

**ORIX**

ORIX Leasing & Financial Services India Limited (formerly known as OAS Auto Financial Services Limited)
 (A Subsidiary of ORIX Auto Infrastructure Services Limited)

Regd. Office: Plot No. 94, Marol Co-operative Industrial Estate, Andheri-Kurla Road, Andheri (E), Mumbai - 400 059
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DIRECTORS' REPORT

The Shareholders ORIX Leasing & Financial Services India Limited

The Directors are pleased to present their report on the business and operations of your Company along with the audited statements of accounts for the year ended March 31, 2016.

I. Financial Results:

Following is a summary of the 2015-16 financial statements:

| Particulars | (Rs. in Mn.) | |
|--|--------------|---------|
| | FY 2016 | FY 2015 |
| Gross Income | 885.55 | 616.53 |
| Profit/(loss) before interest, depreciation and taxation | 565.89 | 433.56 |
| Financial charges | 300.05 | 144.54 |
| Depreciation | 9.65 | 4.06 |
| Profit/(Loss) before tax | 256.17 | 284.95 |
| Provision for tax: | | |
| Current Tax | 160.39 | 133.45 |
| Deferred Tax | -70.54 | -44.78 |
| Income Tax relating to previous year | 2.72 | -1.63 |
| Profit/(Loss) after tax | 163.60 | 197.92 |
| Balance brought forward from previous year | 156.17 | -2.16 |
| Transferred to Reserve Fund | 32.72 | 39.58 |
| Balance Carried forward | 287.05 | 156.17 |

II. Dividend:

Your Directors have not recommended payment of dividend for the financial year ended March 31, 2016 since it is proposed to retain the same in the business.

III. Reserve Fund:

As per section 45IC of RBI Act 1934, the Company has transferred Rs. 32.72 mn in the reserve fund.

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IV. Brief Description of the Company's working during the year and Review of Operations of the Company:

FY 2015-16 was another successful year for the Company. All the three businesses of the Company– Finance Lease, Commercial Vehicle Financing and SME- Loan against Property grew at a good pace.

Finance lease Disbursements at Rs. 2029 mn were 37% higher than FY 2014-15. Commercial Vehicle lending disbursements stood at Rs. 2780 mn were 78% better than previous year. The newly started SME- Loan against Property business is also shaping up well with disbursements of Rs. 920 mn. In all, the revenue went up from Rs. 617 mn in FY 2014-15 to Rs. 886 mn in 2015-16, a 44% growth.

The average Cost of Borrowing for the Company also came down from 10.11% in FY 2014-15 to 9.79% in 2015-16. This was due to the addition of new banks like SMBC and better negotiation with existing Banks.

With all business verticals delivering results, we feel that the Company has the right momentum to take the Company to the next level. While we are facing stiff competition in each of the businesses from existing as well as new players, but considering our strong team at the ground, active management support and very involved and supporting shareholders, your Company believes to play on its own strengths and ensure consistent business growth over the coming years.

V. Capital Adequacy Ratio:

The Company's capital adequacy ratio was 38.98% as on March 31, 2016, which is significantly above the threshold limit of 15% as prescribed by the Reserve Bank of India.

VI. Credit Rating:

During the year, India Ratings (Fitch Group) has upgraded the Company's Credit Rating of Long Term borrowings from AA+ (IND) Stable to AAA (IND) Stable, while reaffirming the ratings for Short Term borrowings at A1+ (IND). This is the highest possible credit rating for any corporate in the Country and getting to this level speaks a lot about our strong parentage, significantly improved financial performance and the operational capabilities of our local teams.

VII. Term Loan and Working Capital:

As of March 31, 2016, Total Debt was Rs. 4334 mn (Rs.1791 mn as of March 31, 2015). Total Debt includes Working Capital loans and Long Term loans including Long Term loans maturing within 12 months of the balance sheet date amounting to Rs. 1576 mn and Rs. 2758 mn, respectively.



VIII. Share Capital:

- (1) Authorized Share Capital: The Authorised Share Capital of the Company is Rs. 900,000,000/- (Rupees Nine Hundred Million Only) divided into 90,000,000 Equity Shares of Rs. 10/- each.
- (2) Issued, Subscribed and Paid Up Share Capital: Pursuant to the approval received by the Members at 13th Extraordinary General Meeting of the Company held on December 3, 2015, your Company had allotted 7,777,777 equity shares at Rs. 45/- per share (including premium of Rs. 35/- each) to its Holding Company i.e. ORIX Auto Infrastructure Services Limited on December 11, 2015.

The Issued, Subscribed and Paid up Share Capital of the Company as on March 31, 2016 stood at Rs. 889,359,010/-.

IX. Deposits :

The Company being Non-deposit taking Non-Banking Financial Company has not accepted any deposits from the public during the year under review and shall not accept any deposits from the public without obtaining prior approval of the RBI.

X. Alteration of Articles of Association:

During the year under review, the Company had adopted new set of Articles of Association under Companies Act, 2013 ('the Act') in the 14th Extra-Ordinary General Meeting held on March 16, 2016.

XI. Details in respect of adequacy of internal financial controls with reference to the Financial Statements:

The Company has an elaborate internal control system commensurate to the size of the Company and its operations. This system continuously monitors compliance to internal processes across the operations to ensure that all assets are safeguarded and protected against loss from unauthorised use or disposition, that transactions are authorised, recorded and reported correctly and that operations are conducted in an efficient and cost effective manner.

The internal control systems are designed to ensure reporting efficiency and compliance with the regulations. The internal financial control system is supported by Internal Auditors. The Internal Audit Reports are discussed at length during the Audit Committee meetings, which also reviews the adequacy and effectiveness of the internal controls.

The Company had appointed an external consultant to evaluate the efficacy of existing Internal Financial Controls. It was felt that the existing Internal Financial Controls were adequate in relation to the financial statements.



XII. Registration as Systematically Important Non-Deposit NBFC:

The Company is a registered Non-Banking Finance Company – Non Deposit – Systematically Important (NBFC-ND-SI) pursuant to the receipt of Certificate of Registration from the Reserve Bank of India (RBI) dated December 8, 2010, under Section 45-IA of the Reserve Bank of India Act, 1934. Further, your Company always aims to operate in compliance with applicable laws and regulations and employs its best efforts towards achieving the same.

XIII. Auditors :

- (1) Statutory Auditors: During the year under review, M/s. B S R and Company, Chartered Accountants had resigned as Statutory Auditors of the Company with effect from November 16, 2015. Accordingly, the Board of Directors and Shareholders in their meeting held on November 23, 2015 and December 3, 2015, respectively, had filled the casual vacancy caused due to resignation of M/s. B S R and Company by appointing M/s B S R & Co. LLP, Chartered Accountants as Statutory Auditors of the Company till the ensuing Annual General Meeting (AGM) of the Company under the provisions of Section 138 (8) of the Act. M/s B S R & Co. LLP, Chartered Accountants had expressed their willingness to be appointed as Auditors of the Company in accordance with the provisions of Section 141 of the Act. The proposal of their re-appointment as Statutory Auditors of the Company for a term of 5 years, i.e. from the conclusion of the 10th AGM until the conclusion of 15th AGM of the Company, is placed before the 10thAGM for the approval of the Shareholders.
- (2) Secretarial Auditor: M/s Ajay Ranade & Associates, Practicing Company Secretaries, was appointed as Secretarial Auditor to conduct the Secretarial Audit of the Company for the financial year 2015-2016, as required under Section 204 of the Act and the Rules thereunder. The Secretarial Audit Report for FY 2015-2016 forms part of this Report and enclosed as Annexure-1.

