	-
		Edelweiss Finance and Investments Limited	304,349,508	-
		Edelweiss Commodities Services Limited	1,119,271,675	-
	Purchase of securities (Stock in trade) from	Edelweiss Finance and Investments Limited	-	58,016,672
		Edelweiss Commodities Services Limited	156,440,437	-



Arum Investments Private Limited

Notes to the financial statements (Continued)

(Currency: Indian rupees)

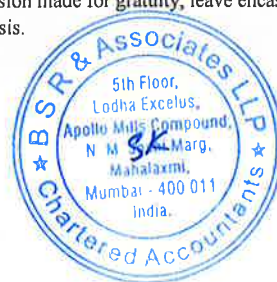
2.26 Disclosure as required by Accounting Standard 18 – “Related Party Disclosure” as prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 (Continued)

Transactions with related parties:

Sr. No.	Nature of Transaction	Related Party Name	2015-16	2014-15
(III) Balances with related parties				
1	17% Compulsorily Convertible Debentures	Ecap Equities Limited	268,873,000	268,873,000
2	Short term taken from	Edelweiss Financial Services Limited	13,400,000	1,488,315
		Edelweiss Commodities Services Limited	1,145,958	-
3	Short term loans given to	Edelcap Securities Limited	216,800,000	-
		ECL Finance Limited	147,700,000	-
4	Trade Payables to	Edelweiss Financial Services Limited	485,000	591,055
		Edelweiss Web Services Limited	5,685	-
		Edelweiss Securities Limited	-	456,484
5	Trade receivable from	ECL Finance Limited	113,000	-
6	Accrued interest on borrowings	Ecap Equities Limited	22,488,538	20,512,435
7	Interest accrued and due on short term loans taken from	Edelweiss Commodities Services Limited	243,801	-
		Edelweiss Financial Services Limited	194,109	-
8	Interest accrued and due on short term loans given to	Edelcap Securities Limited	2,132,044	-
		ECL Finance Limited	44,391	-
9	Other Advances to	Edelweiss Securities Limited	-	262,000
10	Remuneration to Key Management Personnel payable (Refer note 2)	Bhavin N Mehta	600,000	-

Note 1: The Intra group company loans are generally in the nature of revolving demand loans. Loan given/taken to/from parties and margin money placed/refund received with/from related parties are disclosed based on the maximum incremental amount given/taken and placed/refund received during the reporting period.

Note 2: Information relating to remuneration paid to key managerial person mentioned above excludes provision made for gratuity, leave encashment and deferred bonus which are provided for group of employees on an overall basis. These are included on cash basis.



Arum Investments Private Limited

Notes to the financial statements for the year ended 31 March 2016 (continued)

(Currency: Indian rupees)

2.27 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:

Particulars	Year ended 31 March 2016	Year ended 31 March 2015
Basic		
Weighted average no. of equity shares outstanding	2,805,998	2,805,998
Shareholder's earnings (as per statement of profit and loss)	412,012,748	281,665,959
Less: Buyback tax paid on buyback of CCPS-C	-	76,446,066
Net profit for the year attributable to equity shareholders	412,012,748	205,219,893
Basic earnings per share (Rs.)	146.83	73.14
Diluted		
Weighted average no. of equity shares outstanding	27,663,884	25,512,900
Net profit	442,184,869	205,219,893
Diluted earnings per share (Rs.)	15.98	8.04
Nominal value per share (Rs.)	10.00	10.00

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.

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

A) Defined contribution plan (provident fund):

Amount of Rs. 183,866 (Previous year: Rs. 122,294) 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



Arum Investments Private Limited

Notes to the financial statements for the year ended 31 March 2016 (continued)

(Currency: Indian rupees)

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

Statement of Profit and loss

Expenses recognised in Statement of Profit and loss

Particulars	2016	2015
Current service cost	172,000	204,000
Interest on defined benefit obligation	74,409	54,409
Actuarial (gain) or losses	(144,000)	448,000
Total included in Employee Benefit Expense	102,409	706,409

Balance Sheet

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

Particulars	2016	2015
Present value of DBO at start of the year	1,315,409	360,000
Interest cost	74,459	54,409
Current service cost	172,000	204,000
Past service cost (non vested benefit)	-	-
Transfer in / (out)	(372,000)	250,000
Past service cost (vested benefit)	-	-
Benefits Paid	-	-
Actuarial (gain)/loss	(144,000)	447,000
Present value of DBO at end of the year	1,045,868	1,315,409

Amount Recognized in the Balance Sheet:

Particulars	2016	2015	2014	2013	2012
Present value of DBO at end of the year	1,045,868	1,315,409	360,000	240,584	150,584

Experience Adjustments :

Particulars	2016	2015	2014	2013	2012
On Plan Liabilities: (Gain)/ Loss	(1,169,000)	327,000	39,000	104,000	117,992

Principal actuarial assumptions at the balance sheet date:

Particulars	2016	2015
Discount rate	7.40%	7.80 %
Salary escalation	7.00%	7.00 %
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 2016 (continued)

(Currency: Indian rupees)

2.29 Encumbrance's on fixed deposits held by the Company

i) RBL Bank Limited: Rs. 50,000,000 (Previous year: Rs. Nil) against Overdraft facility.

