

**Allium Finance Private Limited**

Financial Statements  
for the year ended 31 March 2016  
together with Auditors' Report

# Allium Finance Private Limited

## **Financial statements together with Auditors' Report** *for the year ended 31 March 2016*

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**Independent Auditors' Report**

**To**  
**The Members of Allium Finance Private Limited**

**Report on the Financial Statements**

We have audited the accompanying financial statements of **Allium Finance Private Limited** ("the Company"), which comprise the Balance Sheet as at 31 March 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

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 of 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**

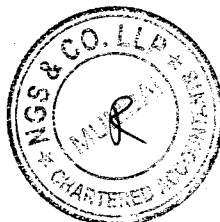
Our responsibility is to express an opinion on these financial statements based on our audit.

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 there under.

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.

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.



B - 46, 3<sup>rd</sup> Floor, Pravasi Estate, V N Road, Goregaon (E), Mumbai - 400 063.

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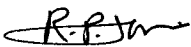
**Opinion**

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 loss and its cash flows for the year ended on that date.

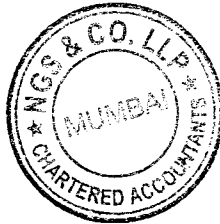
**Report on Other Legal and Regulatory Requirements**

1. 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 Companies Act, 2013, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. 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 statement 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 written representations received from the Directors as on 31 March 2016, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016, from being appointed as a director in terms of section 164(2) of the Act;
  - 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 does not have any pending litigations which would impact its financial position;
    - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
    - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For NGS & Co. LLP**  
**Chartered Accountants**  
**Firm Registration No. 119850W**

  
**R. P. Soni**  
**Partner**

Membership No.:104796  
Place: Mumbai  
Date: 11 May 2016

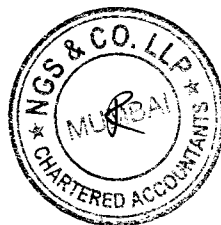


**Annexure A to the Auditors' Report**

**The Annexure referred to in our Independent Auditors' Report to the members of Allium Finance Private Limited ('the Company') on the financial statements for the year ended 31 March 2016, we report that:**

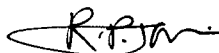
- (i) Based on our examination of documents and records, the Company does not own any fixed assets as at balance sheet date. Therefore, the provisions of clause 3(i)(a) to 3(i)(c) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
- (ii) Based on our examination of documents and records, the Company does not own any inventory during the year. Therefore, the provisions of clause 3(ii) of the Companies (Auditor's Report) Order, 2015 are not applicable to the Company.
- (iii) According to the information and explanations given to us, 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 Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans to directors including entities in which they are interested in respect of which the provisions of section 185 of the Companies Act, 2013 are applicable and hence not commented upon. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 186 of the Companies Act, 2013 in respect of loans and advances given 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 Companies Act, 2013 for any of the 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, cess and other material statutory dues, applicable to it, have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, Company did not have any dues on account of employees' state insurance, sales tax, value added tax, duty of excise and duty of custom.  

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, service tax, cess and other material statutory dues were outstanding, at the year end, 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 dues of income tax, service tax, and cess which have not been deposited on account of any dispute.



- (viii) The Company does not have any loans or borrowings from any financial institution, bank, government and debenture holders. Accordingly, paragraph 3(viii) of the Order is not applicable.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
- (x) According to the information and explanations given to us, no 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, during the year, the Company has not paid/provided for managerial remuneration. Accordingly, paragraph 3 (xi) of the Order is not applicable.
- (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 Companies Act, 2013 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 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, we report that the Company has registered as required, under section 45-IA of the Reserve Bank of India Act, 1934.

**For NGS & Co. LLP**  
**Chartered Accountants**  
**Firm Registration No. 119850W**



**R. P. Soni**  
**Partner**  
**Membership No.:104796**



Place: Mumbai  
Date: 11 May 2016

**Annexure B to the Auditors' Report**

**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 **Allium Finance Private Limited ("the Company")** as of 31 March 2016 in conjunction with our audit of financial statements of the Company for the year ended on that date.

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

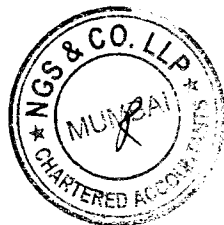
The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' 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 on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, 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 Institute of Chartered Accountants of India. 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.