XIV. Extract of Annual Return: An extract of the Annual Return in the prescribed format is appended as Annexure-2 to this report.

XV. Auditors' Report:

The observations made by the Auditors' in their report for the financial year ended March 31, 2016 are self-explanatory and therefore do not call for any further comments under section 143 of the Companies Act, 2013.



XVI. Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo:

(1) Conservation of Energy and Technology Absorption:

The requirements of disclosure with regard to Conservation of Energy in terms of Section 134 of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014, are not applicable to the Company since it doesn't own any manufacturing facility.

However, the Company makes all efforts towards conservation of energy, protection of environment and ensuring safety.

(2) Foreign Exchange Earnings and Outgo:

There is foreign exchange outgo of Rs. 5.67 mn during the financial year under review.

XVII. Directors and Key Managerial Personnel (KMP):

- (1) During the year under review, Mr. Taro Oyama was appointed as Whole-Time Director of the Company w.e.f August 13, 2015, on the recommendation of the Nomination and Remuneration Committee, by the Board of Directors and Shareholders in their meeting held on November 23, 2015 and December 3, 2015, respectively. Further, the Company had made an application to Central Government for appointment of Mr. Taro Oyama as Whole Time Director, since he was not fulfilling the one of criteria's of Part I of Schedule V of the Companies Act, 2013 i.e. Resident of India.

The Company has subsequently received approval from the Central Government vide their letter dated May 20, 2016 for appointment of Mr. Taro Oyama as Whole Time Director of the Company.

- (2) Subsequent to the year under review, Mr. Taro Oyama had relocated to Japan from India and accordingly, he ceases to be the employee of the Company. Therefore, Mr. Taro Oyama had resigned as Whole Time Director of the Company w.e.f June 28, 2016.
- (3) Subsequent to the year under review, Mr. Akihiro Azuma was deputed to the Company on April 4, 2016 as Vice President, Business Development and Strategy from Ultimate Holding Company, ORIX Corporation:

The Board of Directors at its Meeting held on June 29, 2016 appointed Mr. Akihiro Azuma (DIN 07510869), Vice President, Business Development and Strategy, as Additional Director of the Company. Since Mr. Akihiro Azuma was appointed as Director of the Company, he shall be deemed to be Whole Time Director of the Company and therefore the Company would need to comply with the provisions of Section 196 and 197 of the Companies Act, 2013 ('the Act') and Schedule V with regard to appointment of Whole Time Director of the Company.

- (4) There was no change in other Directors and KMP's.



XVIII. Retire by Rotation :

In accordance with Section 152 and other applicable provisions of the Companies Act, 2013, Mr. Takehisa Kaneda (DIN 07082839), being Non-Executive Director retires by rotation and being eligible offers himself for re-appointment at the ensuing Annual General Meeting. The Board recommends his appointment.

XIX. Declaration from Independent Directors:

The Company has received declaration from Mr. Nagesh Dubey and Mr. Abhay Kakkar, Independent Directors of the Company confirming that they meet with the criteria of Independence as prescribed by the Companies Act, 2013. No transaction was entered with Independent directors in the year which could have any material pecuniary relationship with them. Apart from sitting fees no other remuneration was given to both the Independent Directors.

XX. Risk Management Policy:

Risk Management is embedded in Company's corporate strategies and operating framework. The Company has in place comprehensive risk assessment and minimization procedures, integrated across all operations and entails the recording, monitoring and controlling enterprise risks and addressing them timely and comprehensively. The risks are reviewed by the Audit Committee and the Board from time to time.

XXI. Number of Meetings of the Board of Directors :

During the year under review, the Board met six times i.e. on May 19, 2015, July 29, 2015, November 23, 2015, December 3, 2015, December 11, 2015 and March 14, 2016. The intervening gap between any two meetings was within the period prescribed by the Companies Act, 2013. The necessary quorum was present at all the meetings. Video/tele-conferencing was also used to facilitate Directors to participate in the meetings. Attendance of Directors during FY 2015-2016 is as under:

| Sr.No. | Name of Director | No. of Board Meetings Attended | Last AGM Attended |
|--------|---|--------------------------------|-------------------|
| (1) | Mr. Hiroshi Nishio, Director and Chairman | 1 | Yes |
| (2) | Mr. Takehisa Kaneda, Director | 4 | Yes |
| (3) | Mr. Sandeep Gambhir, Managing Director | 4 | Yes |
| (4) | Mr. Taro Oyama, Whole Time Director | 5 | Yes |
| (5) | Mr. Abhay Kakkar, Independent Director | 4 | No |




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|-----|---|---|----|
| (6) | Mr. Nagesh Dubey, Independent Director | 5 | No |
| (7) | Mr. Harukazu Yamaguchi, Independent Director | 1 | No |

XXII. Meeting of Independent Directors:

Section 149(8) of the Act read with Schedule IV of the Act require the Independent Directors of the Company to hold at least one meeting in a year, without the attendance of non-independent directors and members of management. The Independent Directors of the Company met on March 31, 2016, pursuant to the provisions of the Act.

XXIII. Extra-Ordinary General Meeting:

Three Extra-Ordinary General meetings were held, during the year under review, on May 18, 2015, December 3, 2015 and March 16, 2016.

XXIV. Board Committees:

| Name of the Committee | Composition of the Committee | Powers of the Committee | Attendance of Members | | |
|-----------------------|---|--|-----------------------|--------------------------------------|--------------------------|
| | | | Name of the Director | No. of Meetings held during the year | No. of Meetings Attended |
| Audit Committee | Mr. Takehisa Kaneda, Chairman; Mr. Nagesh Dubey; and Mr. Abhay Kakkar | (1) Making recommendations to the Board for appointment of Statutory Auditors and Internal Auditors or In-sourcing of Internal Audit functions and Internal Audit Team; (2) Advising the Board on fixation of audit fees; (3) Holding discussions with Internal Auditors / Team and Statutory Auditors about the nature and scope of audit or reservations arising from audit and any matters which the Internal / Statutory Auditors or Internal Audit Team wish to discuss; (4) Periodically interacting with the Internal / Statutory Auditors and/or Internal Audit Team to ascertain quality and veracity of Company's accounts; | Mr. Takehisa Kaneda | 4 | 4 |
| | | | Mr. Nagesh Dubey | 4 | 4 |
| | | | Mr. Abhay Kakkar | 4 | 4 |
| | | | | | |