2.30 Details of unsecured debentures issued

As at 31 March 2016

Rate of Interest	> 3 Years	2 - 3 Years	1 - 2 Years	< 1 Year	Total
17.00%	-	-	268,873,000	-	268,873,000

As at 31 March 2015

Rate of Interest	> 3 Years	2 - 3 Years	1 - 2 Years	< 1 Year	Total
17.00%	-	268,873,000	-	-	268,873,000

2.31 Foreign currency transaction

The Company has not undertaken any foreign currency transaction during the year ended 31 March 2016 (Previous year: Rs Nil).

2.32 Contingent Liability and commitment

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

Undrawn committed credit lines Rs. 168,098,893 as at 31 March 2016 (Previous year : Rs. Nil).

The Company's pending litigations mainly comprise of claims against the Company pertaining to proceedings pending with Income tax, service tax and other authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in the financial statements. The Company believes that the outcome of these proceedings will not have a materially adverse effect on the Company's financial position and results of operations.



Arum Investments Private Limited

Notes to the financial statements for the year ended 31 March 2016 (continued)

(Currency: Indian rupees)

2.33 Investments

	2016	2015
1) Value of Investments		
i Gross Value of Investments		
a) In India	70,000,000	600,000,000
b) Outside India	-	-
ii Provisions for Depreciation		
a) In India	-	-
b) Outside India	-	-
iii Net Value of Investments		
a) In India	70,000,000	600,000,000
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	-	-

2.34 Capital to Risk Assets Ratio (CRAR)

Items	31 March 2016	31 March 2015
i. CRAR (%)	99.30%	107.62%
ii. CRAR - Tier I Capital (%)	93.89%	101.37%
iii. CRAR - Tier II Capital (%)	5.41%	6.25%
iv. Amount of subordinated debt raised as Tier-II capital	-	-
v. Amount raised by issue of Perpetual Debt Instruments	-	-

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

During the year ended 31 March 2016 and 31 March 2015, 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 2016 (continued)

(Currency: Indian rupees)

2.36 Exposure to real estate sector, both direct and indirect

Category	31 March 2016	31 March 2015
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)	-	-
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;	6,319,011,070	-
Investments in Mortgage Backed Securities (MBS) and other securitised exposures	-	-
Residential	-	-
Commercial Real Estate	-	-
B. Indirect Exposure		
Fund based and non-fund based exposures on National		
Housing Bank (NHB) and Housing Finance Companies (HFCs)		



Arum Investments Private Limited

Notes to the financial statements for the year ended 31 March 2016 (continued)

(Currency: Indian rupees)

2.37 Exposure to capital markets

Particulars	31 March 2016	31 March 2015
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	70,000,000	-
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	-	-
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	875,000,000	-
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	-	-
vi loans sanctioned to corporate 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	-	-
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	945,000,000	



Arum Investments Private Limited

Notes to the financial statements for the year ended 31 March 2016 (continued)

(Currency: Indian rupees)

2.38 Maturity pattern of certain items of assets and liabilities

As at 31 March 2016

Particulars	Liabilities			Assets		
	Borrowings from banks	Market borrowings	Foreign Currency liabilities	Advances	Investments	Foreign Currency Assets
1 day to 30/31 days (one month)	-	-	-	-	-	-
Over one month to 2 months	-	-	-	-	-	-
Over 2 months to 3 months	-	-	-	-	-	-
Over 3 months to 6 months	-	14,545,958	-	-	-	-
Over 6 months to 1 year	-	-	-	3,942,000,000	70,000,000	-
Over 1 year to 3 years	-	268,873,000	-	-	-	-
Over 3 years to 5 years	-	-	-	1,006,901,107	-	-
Over 5 years	-	-	-	-	-	-
Total	-	283,418,958	-	4,948,901,107	70,000,000	-

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	-



Arum Investments Private Limited

Notes to the financial statements for the year ended 31 March 2016 (continued)