### **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.

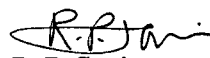
### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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.

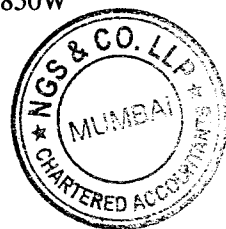
### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, 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 on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For NGS & Co. LLP  
Chartered Accountants  
Firm Registration No.: 119850W



**R. P. Soni**  
Partner  
Membership No.: 104796



Place: Mumbai  
Date: 11 May 2016



# Allium Finance Private Limited

## Balance sheet

as at 31 March 2016

(Currency: Indian rupees)

### EQUITY AND LIABILITIES

#### Shareholders' funds

	Note	Ast at 31 March 2016	Ast at 31 March 2015
Share capital	2.1	68,257,240	68,257,240
Reserves and surplus	2.2	591,427,330	618,609,805
		<u>659,684,570</u>	<u>686,867,045</u>

#### Non-current liabilities

Long-term provisions	2.3	201,000	184,500
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#### Current liabilities

Trade payables	2.4	-	-
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		1,471,332	1,263,037
Other current liabilities	2.5	2,484,325	1,117,943
Short-term provisions	2.6	80,644,127	40,855,985

#### TOTAL

744,485,354      730,288,510

### ASSETS

#### Non-current assets

Non-current investments	2.7	259,848,634	262,701,538
Deferred tax assets	2.8	24,815,673	13,474,148
Long-term loans and advances	2.9	135,926,830	179,992,501
		<u>420,591,137</u>	<u>456,168,187</u>

#### Current assets

Cash and bank balances	2.10	36,884,259	20,683,998
Short-term loans and advances	2.11	284,729,820	250,851,550
Other current assets	2.12	2,280,138	2,584,775
		<u>323,894,217</u>	<u>274,120,323</u>

#### TOTAL

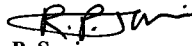
744,485,354      730,288,510

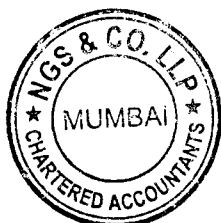
Significant accounting policies and notes to the financial statements. 1 & 2

The notes referred to above form an integral part of the financial statements.

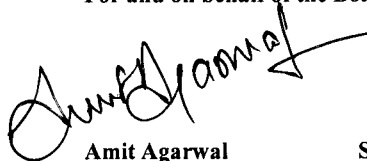
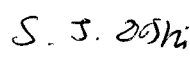
As per our report of even date attached

For NGS & Co. LLP  
Chartered Accountants  
Firm Registration No.: 119850W

  
R. P. Soni  
Partner  
Membership No.: 104796



For and on behalf of the Board of Directors

   
Amit Agarwal      Samir Doshi  
Director      Director  
DIN: 06396342      DIN: 02020452

  
Bhavesh Singh  
Company secretary  
Mumbai  
11 May 2016

Mumbai  
11 May 2016

# Allium Finance Private Limited

## Statement of profit and loss for the year ended 31 March 2016

(Currency: Indian rupees)

	Note	For the year ended 31 March 2016	For the year ended 31 March 2015
<b>Revenue from operations</b>			
Interest income	2.13	6,318,313	6,553,793
<b>Total revenue</b>		<u>6,318,313</u>	<u>6,553,793</u>
<b>Expenses</b>			
Employee benefit expenses	2.14	2,595,330	2,675,942
Finance costs	2.15	198	140
Other expenses	2.16	42,597,082	2,571,760
<b>Total expenses</b>		<u>45,192,610</u>	<u>5,247,842</u>
Profit before tax		(38,874,297)	1,305,951
<b>Tax expense</b>			
Income tax (includes excess provision of earlier years written back ₹ 349,860; previous year ₹ 3,068)		(349,860)	609,932
MAT credit entitlement		(437)	-
Deferred tax (benefit) / charge		(11,341,525)	148,835
<b>(Loss) / Profit for the year</b>		<u>(27,182,475)</u>	<u>547,184</u>
<b>Earnings per equity share (₹) (face value of ₹ 10 each):</b>	2.19		
(1) Basic		(15.67)	0.32
(2) Diluted		(3.98)	0.08

Significant accounting policies and notes to the financial statements. 1 & 2

The notes referred to above form an integral part of the financial statements.