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| | | <p>(5) Holding discussions with Statutory Auditors before the audit commences regarding nature and scope of audit as well as post audit discussions on any areas of concern;</p> <p>(6) To review of half-yearly and annual financial statements before submission to the Board;</p> <p>(7) To review reporting practice of financial and accounting controls and provide effective supervision of financial reporting process;</p> <p>(8) To oversee of financial reporting process and disclosure of financial information to ensure that financial information report is sufficient and credible; and</p> <p>(9) To review with management the annual and semi-annual financial statements before submission to the Board focusing primarily on:</p> <p>(a) Any changes in accounting policies and practices;</p> <p>(b) Major accounting entries based on exercise of judgement by management;</p> <p>(c) Qualifications in draft audit report;</p> <p>(d) Significant adjustments arising out of audit;</p> <p>(e) Compliance with accounting standards; and</p> | |
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| | | | |
|--|--|--|--|
| | | <p>(f) Compliance with legal requirements concerning financial statements</p> <p>(g) Any related party transactions i.e.; transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of company at large;</p> <p>(10) To approve and ratify write offs amounting upto Rs. 1.3 mn for single client and report to the Board of Directors such write offs;</p> <p>(11) To recommend to Board for writing off amount exceeding Rs 1.3 mn for single client;</p> <p>(12) Scrutiny of inter-corporate loans and investments;</p> <p>(13) Valuation of undertakings or assets of the Company, wherever necessary;</p> <p>(14) Monitoring the end use of funds raised through public offers and related matters;</p> <p>(15) Approve subsequent modification of transactions with related parties;</p> <p>(16) Evaluation of internal financial control system and risk management system;</p> <p>(17) Review and monitor the auditor's independence and performance, and effectiveness of audit process.</p> | |
|--|--|--|--|



| Nomination and Remuneration Committee | Mr. Takehisa Kaneda, Chairman; Mr. Nagesh Dubey; Mr. Abhay Kakkar and *Mr. Taro Oyama (*Ceased to be member w.e.f June 28, 2016) | (1) Reviewing the current Board composition, its governance framework and determine future requirements and making recommendations to the Board for approval; | | | |
|---------------------------------------|--|--|---|--------------------------------------|--------------------------|
| | | | Name of the Director | No. of Meetings held during the year | No. of Meetings Attended |
| | | (2) Examining the qualification, knowledge, skill sets, positive attributes and experience of each director and their effectiveness to the Board on a yearly basis; | Mr. Takehisa Kaneda | 4 | 4 |
| | | (3) Scrutinizing nominations for Independent/Non-Executive/Executive Directors with reference to their qualifications and experience and provide its recommendation to the Board for appointment/removal/filling of vacancies; | Mr. Nagesh Dubey | 4 | 3 |
| | | | Mr. Abhay Kakkar | 4 | 4 |
| | | (4) Identifying persons who are qualified to become Key Managerial Personnel and/or in the senior management team and recommendation to the Board for their appointment and/or removal; | *Mr. Taro Oyama | 4 | 3 |
| | | | *Ceased to be member w.e.f June 28, 2016. | | |
| | | (5) Formulate the Policy and recommend to the Board of Directors relating to the remuneration for the Directors, Key Managerial Personnel and senior management team" | | | |

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| <p>Risk Management Committee</p> | <p>Mr. Takehisa Kaneda, Chairman; Mr. Sandeep Gambhir; *Mr. Taro Oyama (*Ceased to be member w.e.f June 28, 2016) and Mr. Akihiro Azuma (appointed with effect from June 29, 2016)</p> | <p>(1) Risk planning (2) Risk assessment & monitoring – Economy Review, Industry Review, Portfolio Review, Rating (3) Risk systems (MIS and IT system integration) (4) Risk reporting – Keeping the Board informed at regular intervals of credit, market and operational Risk Profile of the Company.</p> | <p>The Committee did not meet during the year under review.</p> | | | | | | | | | | | | |
|--|--|---|--|----------------------|--------------------------------------|--------------------------|---------------------|---|---|---------------------|---|---|-----------------|---|---|
| <p>Treasury and Asset Liability Management Committee</p> | <p>Mr. Takehisa Kaneda, Chairman; Mr. Sandeep Gambhir; *Mr. Taro Oyama (*Ceased to be member w.e.f June 28, 2016) and Mr. Akihiro Azuma (appointed with effect from June 29, 2016)</p> | <p>(1) Pricing of products for both deposits and advances; (2) Fixing of desired maturity profile and mix of the incremental assets and liabilities; (3) Collecting information about the prevailing interest rates offered by other peer NBFC for the similar services/products; (4) Reviewing the results and progress in implementation of the decisions made in the previous meeting; (5) To articulate the current interest rate view (6) To develop a view on future direction of interest rate movements and decide on funding mixes between fixed v/s. floating rate funds, money market vs. capital market funding, domestic vs. foreign currency funding, etc</p> | <table border="1"> <thead> <tr> <th data-bbox="1038 824 1185 992">Name of the Director</th> <th data-bbox="1185 824 1332 992">No. of Meetings held during the year</th> <th data-bbox="1332 824 1476 992">No. of Meetings Attended</th> </tr> </thead> <tbody> <tr> <td data-bbox="1038 992 1185 1093">Mr. Takehisa Kaneda</td> <td data-bbox="1185 992 1332 1093">3</td> <td data-bbox="1332 992 1476 1093">2</td> </tr> <tr> <td data-bbox="1038 1093 1185 1193">Mr. Sandeep Gambhir</td> <td data-bbox="1185 1093 1332 1193">3</td> <td data-bbox="1332 1093 1476 1193">3</td> </tr> <tr> <td data-bbox="1038 1193 1185 1294">*Mr. Taro Oyama</td> <td data-bbox="1185 1193 1332 1294">3</td> <td data-bbox="1332 1193 1476 1294">3</td> </tr> </tbody> </table> <p>*Ceased to be member w.e.f June 28, 2016.</p> | Name of the Director | No. of Meetings held during the year | No. of Meetings Attended | Mr. Takehisa Kaneda | 3 | 2 | Mr. Sandeep Gambhir | 3 | 3 | *Mr. Taro Oyama | 3 | 3 |
| Name of the Director | No. of Meetings held during the year | No. of Meetings Attended | | | | | | | | | | | | | |
| Mr. Takehisa Kaneda | 3 | 2 | | | | | | | | | | | | | |
| Mr. Sandeep Gambhir | 3 | 3 | | | | | | | | | | | | | |
| *Mr. Taro Oyama | 3 | 3 | | | | | | | | | | | | | |