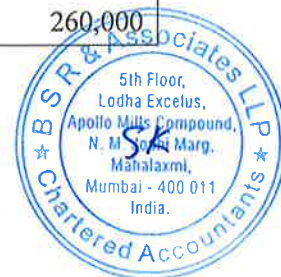
(Currency: Indian rupees)

2.39 Movement of Non Performing Advances:

	2016	2015
i Net NPAs to Net advances (%)	0.00%	0.00%
ii Movement of NPAs (Gross)		
a) Opening balance	-	807,897,192
b) Additions during the year	-	1,000,000,000
c) Reductions/written off during the year	-	1,807,897,192
d) Closing balance	-	-
iii Movement of NPAs (Net)		
a) Opening balance	-	727,107,473
b) Additions during the year	-	900,000,000
c) Reductions/written off during the year	-	1,627,107,473
d) Closing balance	-	-
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
c) Reductions/written off during the year	-	180,789,719
d) Closing balance	-	-

2.40 Details of 'Provisions and Contingencies'

	31 March 2016	31 March 2015
i) Provisions for depreciation on Investment	-	-
ii) Provision towards NPA	-	-
iii) Provision made towards Income tax	55,947,896	603,532
iv) Provision for Standard Assets	14,874,869	9,623,778
v) Other Provision and Contingencies		
(a) Provision for gratuity	1,045,868	1,315,409
(b) Provision for compensated absences	241,000	260,000



Arum Investments Private Limited

Notes to the financial statements for the year ended 31 March 2016 (continued)

(Currency: Indian rupees)

2.41 Concentration of Advances, Exposures & NPAs:

A) Concentration of advances	2016	2015
Total Exposures to twenty largest borrowers	4,948,901,107	3,849,511,234
% of Exposures to twenty largest borrowers to total advances	100%	100%
B) Concentration of exposures		
Total Exposures to twenty largest borrowers / Customers	4,948,901,107	3,849,511,234
% of Exposures to twenty largest borrowers / Customers to Total exposure	100%	100%
C) Concentration of NPAs		
Total Exposures to top Four NPAs	-	-
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	-	-

2.42 Customer Complaints:

Particulars	2016	2015
(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	-	-

2.43 The Company has not restructured any loans and advances during the year ended 31 March 2016 and 31 March 2015.



Arum Investments Private Limited

Notes to the financial statements for the year ended 31 March 2016 (continued)

(Currency: Indian rupees)

2.45 Corporate Social Responsibility (CSR)

As per the provisions of Section 135 of Companies Act 2013,

- Gross Amount required to be spent by the Company during the year was Rs Nil (previous year : Rs 100,000).
- Amount spent during the year on :

Sr No	Particulars	2016			2015		
		In cash	Yet to be paid in cash	Total	In cash	Yet to be paid in cash	Total
i	Construction/ Acquisition of any assets	-	-	-	-	-	-
ii	on purpose other than (i) above	-	-	-	100,000	-	100,000

2.46 Registration obtained from other financial sector regulators - Nil

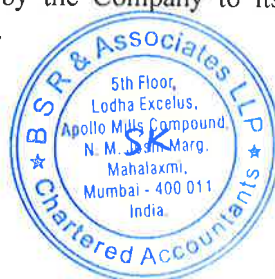
2.47 Disclosure of Penalties imposed by RBI and other regulators - Nil

2.48 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 2.22 and 2.24 include reimbursements paid based on management's best estimate.

2.49 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.



Arum Investments Private Limited

Notes to the financial statements for the year ended 31 March 2016 (continued)

(Currency: Indian rupees)

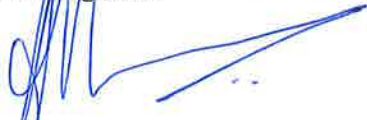
- 2.50** The Company has received demand notice from tax authorities on account of disallowance of expenditure for earning exempt income under section 14A of Income Tax Act 1961 read with Rule 8D of the Income Tax Rules, 1962. The company has filed appeal and is defending its position. Due to the lack 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.
- 2.51** The Company has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Company has reviewed and ensured that adequate provision as required under any law/ accounting standards for material foreseeable losses on such long term contracts (including derivative contracts) has been made in the books of accounts.

As per our report of even date attached.

For **B S R & Associates LLP**

Chartered Accountants

Firm Registration No: 116231 W/W-100024



Ashwin Suvarna

Partner

Membership No: 109503

For and on behalf of the Board of Directors



Parag Kothari

Director

DIN : 05158699



Sanjay Shah

Director

DIN : 00003142



Sheetal Gandhi

Chief Financial Officer



Jalpa Jadav

Company Secretary

Mumbai

12 May 2016

Mumbai

12 May 2016