As per our report of even date attached

For NGS & Co. LLP

Chartered Accountants

Firm Registration No.: 119850W

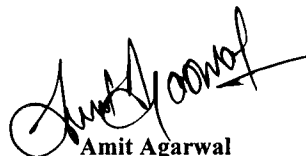
R. P. Soni

Partner

Membership No.: 104796



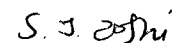
For and on behalf of the Board of Directors



Amit Agarwal

Director

DIN: 06396342



Samir Doshi

Director

DIN: 02020452



Bhavesh Singh

Company secretary

Mumbai

11 May 2016

Mumbai

11 May 2016

# Allium Finance Private Limited

## Cash Flow Statement

for the year ended 31 March 2016

(Currency: Indian rupees)

	For the year ended 31 March 2016	For the year ended 31 March 2015
<b>A Cash flow from operating activities</b>		
Profit before taxation	(38,874,297)	1,305,951
<i>Adjustments for</i>		
Provision for gratuity	101,000	46,614
Provision for compensated absences	15,000	11,000
Provision for standard assets	(18,378)	75,000
Provision for non-performing asset	40,000,000	-
Interest income on fixed deposit	(1,886,444)	(1,710,806)
<b>Operating cash flow before working capital changes</b>	<b>(663,119)</b>	<b>(272,241)</b>
Adjustments for working capital changes		
Decrease / (increase) in receivable from financing business	11,126,327	(30,000,000)
Increase in other assets	(41,988)	(2,477,222)
Increase in current liabilities and provisions	1,574,678	533,217
<b>Cash generated from / (used in) operations</b>	<b>11,995,898</b>	<b>(32,216,246)</b>
Income taxes paid	(403,339)	8,328,007
<b>Net cash generated from / (used in) operating activities - A</b>	<b>11,592,559</b>	<b>(23,888,239)</b>
<b>B Cash flow from investing activities</b>		
Purchase of non-current investments	-	(10,000,000)
Increase in short term deposits placed with bank	(34,118,231)	-
Proceeds from redemption of non-current investments	2,852,904	2,298,462
Interest received on fixed deposit	1,754,798	2,036,781
<b>Net cash used in investing activities - B</b>	<b>(29,510,529)</b>	<b>(5,664,757)</b>
<b>C Cash flow from financing activities - C</b>	<b>-</b>	<b>-</b>
<b>Net decrease in cash and cash equivalents (A+B+C)</b>	<b>(17,917,970)</b>	<b>(29,552,996)</b>
Cash and cash equivalent as at the beginning of the year	20,683,998	50,236,994
Cash and cash equivalent as at the end of the year (refer note 1)	2,766,028	20,683,998

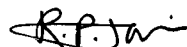
### Notes:

1 Cash and cash equivalents include the following:

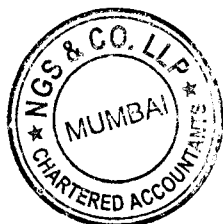
In current accounts	17,431	516,901
In deposit accounts	2,748,597	20,167,097
	<b>2,766,028</b>	<b>20,683,998</b>

As per our report of even date attached

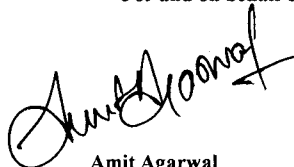
For NGS & Co. LLP  
Chartered Accountants  
Firm Registration No.: 119850W



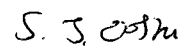
R. P. Soni  
Partner  
Membership No.: 104796



For and on behalf of the Board of Directors



Amit Agarwal  
Director  
DIN: 06396342



Samir Doshi  
Director  
DIN: 02020452

  
Bhavesh Singh  
Company secretary  
Mumbai  
11 May 2016

Mumbai  
11 May 2016

# Allium Finance Private Limited

## Notes to the financial statements

for the year ended 31 March 2016

(Currency: Indian rupees)

### 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), (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 generally accepted accounting principles 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.