| | | <p>(7) To approve borrowings from various Banks, Financial Institutions and Companies upto such amount as the Shareholders may authorise, from time to time, in the ordinary course of business</p> <p>(8) To raise money as and by way of Loan or Debentures (Secured / Unsecured / Convertible / Non-Convertible) or through Inter Corporate Deposit or Commercial Papers or through any other resources as may be necessary either from Domestic or International Market.</p> <p>(9) To approve purchase and / or sale and assignment of receivables arising out of lease rentals and / or loan / hire purchase instalments whether with or without underlying assets</p> <p>All the approvals are obtained through electronic process i.e. system.</p> | | | | | | | | | | | | | |
|--------------------------|---|--|---|----------------------|--------------------------------------|--------------------------|---------------------|---|---|---------------------|---|---|-----------------|---|---|
| Residual Value Committee | Mr. Takehisa Kaneda, Chairman; Mr. Sandeep Gambhir; *Mr. Taro Oyama (*Ceased to be member w.e.f June 28, 2016) and Mr. Akihiro Azuma (appointed with effect from June 29, 2016) | <p>(1) Setting up of Residual Value Policy;</p> <p>(2) Setting up / alteration of Residual Value of Vehicles and Maintenance budget of Vehicles (Per KM Maintenance Cost);</p> <p>(3) Delegate powers of the Committee to the Executives of the Company with regard to reduction in Residual Value and Per KM Maintenance Cost of the Vehicles within the limits as approved by the Committee; and</p> <p>(4) Approve Residual Value for leasing of Commercial Vehicle.</p> | <table border="1"> <thead> <tr> <th data-bbox="1040 1285 1187 1451">Name of the Director</th> <th data-bbox="1187 1285 1334 1451">No. of Meetings held during the year</th> <th data-bbox="1334 1285 1474 1451">No. of Meetings Attended</th> </tr> </thead> <tbody> <tr> <td data-bbox="1040 1451 1187 1554">Mr. Takehisa Kaneda</td> <td data-bbox="1187 1451 1334 1554">2</td> <td data-bbox="1334 1451 1474 1554">1</td> </tr> <tr> <td data-bbox="1040 1554 1187 1657">Mr. Sandeep Gambhir</td> <td data-bbox="1187 1554 1334 1657">2</td> <td data-bbox="1334 1554 1474 1657">2</td> </tr> <tr> <td data-bbox="1040 1657 1187 1760">*Mr. Taro Oyama</td> <td data-bbox="1187 1657 1334 1760">2</td> <td data-bbox="1334 1657 1474 1760">2</td> </tr> </tbody> </table> <p>*Ceased to be member w.e.f June 28, 2016.</p> | Name of the Director | No. of Meetings held during the year | No. of Meetings Attended | Mr. Takehisa Kaneda | 2 | 1 | Mr. Sandeep Gambhir | 2 | 2 | *Mr. Taro Oyama | 2 | 2 |
| Name of the Director | No. of Meetings held during the year | No. of Meetings Attended | | | | | | | | | | | | | |
| Mr. Takehisa Kaneda | 2 | 1 | | | | | | | | | | | | | |
| Mr. Sandeep Gambhir | 2 | 2 | | | | | | | | | | | | | |
| *Mr. Taro Oyama | 2 | 2 | | | | | | | | | | | | | |




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|--|--|---|--|
| Credit Committee w.e.f. June 29, 2016 | Mr. Takehisa Kaneda; Mr. Sandeep Gambhir; *Mr. Taro Oyama (*Ceased to be member w.e.f June 28, 2016) and Mr. Akihiro Azuma (appointed with effect from June 29, 2016) | The Committee is entrusted with the powers of the Board of Directors with regard to approval of Credit Proposals of various finance businesses of the Company. All the approvals are obtained through electronic process i.e. system by virtue of Approval Matrix of the Company. | The Committee is not required to meet physically, since all proposals are approved electronically through system or email. |
| Executive Committee | Mr. Takehisa Kaneda; Mr. Sandeep Gambhir; *Mr. Taro Oyama (*Ceased to be member w.e.f June 28, 2016) and Mr. Akihiro Azuma (appointed with effect from June 29, 2016) | <ol style="list-style-type: none"> (1) To lay down internal Rules, Policies, Processes and Regulations with regard to Credit. (2) To set up Business Policies for marketing/ sales (including new product, business names, marketing segments). (3) To note waiver of income / reversals approved by Chairman and Director. (4) To consider and approve opening of New Bank Accounts (Current Account / Cash Credit Account / Over Draft Account) and also approve change in various Authorised Signatories and their respective empowerment for signing cheques / various instruments for and on behalf of the Company. (5) To review Principal and Agency Agreement approved by Chairman and Director. (6) To approve general expenditure (for single purpose) over Rs.10 mn. | The Committee did not meet during the year however; Circular Resolution was approved by the Committee. |




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| | | <p>(7) To review Advertisement and Publicity expenses approved by the Chairman and Director and / or Managing Director and CEO.</p> <p>(8) To review Corporate Gifts expenses approved by the Chairman and Director and / or Managing Director and CEO.</p> <p>(9) To review Capital Expenditure towards acquisition of assets (for single purpose excluding operating assets), upto Rs. 1 mn approved by COO.</p> <p>(10) To Review Capital Expenditure towards acquisition of assets (for single purpose excluding operating assets), over Rs. 1 mn and up to Rs. 13 mn approved by the Chairman and Director and / or Managing Director and CEO.</p> <p>(11) To review Computer Hardware and Software (CAPEX and OPEX for single project) up to Rs.13 mn approved by the Chairman and Director.</p> <p>(12) To review Capital Receipts, towards disposal of assets (for single purpose excluding operating assets), upto 1 mn which is approved by COO.</p> | |
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| | | <p>(13) To review Capital Receipts towards disposal of assets (for single purpose excluding operating assets), over 1 mn and upto 13 mn approved by Chairman and Director and / or Managing Director and CEO.</p> <p>(14) To approve Sale of Scrap Material and other disposal of miscellaneous nature over 13 mn.</p> <p>(15) To delegate powers mentioned in Sr. Nos. (2) and (14) above to any person as may be deemed appropriate by the Committee.</p> <p>(16) To consider and approve closure of Bank Accounts.</p> | |
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XXV. Vigil Mechanism:

The Company has adopted Vigil Mechanism policy with a view to provide a mechanism for directors and employees of the Company to report genuine concerns. The provisions of this policy are in line with the provisions of the Section 177(9) and (10) of the Companies Act, 2013. The functioning of Vigil Mechanism is reviewed by the Audit Committee from time to time. The Policy has been uploaded on the website at: <http://www.orixindia.com/uploadedfiles/Whistleblower-OLFS.pdf>

The Company conducts regular workshops and training sessions to inform and educate the employees about Whistle Blower Policy. During the year 2015-16, no incidents was reported under Whistle Blower Policy.

XXVI. Corporate Social Responsibility (CSR) :

The Company's projects are in accordance with Schedule VII of the Companies Act, 2013 and the Company's CSR policy. The Report on CSR activities as required under Companies (Corporate Social Responsibility Policy) Rules, 2014 is set out as Annexure - 3 forming part of this Report.




XXVII. Policy on Directors' Appointment and Remuneration:

The Board of Directors has framed a policy which lays down a framework in relation to remuneration of Directors, Key Managerial Personnel and Senior Management of the Company. This policy also lays down criteria for selection and appointment of Board Members as well as diversity of the Board. The Company recognizes the benefits and importance of having a diverse Board of Directors in terms of skill set and experience. The Company has an optimum mix of executive and non-executive and independent directors.

The Nomination and Remuneration Committee decides the remuneration payable to the Managing Director, Whole Time Director and Key Managerial Personnel's, considering the performance of the Company and their achievements against objectives. The remuneration structure comprises of salary, perquisites, bonus, etc. Annual increments are decided by the Nomination and Remuneration Committee.

The evaluation process for assessing the performance of Directors comprises of the following key areas:

- (1) Expertise;
- (2) Objectivity and Independence;
- (3) Understanding of the Company's business; Guidance and support in context with the business of the Company; and
- (4) Understanding and commitment to duties and responsibilities.

XXVIII. Risk Management:

Risk Management is an on-going process. The Board has defined the roles and responsibilities of the Risk Management Committee and has delegated the monitoring and reviewing of the Risk Management Plan to the Committee.

The Company is exposed to Credit Risk, Economy Risk, Interest Rate Risk, Asset Liability Mismatch Risk, Cash Management Risk etc. The expertise in lending operations acquired by the Company over past 3 years has helped to mitigate credit risk. The Company ensures that the short term and long term resources of funds are favourably matched with deployment. To avoid any asset liability mismatch risk, the Company proposes to long term funding instruments such as NCDs. The Company has continued to enjoy trust and support from its banks and financial institutions, due to its impeccable record in servicing debts on time.

The Company has also adopted stringent checks and internal controls across all branches. The Company has implemented necessary control measures to arrest the operational risk arising from manual processes which are not supported by IT systems. The Company mitigates its interest rate risk through innovative resource mobilization technique, prudent fund management etc. Superior credit rating of company's financial instruments enables it to raise funds at competitive rates. The Treasury and Asset Liability Management Committee regularly review the interest rate risk and liquidity risk.



XXIX. Particulars of Loans, Guarantees or Investments:

Details of Loans, Guarantees and Investments governed under the provisions Section 186 of the Companies Act, 2013 are given in the Notes to Accounts forming part of the Audited Financial Statements.

XXX. Particulars of contracts or arrangements with related parties :

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no related party transactions made by the Company with the Promoters, Directors, Key Managerial Personnel (KMP) or other designated persons which may have a potential conflict with the interest of the Company at large.

All related party transactions as required under AS-18 are reported in notes to the financial statements. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3) (h) of the Companies Act, 2013 in Form AOC 2 is not applicable.

XXXI. Particulars of Employees :

Since the Company being unlisted public Company, it is not required to provide details in accordance with the provisions of Section 197 (12) of the Companies Act, 2013, read with Rules 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

XXXII. Significant and Material Orders Passed by the Regulators or Courts:

There has been no significant and material order passed by the Regulators or Courts that would impact the going concern status of the Company and its future operations.

XXXIII. Safety & Wellbeing of Women:

The Company has zero tolerance for sexual harassment at workplace and has adopted a Policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder for prevention and redressal of complaints of sexual harassment at workplace. During the year under review, there was no sexual harassment cases reported to the Company.

XXXIV. Directors' Responsibility Statement :

Pursuant to Section 134(5) of the Companies Act, 2013, your Directors' confirm the following:

- (1) that in preparation of the annual accounts for the financial year ended March 31, 2016, the applicable accounting standards have been followed;

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- (2) that the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- (3) that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (4) that the directors have prepared the annual accounts on a 'going concern' basis;
- (5) that the directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (6) that the systems to ensure compliance with the provisions of all applicable laws and that such system were adequate and operating effectively.

XXXV. Management Discussion and Analysis for FY 2016:

Management Discussion and Analysis Report, as required under Revised Regulatory Framework of Reserve Bank of India Guidelines, is as under:

- (1) Industry Structure and Developments – The Indian economy is currently seeing a culmination of positive domestic indicators. Economic growth has picked up and both the government and the World Bank expect it to be well over 7% in FY16 and FY17. The fiscal deficit is on track, as per the target of 3.5%, and retail inflation has dipped to below 5%.

Against the backdrop of these encouraging developments, the Reserve Bank of India (RBI) cut its policy rate by 0.25% in its first bimonthly monetary policy for FY17 in April 2016, bringing the rate to its lowest level in five years. The RBI has cut rates to the extent of 1.5% between January 2015 and April 2016. To ensure a boost to investment and consumption, the RBI proposed a number of measures that would facilitate the pass-through of the rate cuts, such as a reduction in reserve requirements of banks and a policy stance to inject adequate liquidity. Two years into its term in office, the current Government has covered considerable ground in terms of reforms, creation of housing and infrastructure and making it easier to do business in India. A number of on the ground schemes were announced in the MSME sector including Aspire “A Scheme for Promoting Innovation and Rural Entrepreneurship, was launched in March 2015, to set up a network of technology centres and incubation centres to accelerate entrepreneurship and promote start-ups for innovation and entrepreneurship in agroindustry”. New initiatives were also announced under the Prime Minister’s Employment Generation Programme (PMEGP) and the Registration Process for MSMEs was eased through the Udyog Aadhaar Memorandum (UAM).

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Overview of the NBFC Sector: NBFCs (NBFC-D) in India with balance sheet sizes of Rs. 14,166 billion and Rs.1,925 billion, respectively. NBFC NDs have posted a balance sheet growth of more than 15% in 2015 over 2014.

A study by the Boston Consulting Group, states that in the 10 year period between 2005 and 2015, the share of NBFCs in credit rose from 10% to 13%. It pointed out that in narrower product segments, such as home loans and commercial vehicle loans, their presence was larger and had grown faster. The share of NBFCs in the home loan segment has increased from 26% to 38% between FY09 and FY15. The growth is not only observed in traditional NBFC domains but also in products like mortgages where commercial banks are active. The credit penetration in India is low compared to other economies. On similar benchmarks, the non-bank finance penetration in India is even lower. NBFC's credit penetration in GDP of India at 13% is significantly behind developed economies like UK (264%), US (130%), Japan (74%) and also well behind emerging economies like China (33%), Thailand (27%) and Malaysia (26%).

Indian economy has a huge latent credit demand fuelled by a massive self-employed population that is underserved by the banks due to inadequate documented income proof.

Success of NBFCs is attributed to the sharp focus on the product lines leading to better cost control, better customer service and consequently faster growth at higher profitability.

In terms of profitability, the average Return on Equity (RoE) of NBFCs have been on a strong footing in recent years even with low leverage riding on unique business models focused more on the retail segments, control on asset quality, higher turnaround time, better customer service levels and efficient cost control measures. Higher profitability with higher growth has been the key for creating higher shareholders' value.

- (2) Opportunities – The portfolio size of the Company is still small and we see a lot of opportunities to scale up the business to the next level. The Company's philosophy of controlled growth and having a stronger focus on credit parameters and a tighter credit policy is yielding the desired results which are evident in the improved portfolio quality despite increase in the portfolio size. This gives us comfort in our ability to scale up our businesses and contribute more to the overall profitability of the company. We are also confident of our talent pool and have hired subject matter experts and employees with the relevant experience of the products we cater to and this enhances our ability to address the opportunities in the market place a bit better. We also have a healthy financial position and a very sound capital adequacy ratio which will facilitate our growth in the years ahead.



- (3) Threats - On the leasing front, the Company is one of the largest player in the market. With the new players coming in and offering discounted pricing, there is always a threat of losing the market share. That said, ORIX has a distinct advantage of being a global leader in this space and a significant player in India for over two decades and hence your Directors are confident that the Company would be able to retain and increase the share in the market.

On the lending front, as mentioned above, your Company is a very small player in the market and that gives us a huge opportunity to grow. But with the increased competition from Banks and NBFCs in this space, the Company might face some challenges to take this business to the next level. The Company is trying to address this by hiring the right fit resources with relevant experience and proven track record from the market.