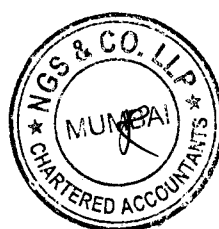
##### Assets

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.



# Allium Finance Private Limited

## Notes to the financial statements *(continued)*

for the year ended 31 March 2016

(Currency: Indian rupees)

### 1. Significant accounting policies *(continued)*

#### 1.3 Current/non-current classification *(continued)*

##### 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.

#### 1.4 Revenue recognition

- a) Interest income is recognised on accrual basis except in case of Non Performing Assets, which is recognised on receipt basis, as per the RBI guidelines.
- b) Dividend income is recognised when the right to receive payment is established.
- c) Gain / Yield on Security Receipts is accounted for, based on the redemption advice received from the trust.

#### 1.5 Provisioning on advances

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 the RBI.

Provision for standard assets is being made on the basis of prudential norms laid down by the RBI.

#### 1.6 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 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 statement of profit and loss. 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.



# Allium Finance Private Limited

## Notes to the financial statements (*continued*)

for the year ended 31 March 2016

(Currency: Indian rupees)

### 1. Significant accounting policies (*continued*)

#### 1.7 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 other than diminution in value which is 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 funds is considered as the fair value.

#### 1.8 Taxation

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

##### *Current tax*

Provision for current tax is recognised based on estimated tax liability computed after adjusting for allowances, disallowances and exemptions in accordance with the tax laws applicable.

##### *Deferred taxation*

The deferred tax charge or credit and the corresponding deferred tax liabilities and assets are recognized using the tax rates that have been enacted or substantively enacted by 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.



# Allium Finance Private Limited

## Notes to the financial statements (*continued*)

for the year ended 31 March 2016

(Currency: Indian rupees)

### 1. Significant accounting policies (*continued*)

#### 1.9 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:

##### *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 as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

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.

##### *Compensated 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 and loss and corresponding liability on account of such non-vesting accumulated leave entitlement as per AS 15 – Accounting for employee benefits based on a valuation by an independent actuary.

#### 1.10 Earnings per share

The Company reports basic and diluted earnings per share in accordance with Accounting Standard 20 – "Earnings Per Share" as prescribed under Section 133 of the Companies Act, 2013 read with Rule 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 basic earnings per share and weighted average number of equity shares that could have been issued upon conversion of all potential equity shares.



# Allium Finance Private Limited

## Notes to the financial statements (*continued*)

for the year ended 31 March 2016

(Currency: Indian rupees)

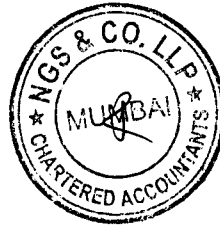
### 1. Significant accounting policies (*continued*)

#### 1.11 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.





# Allium Finance Private Limited

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

(Currency: Indian rupees)

	As at 31 March 2016	As at 31 March 2015
<b>2.1 Share capital</b>		
<b>(a) Authorised :</b>		
2,100,000 (Previous year: 2,100,000) Equity shares of ₹ 10 each	21,000,000	21,000,000
55,00,000 (Previous year: 55,00,000) Preference shares of ₹ 10 each	55,000,000	55,000,000
	<u>76,000,000</u>	<u>76,000,000</u>
<b>(b) Issued, subscribed and paid up:</b>		
1,734,339 (Previous year: 1,734,339) Equity shares of ₹ 10 each, fully paid-up	17,343,390	17,343,390
5,019,385 (Previous year: 5,019,385) 0.01% - Compulsorily Convertible Non- cumulative Preference shares - "Series A" of ₹ 10 each, fully paid up	50,913,850	50,913,850
	<u>68,257,240</u>	<u>68,257,240</u>

**(c) The movement in share capital during the year :**

**(i) Equity shares**

	31 March 2016		31 March 2015	
	No of shares	Amount	No of shares	Amount
Share capital at the beginning of the year	1,734,339	17,343,390	1,734,339	17,343,390
Share capital issued during the year	-	-	-	-
Share capital at the end of the year	<u>1,734,339</u>	<u>17,343,390</u>	<u>1,734,339</u>	<u>17,343,390</u>