- (4) Segment-wise or product-wise performance – Finance lease Disbursements at Rs. 2029 mn were 37% higher than FY 2014-15. Commercial Vehicle lending disbursements stood at Rs. 2780 mn were 78% better than previous year. The newly started SME- Loan against Property business is also shaping up well with disbursements of Rs. 920 mn.
- (5) Outlook - With the economy growing at a healthy 7% rate (approx), the market size across our products should increase and hence, Company should be able to grow the book size of the Company. As the Company has the right processes and policies in place, the outlook for the coming years is bright and positive.
- (6) Internal control systems and their adequacy - The Company has an elaborate internal control system commensurate to the size of the Company and its operations. This system continuously monitors compliance to internal processes across the operations to ensure that all assets are safeguarded and protected against loss from unauthorised use or disposition, that transactions are authorised, recorded and reported correctly and that operations are conducted in an efficient and cost effective manner.

The internal control systems are designed to ensure reporting efficiency and compliance with the regulations. The internal financial control system is supported by Internal Auditors. The Internal Audit Reports are discussed at length during the Audit Committee meetings, which also reviews the adequacy and effectiveness of the internal controls.

- (7) Discussion on financial performance with respect to operational performance: The revenue has increased from Rs. 617 mn in 2014-15 to Rs. 886 mn in 2015-16, a 44% growth. There is a marginal reduction of 10% in Profit before Tax from Rs. 285 mn in 2014-15 to Rs. 256 mn in 2015-16, primarily on account of increased headcount and more management time being spent on the entity to ensure substantial growth in coming years. With the platform being set, right hiring and robust processes, the Company is well equipped to take the businesses to the next level.



(8) Risks and Concerns: Following are the key risks and mitigants of the Company:

(a) Credit Risk - The biggest risk for any financing business is the credit risk that can be a result of poor underwriting/policy or market downturn. The Company has been extra cautious and conservative in developing the credit policy and processes. The client selection process is fairly stringent and the Company believes that it is well equipped to evaluate credit worthiness of the clients.

(b) Liquidity Risk - This is another key risk for financing companies. Since the Company is a AAA rated Company, with robust financial position and a strong parent, the Company is in a good position to raise funds from the market. We have diversified our funding base by adding new banks. To further diversify, we would be coming up with the NCD issue in Jul-16 and that would help us further ease the liquidity position

(9) Material developments in Human Resources / Industrial Relations front, including number of people employed:

Your company continues to attract, retain and inspire a talented workforce. The Company employed 134 employees at the end of FY 2015-16. During the year, the Company was focused on capability building through extensive training and development programme to support energized and enabled work environment. Consistent with previous year, your Company will continue to build a work environment where growth is the way of life and people matter.

Being an equal opportunity employer, the Company is committed to provide fair, safe and harmonious work environment. Discrimination or harassment of any kind is prohibited and appropriate policies for prevention of unwanted circumstances are in place, sensitizing all employees.

XXXVI. General:

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

- (1) Issue of equity shares with differential rights as to dividend, voting or otherwise.
- (2) Issue of shares (including sweat equity shares) to employees of the Company.
- (3) No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.
- (4) No change in nature of business.

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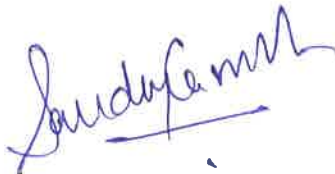
- (5) There were no material changes and commitments affecting the financial position of the Company between the end of financial year (March 31, 2016) and the date of the Report.

XXXVII. Acknowledgements :

We are grateful to the Government of India, Ministry of Corporate Affairs, Reserve Bank of India, Stock Exchange, Bankers, Investors, rating agency, customers and all other business associates for their valuable guidance and support and wish to express our sincere appreciation for their continued co-operation and assistance. Financial Institutions and other lenders, Customers, Employees and other Stakeholders remained sound during the year under review. We look forward to their continued support and encouragement.

Your Directors express their deep sense of appreciation for all the employees whose commitment, co-operation, active participation, dedication and professionalism has made the organization's growth possible.

By Order of the Board of Directors



Sandeep Gambhir
Managing Director
DIN No.:00083116



Takehisa Kaneda
Director
DIN No.:07082839

Place: Mumbai
Date: June 29, 2016

A. G. RANADE & ASSOCIATES

COMPANY SECRETARIES

ANNEXURE-1

Thane : 2, Ground Flr., 'B' Wing, Om Sai Prasad Building, Shivaji Nagar, B-Cabin, Thane (W) - 400 602.
Kalyan : 101, Shiv Amrut Dham, Bldg. No. 4, Near Yogi Dham, Murbad Road, Kalyan (W) 421 301.
Email : agranade@rediffmail.com, ranadecs@gmail.com Telefax : 022-25420542

Form no MR-3

SECRETARIAL AUDIT REPORT

For the Financial Year ended 31st March, 2016

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Orix Leasing & Financial Services India Limited,
Plot No. 94, Marol Co-operative Industrial Estate,
Andheri-Kurla Road, Andheri (East),
Mumbai 400059.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Orix Leasing & Financial Services India Limited** (hereinafter called the Company). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon. Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by **Orix Leasing & Financial Services India Limited** ("The Company") for the financial year ended on 31st March, 2016 according to the provisions of:

- I. The Companies Act, 2013 (**the Act**) and the Rules made thereunder;
- II. The Securities Contracts (Regulation) Act, 1956 (**'SCRA'**) and the Rules made thereunder;
- III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;



- IV. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- V. The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable to the Company:-
- a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- VI. and other laws like the Reserve Bank of India Act, 1934, the Factories Act, 1948, the Payment of Gratuity Act, 1972 to the extent applicable to the Company.

We have also examined compliance with the applicable clauses of the following:

- i) Secretarial Standards issued by The Institute of Company Secretaries of India.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, Listing Agreements mentioned above subject to the following observations:

- 1) Delay in filing form MR-2 vis-a-vis appointment of WTD resulting into application for condonation of delay u/s 460 for which form CG-1 is filed with CG.
- 2) The minutes of some board meetings were not noted / placed before next Board Meetings due to shortage of time between the meetings.

We further report that:



- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

- Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

- Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

For A. G RANADE & ASSOCIATES

Signature:

Name of the Company Secretary: Ajay Ranade **Proprietor**
Address **A G Ranade & Associates**

Company Secretaries,
2, Gr Fl, B Wing, Om Sai Prasad Bldg,
Shivaji Nagar, Thane (W) – 400 601.

Membership no. : FCS 6199
C. P. No: 6231

Place: Thane

Date: 29 JUN 2016



Note: Please refer specific non compliances / observations / audit qualification, reservation or adverse remarks as stated in this report.

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

Annexure A

To,
The Members,
Orix Leasing & Financial Services India Limited,
Plot No. 94, Marol Co-operative Industrial Estate,
Andheri-Kurla Road, Andheri (East),
Mumbai 400059.

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For A. G RANADE & ASSOCIATES



Signature:

Name of the Company Secretary: Ajay Ranade Proprietor

Address

A G Ranade & Associates

Company Secretaries,
2, Gr Fl, B Wing, Om Sai Prasad Bldg,
Shivaji Nagar, Thane (W) – 400 601.

Membership no.

: FCS 6199

C. P. No:

6231



Place: Thane

Date: 29 JUN 2016

Annexure - 2

**FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN**

As on financial year ended on 31.03.2016

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014

I. Registration & Other details:

| | | |
|-----|--|---|
| (1) | CIN | U74900MH2006PLC163937 |
| (2) | Registration Date | August 21, 2006 |
| (3) | Name of the Company | ORIX Leasing & Financial Services India Limited |
| (4) | Category/Sub-category of the Company | Unlisted Public Company limited by Shares |
| (5) | Address of the Registered office & contact details | Plot No. 94, Marol Co-operative Industrial Estate, Andheri-Kurla Road, Andheri (East), Mumbai – 400059; Tel.: +91 (22)6707 0100; Fax: +91 22 2852 8549; Email: info@orixindia.com ; Website: www.orixindia.com |
| (6) | Whether listed company | No |
| (7) | Name, Address & contact details of the Registrar & Transfer Agent, if any. | Not Applicable |




II. Principal Business Activities of the Company:

| Sr. No. | Name and Description of main products / services | NIC Code of the Product/service | % to total turnover of the company |
|---------|---|---------------------------------|------------------------------------|
| (1) | Other financial Service activities, except insurance and pension funding activities | 64990 | 100 |

III. Share Holding Pattern (Equity Share Capital breakup as percentage of total equity):

A. Category-wise Share Holding

| Category of Shareholders | No. of Shares held at the beginning of the year | | | No. of Shares held at the end of the year | | | % Change during the year |
|--|---|----------|-------------------|---|-------------------|----------|--------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | |
| A. Promoters | | | | | | | |
| (1) Indian | | | | | | | |
| (a) Individual/ HUF | | | | | | | |
| (b) Central Govt | | | | | | | |
| (c) State Govt(s) | | | | | | | |
| (d) Bodies Corp.: ORIX Auto Infrastructure Services Ltd. (OAIS) | 81,158,054 | - | 81,158,054 | 99.9999 | 88,935,831 | 0 | 88,935,831 |
| (e) Banks / FI | | | | | | | 9.58 |
| (f) Any other | | | | | | | |
| Sub Total A(1) | 81,158,054 | - | 81,158,054 | 99.9999 | 88,935,831 | 0 | 88,935,831 |
| | | | | | | | 99.9999 |
| | | | | | | | 9.58 |




B. Shareholding of Promoter :

| SN | Shareholder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in shareholding during the year |
|----|---|---|----------------------------------|--|-------------------------------------|----------------------------------|--|--|
| | | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | No. of Shares | % of total Shares of the company | % of Shares Pledged / encumbered to total shares | |
| 1 | ORIX Auto Infrastructure Services Limited | 81,158,054 | 99.9999 | Nil | 88,935,831 | 99.9999 | - | Nil |

C. Change in Promoters' Shareholding

| SN | Particulars | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|----|---|---|----------------------------------|---|----------------------------------|
| | | No. of Shares | % of total shares of the Company | No. of Shares | % of total shares of the Company |
| | At the beginning of the year | 81,158,054 | 99.9999 | 81,158,054 | 99.9999 |
| | Addition - Allotment on 11-12-2015 | 7,777,777 | - | - | - |
| | At the end of the year | 88,935,831 | 99.9999 | 88,935,831 | 99.9999 |




**D. Shareholding Pattern of top ten Shareholders: None
(Other than Directors, Promoters and Holders of GDRs and ADRs): Not Applicable**

| SN | For Each of the Top 10 Shareholders | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|----|--|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | At the beginning of the year | | | | |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc): | | | | |
| | At the end of the year | | | | |

E. Shareholding of Directors and Key Managerial Personnel:

| SN | Shareholding of each Directors and each Key Managerial Personnel | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|----|--|---|----------------------------------|---|----------------------------------|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1. | Mr. Sandeep Gambhir jointly with ORIX Auto Infrastructure Services Ltd At the beginning of the year | 10 | 0.00 | 10 | 0.00 |
| | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.) | - | - | - | - |
| | At the end of the year | 10 | 0.00 | 10 | 0.00 |



| | | | | | |
|----|---|----|------|----|------|
| 2. | Mr. Vivek Wadhwa jointly with ORIX Auto Infrastructure Services Ltd At the beginning of the year Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.) At the end of the year | 10 | 0.00 | 10 | 0.00 |
|----|---|----|------|----|------|



IV. Indebtedness - Indebtedness of the Company including interest outstanding/accrued but not due for pay

(Amount in Rs.)

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|-------------------------------------|----------------------|----------|----------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | 451,359,941 | 1,339,278,140 | - | 1,790,638,081 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 180,589 | -84654 | - | 95,935 |
| Total (i+ii+iii) | 451,540,530 | 1,339,193,486 | - | 1,790,734,016 |
| Change in Indebtedness during the financial year | | | | |
| Addition | 752284616 | 2133005870 | - | 2,885,290,486 |
| * Reduction | -180,589 | -327,357,335 | - | 327,537,924 |
| Net Change | 752,104,027 | 1,805,648,535 | - | 2,557,752,562 |
| Indebtedness at the end of the financial year | | | | |
| i) Principal Amount | 1,203,478,908 | 3,130,692,552 | - | 4,334,171,460 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | 165649 | 14,149,469 | - | 14,315,118 |
| Total (i+ii+iii) | 1,203,644,557 | 3,144,842,021 | - | 4,348,486,578 |



V. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

| SN. | Particulars of Remuneration | Name of Managing Director | Name of Whole Time Director | Total Amount |
|-----|---|---------------------------|--|------------------|
| 1 | Gross salary | Mr. Sandeep Gambhir | Mr. Taro Oyama | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | - | 6,969,170 | 6,969,170 |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | - | - | |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | - | - | |
| 2 | Stock Option | - | - | |
| 3 | Sweat Equity | - | - | |
| 4 | Commission - as % of profit - others, specify... | - | - | |
| 5 | Others, please specify | - | - | |
| | Total (A) | | 6,969,170 | 6,969,170 |
| | Ceiling as per the Companies Act, 2013 | 25,617,836/- | (being 10% of Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013) | |




B. Remuneration to Other Directors

| SN. | Particulars of Remuneration | Name of Directors | Total Amount |
|--------------------------------|---|-------------------|--------------|
| 1 | Independent Directors | Mr. Nagesh Dubey | |
| | | Mr. Abhay Kakkar | |
| | Fee for attending Board and Committee meetings | 2,80,000 | 2,60,000 |
| | Commission | - | - |
| | Others, please specify | - | - |
| | Total (1) | 2,80,000 | 2,60,000 |
| | | | 5,40,000 |
| 2 | Other Non-Executive Directors | Not Applicable | |
| | Fee for attending board committee meetings | | |
| | Commission | | |
| | Others, please specify | | |
| | Total (2) | - | - |
| | Total (B)=(1+2) | 2,80,000 | 2,60,000 |
| | Total Managerial Remuneration | 6,969,170 | 5,40,000 |
| Overall Ceiling as per the Act | 2,561,783/- (being 1% of Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013) | | |



C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

| Sr No. | Particulars of Remuneration | Key Managerial Personnel | | | | |
|--------|---|-----------------------------|----------------------------|---------------------------|------------------|--|
| | | MD (Mr. Sandeep Gambhir) | CS (Ms. Shuchi Singhvi) | CFO (Mr. Vivek Wadhwa) | Total | |
| 1 | Gross Salary | - | - | - | - | |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | - | 1,159,883 | - | 1,159,883 | |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | | | | - | |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | - | | - | - | |
| 2 | Stock Option | - | | - | - | |
| 3 | Sweat Equity | - | | - | - | |
| 4 | Commission | - | | - | - | |
| | - as % of profit | - | | - | - | |
| | Others, specify... | | | | - | |
| 5 | Others, please specify | - | | - | - | |
| | Total | - | 1,159,883 | - | 1,159,883 | |

VI. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: -

There were no penalties / punishment for the year ended March 31, 2016, however, there was delay in filing of application With Central Government for appointment of Mr. Taro Oyama as Whole Time Director of the Company.