**(ii) 0.01% - Compulsorily Convertible Non- cumulative Preference shares - "Series A"**

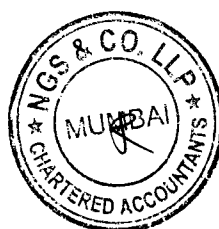
	31 March 2016		31 March 2015	
	No of shares	Amount	No of shares	Amount
Share capital at the beginning of the year	5,091,385	50,913,850	5,091,385	50,913,850
Share capital issued during the year	-	-	-	-
Share capital at the end of the year	<u>5,091,385</u>	<u>50,913,850</u>	<u>5,091,385</u>	<u>50,913,850</u>

**(d) Details of Equity shareholders holding more than 5% shares in the Company:**

	31 March 2016		31 March 2015	
	No of shares	% holding in the class	No of shares	% holding in the class
Edelweiss Commodities Services Limited	800,000	46%	800,000	46%
RMS Automation Systems Limited	800,000	46%	800,000	46%
EW India Special Assets Fund Pte. Limited	134,339	8%	134,339	8%
	<u>1,734,339</u>	<u>100%</u>	<u>1,734,339</u>	<u>100%</u>

**(e) Details of Preference shareholders holding more than 5% shares in the Company:**

	31 March 2016		31 March 2015	
	No of shares	% holding in the class	No of shares	% holding in the class
0.01% Compulsorily Convertible Non- cumulative Preference Shares - "Series A"				
Edelcap Securities Limited	991,056	19%	991,056	19%
EW India Special Assets Fund Pte. Limited	4,100,329	81%	4,100,329	81%
	<u>5,091,385</u>	<u>100%</u>	<u>5,091,385</u>	<u>100%</u>



# Allium Finance Private Limited

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

(Currency: Indian rupees)

## 2.1 Share capital (Continued)

### (f) Terms/rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share held. 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.

### (g) Terms/rights attached to 0.01% - Compulsorily Convertible Non- cumulative Preference shares - "Series A" (CCPS-A)

The Preference Shares of the face value of ₹ 10 each were issued at the rate of ₹ 125 per share. The Preference Shares are Compulsorily Convertible. The Preference Shares carry a Non-cumulative dividend of 0.01%. During the term of the CCPS- A, the shareholder can convert any or all the CCPS-A into 1 equity share of ₹ 10 each.

1,44,224 Preference Shares were allotted on February 7, 2012. The Shares remaining outstanding as at January 31, 2022, shall be compulsorily converted into 1 equity shares of ₹ 10 each.

4,947,161 Preference Shares were allotted on December 13, 2012. The Shares remaining outstanding as at December 31, 2022, shall be compulsorily converted into 1 equity shares of ₹ 10 each.

## 2.2 Reserves and surplus

	As at 31 March 2016	As at 31 March 2015
Securities premium account - Opening balance	624,808,260	624,808,260
Add : Additions during the year	-	-
Closing balance	<u>624,808,260</u>	<u>624,808,260</u>
Special Reserve under Section 45-IC of the Reserve Bank of India Act, 1934, of India - Opening balance (*)	3,885,373	3,775,936
Add : Additions during the year	-	109,437
Closing Balance	<u>3,885,373</u>	<u>3,885,373</u>
Surplus in statement of profit and loss		
Opening balance	(10,083,828)	(10,521,575)
Add: (Loss) / Profit for the year	<u>(27,182,475)</u>	<u>547,184</u>
Amount available for appropriation	(37,266,303)	(9,974,391)
Appropriations:		
Transfer to Special Reserve under Section 45-IC of the Reserve Bank of India Act, 1934 (*)	-	109,437
Closing balance	<u>(37,266,303)</u>	<u>(10,083,828)</u>
	<u>591,427,330</u>	<u>618,609,805</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.



# Allium Finance Private Limited

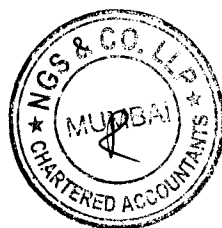
Notes to the financial statements (Continued)  
for the year ended 31 March 2016

(Currency: Indian rupees)

	As at 31 March 2016	As at 31 March 2015
<b>2.3 Long-term provisions</b>		
Provision for employee benefits		
Gratuity (refer note 2.35)	173,000	101,000
Compensated leave absences	28,000	16,000
Others		
Provision for standard assets	-	67,500
	<u>201,000</u>	<u>184,500</u>

## 2.4 Trade payables (refer note 2.31)

Trade payables to related parties (refer note 2.18)	23,374	71,322
Others	1,447,958	1,191,715
	<u>1,471,332</u>	<u>1,263,037</u>



# Allium Finance Private Limited

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

(Currency: Indian rupees)

	As at 31 March 2016	As at 31 March 2015
<b>2.5 Other current liabilities</b>		
Accrued salaries and benefits	650,000	1,080,352
Withholding tax, service tax and other statutory dues payable	560,893	36,823
Book overdraft	1,272,700	-
Others	732	768
	<u>2,484,325</u>	<u>1,117,943</u>

## 2.6 Short-term provisions

Provision for employee benefits		
Gratuity (refer note 2.35)	45,000	16,000
Compensated leave absences	7,000	4,000
Provision for standard assets	56,622	7,500
Provision for non performing assets	80,000,000	40,000,000
Provision for taxation (net of advance tax and tax deducted at source)	535,505	828,485
	<u>80,644,127</u>	<u>40,855,985</u>

	As at 31 March 2016			As at 31 March 2015		
	Face Value	Quantity	Amount	Face Value	Quantity	Amount
<b>2.7 Non-current investments - at cost</b>						
<b>Others (unquoted)</b>						
Investments in Security Receipts						
- EARC - SAF 1 -Trust	1,000	255,000	255,000,000	1,000	255,000	255,000,000
- EARC - SAF 2 -Trust	485	10,000	4,848,634	770	10,000	7,701,538
			<u>259,848,634</u>			<u>262,701,538</u>
<b>Aggregate of unquoted investment</b>						
- At book value			259,848,634			262,701,538



# Allium Finance Private Limited

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

(Currency: Indian rupees)

	As at 31 March 2016	As at 31 March 2015
<b>2.8 Deferred tax assets</b>		
Disallowances under section 43B of the Income Tax Act, 1961	78,177	45,296
Provision for non-performing assets and standard assets	24,737,496	13,249,997
Others	-	178,855
	<u>24,815,673</u>	<u>13,474,148</u>
<b>2.9 Long-term loans and advances</b>		
<u>Secured</u>		
Receivable from financing business		
- considered performing asset	18,873,673	27,000,000
- considered non performing asset	116,300,000	152,700,000
<u>Unsecured, considered good</u>		
Advance tax and tax deducted at source (net of provision for taxation)	753,157	292,501
	<u>135,926,830</u>	<u>179,992,501</u>
<b>2.10 Cash and bank balances</b>		
<b>Cash and cash equivalents</b>		
- in current accounts	17,431	516,901
- in fixed deposits with maturity less than 3 months	2,748,597	20,167,097
<b>Other bank balances</b>		
- Short term deposits with banks	34,118,231	-
	<u>36,884,259</u>	<u>20,683,998</u>



# Allium Finance Private Limited

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

(Currency : Indian rupees)

## 2.11 Short-term loans and advances

### Secured

#### Receivable from financing business

- considered good	-	3,000,000
- considered non performing asset	283,700,000	247,300,000
	<u>283,700,000</u>	<u>250,300,000</u>

### Unsecured, considered good

#### **Other loans and advances**

Prepaid expenses	12,777	10,960
Loans and advances to employees	9,621	8,538
Vendor advances	25,278	-
Cenvat and VAT Assets	981,707	532,052
MAT credit entitlement	437	-
	<u>1,029,820</u>	<u>551,550</u>

<u>284,729,820</u>	<u>250,851,550</u>
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## 2.12 Other current assets

Accrued interest on fixed deposits	373,954	242,308
Accrued interest on loans given	458,724	2,342,467
Receivable from client	1,447,460	-
	<u>2,280,138</u>	<u>2,584,775</u>



# Allium Finance Private Limited

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

(Currency: Indian rupees)

	For the year ended 31 March 2016	For the year ended 31 March 2015
<b>2.13 Interest income</b>		
On loans	3,182,039	4,842,467
On fixed deposits	1,886,444	1,710,806
On investment in security receipts	1,163,127	-
On others	86,703	520
	<u>6,318,313</u>	<u>6,553,793</u>
<b>2.14 Employee benefit expenses</b>		
Salaries and wages	2,481,572	2,623,855
Contribution to provident and other funds (refer note 2.35)	59,462	26,516
Staff welfare expenses	54,295	25,571
	<u>2,595,330</u>	<u>2,675,942</u>
<b>2.15 Finance costs</b>		
Interest - others	27	-
Bank charges	171	140
	<u>198</u>	<u>140</u>



# Allium Finance Private Limited

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

(Currency: Indian rupees)

	For the year ended 31 March 2016	For the year ended 31 March 2015
<b>2.16 Other expenses</b>		
Advertisement and business promotion	16,030	-
Auditors' remuneration (refer note below)	176,000	171,000
Computer expenses	5,020	1,235
Clearing and custodian charges	13,899	25,035
Electricity charges (refer note 2.36)	75,701	81,859
Insurance	-	3,821
Legal and professional fees	947,838	1,131,293
Membership and Subscription	42,278	28,000
Office expenses	17,725	3,550
Postage and courier	-	260
Printing and stationery	31,575	5,328
Provision for standard assets	(18,378)	75,000
Provision for non performing asset	40,000,000	-
Rates and taxes	4,460	3,822
Rent (refer note 2.36)	522,565	661,247
ROC expenses	512	12,870
Service tax expenses	350,428	130,186
Travelling and conveyance	411,429	223,054
Miscellaneous expenses	-	14,200
	<u>42,597,082</u>	<u>2,571,760</u>
<b>Auditors' remuneration:</b>		
As auditor	51,000	46,000
For other services	125,000	125,000
	<u>176,000</u>	<u>171,000</u>





# Allium Finance Private Limited

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

(Currency: Indian rupees)

### **2.17 Segment reporting**

The Company is into business of financing, and accordingly it operates in one segment only. Hence, no segmental disclosure is separately required to be made under Accounting Standard 17 on "Segment Reporting".

### **2.18 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**

**(i) Names of related parties which exercise significant influence over the Company**

Edelweiss Commodities Services Limited  
RMS Automation Systems Limited

**(ii) Holding company of the entity which exercise significant influence over the Company**

Edelweiss Financial Services Limited, the holding company of Edelweiss Commodities Services Limited



# Allium Finance Private Limited

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

(Currency: Indian rupees)

2.18 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)

(iii) Transactions with related parties:

Sr. No.	Nature of transaction	Related party name	2015-16	2014-15
<b>(I) Current account transactions during the year</b>				
	Loans taken from	Edelweiss Commodities Services Limited	-	113,000
	Loans repaid to	Edelweiss Commodities Services Limited	-	113,000
	Cost reimbursements paid to	Edelweiss Financial Services Limited	17,203	22,100
		Edelweiss Commodities Services Limited	598,266	743,106
	Reimbursements paid to	Edelweiss Financial Services Limited	550,515	357,043
<b>(II) Balances with related parties</b>				
	Trade payables to	Edelweiss Financial Services Limited	23,374	60,520
		Edelweiss Commodities Services Limited	-	832,833



# Allium Finance Private Limited

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

(Currency: Indian rupees)

### 2.19 Earnings per share

In accordance with Accounting Standard 20 on Earnings Per Share notified under section 133 of the Companies Act 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014, the computation of earnings per share is set out below:

	For the year ended 31 March 2016	For the year ended 31 March 2015
a) Net amount attributable to equity shareholders (as per statement of profit and loss)	(27,182,475)	547,184
Calculation of weighted average number of equity shares of ₹ 10 each:		
– Number of shares at the beginning of the year	1,734,339	1,734,339
– Shares issued during the year (number of shares issued)	-	-
Total number of equity shares outstanding at the end of the year	1,734,339	1,734,339
b) Weighted average number of equity shares outstanding during the year (based on the date of issue of shares)	1,734,339	1,734,339
c) Number of dilutive potential equity shares	5,091,385	5,091,385
d) Basic earnings per share (in rupees) (a/b)	(15.67)	0.32
e) Diluted earnings per share (in Rupees) {a / (b+c)}	(3.98)	0.08

The Company has issued compulsorily convertible non-cumulative preference shares which have been considered for the purpose of computing diluted earnings per share.