Annexure - 3

Corporate Social Responsibility (CSR)

[Pursuant to clause (o) of sub-section (3) of section 134 of the Act and Rule 9 of the Companies (Corporate Social Responsibility) Rules, 2014]

- (1) A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs – The CSR Policy has been formulated in accordance with the provisions of Section 135 of the Companies Act, 2013. Various projects are within the framework of Schedule VII of the Companies Act, 2013. The weblink to the CSR policy is at <http://www.orixindia.com/OLFS.aspx>
- (2) The Composition of the CSR Committee: Mr. Takehisa Kaneda, Mr. Sandeep Gambhir and Mr. Abhay Kakkar
- (3) Average net profit of the company for last three financial years: Rs. **94,846,953/-** (2012-2013, 2013-2014, 2014-2015)
- (4) Prescribed CSR Expenditure (two per cent of the amount as in item 3 above) – **Rs. 1,896,940/-**
- (5) Details of CSR spent during the financial year:
 - (a) Total amount to be spent for the financial year - **Rs. 1,896,940/-**
 - (b) Amount unspent, if any - None

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(c) Manner in which the amount spent during the financial year is detailed below :

| Sr. No. | CSR project or activity identified | Sector in which the Project is covered | Projects or programs Local area or other Specify the State and district where projects or programs was undertaken | Amount outlay (budget) Project or Programs wise | Amount spent on the projects or programs Direct expenditure on projects or programs Overheads | Cumulative expenditure upto to the reporting period | Amount spent : Direct or through implementing agency |
|---------|---|--|---|--|---|---|--|
| (1) | Family Strengthening Program | Education, Health, Women Empowerment, Livelihood | Jaipur, Rajasthan | 630,000 | 1. Direct expenditure on project : INR 488475 2. Overheads : INR 141525 | 630,000 | **Indirect through SOS Children's Villages of India |
| (2) | Setting up of a Computer Lab for under-privileged youth | Education and skill development | Mankhurd, Mumbai | 3,38,850 | Direct expenditure on program | 3,38,850 | **Indirect through Sujaya Foundation |
| (3) | Benefits to armed forces widows and their dependents | Armed forces widows and their dependents | Delhi | 9,28,090 | Direct expenditure on program | 9,28,090 | **Indirect through Army Wives Welfare Association (AWWA) |

* * Indirect = CSR activities/projects have been carried out by partnering with several Non-Governmental Organisations/ Charitable Institutions.



Mr. Sandeep Gambhir
(Managing Director)
DIN No.:00083116



Mr. Takehisa Kaneda
(Chairman CSR Committee)
DIN No.: 07082839

B S R & Co. LLP

Chartered Accountants

5th Floor, Lodha Excelus,
Apollo Mills Compound
N. M. Joshi Marg, Mahalaxmi
Mumbai - 400 011
India

Telephone +91 (22) 4345 5300
Fax +91 (22) 4345 5399

Independent Auditors' Report

To the Members of ORIX Leasing & Financial Services India Limited

(Formerly OAS Auto Financial Services Limited)

Report on the financial statements

We have audited the accompanying financial statements of ORIX Leasing & Financial Services India Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2016, the Statement of Profit and Loss and 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 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.

Auditors' responsibility

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

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

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 over financial reporting 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.



Independent Auditors' Report (Continued)

ORIX Leasing & Financial Services India Limited

(Formerly OAIS Auto Financial Services Limited)

Auditors' responsibility (continued)

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 standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 profit 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.

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

- a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c) the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e) on the basis of the written representations received from the directors as on 31 March 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:



Independent Auditors' Report (Continued)

ORIX Leasing & Financial Services India Limited

(Formerly OAIS Auto Financial Services Limited)

Report on Other Legal and Regulatory Requirements (Continued)

- i. the Company has disclosed the impact of pending litigation on its financial position in financial statement – refer note 24.1 to the financial statements;
- ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
- iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022



Milind Ranade

Partner

Membership No: 100564

Place: *Gurgaon*
29 June 2016

ORIX Leasing & Financial Services India Limited

(Formerly OAIS Auto Financial Services Limited)

Annexure A to the Independent Auditors' Report – 31 March 2016

(Referred to in our report of even date)

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all the fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) The Company does not have any immovable properties. Accordingly paragraph 3 (i) (c) of the Order is not applicable.
- ii. The inventory has been physically verified by the management during the year. In our opinion, the frequency of such physical verification is reasonable. No material discrepancies were noticed on such verification.
- iii. According to the information and explanation given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Act.
- iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
- v. According to the information and explanations given to us, the Company has not accepted deposits as per the directives issued by Reserve Bank of India and the provisions of Sections 73 to 76 or other relevant provisions of the Act and rules framed there under apply.
- vi. The Central Government has not prescribed the maintenance of cost records under sub-section 1 of section 148 of the Act, for any of the services rendered by the Company. Accordingly paragraph 3(vi) of the Order is not applicable.
- vii. (a) According to the information and explanations given to us and on the basis of our examination of the books of account, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income tax, service tax, sales tax, value added tax, cess and other material statutory dues have been generally 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 wealth tax, duty of customs and duty of excise. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, service tax, value added tax, sales tax, cess 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, the following dues of income tax and value added tax has not been deposited by the Company on account of disputes.



ORIX Leasing & Financial Services India Limited

(Formerly OAIS Auto Financial Services Limited)

Annexure A to the Independent Auditors' Report – 31 March 2016 (Continued)

| Name of the Statute | Nature of Dues | Amount Rs. | Period to which amount relates | Forum where dispute is pending | Remarks |
|----------------------|----------------|-------------|--------------------------------|--|--|
| Income Tax Act, 1961 | Income Tax | 123,058,100 | AY 2010-11 | Deputy Commissioner of Income Tax (appeals) Mumbai | |
| Income Tax Act, 1961 | Income Tax | 39,959,190 | AY 2011-12 | Deputy Commissioner of Income Tax (appeals) Mumbai | |
| Income Tax Act, 1961 | Income Tax | 18,266,371 | AY 2012-13 | Commissioner of Income Tax (appeals) Mumbai | |
| Income Tax Act, 1961 | Income Tax | 2,482,110 | AY 2013-14 | Commissioner of Income Tax (appeals) Mumbai | |
| Value Added Tax Act | VAT | 38,559,650 | 2012-13 to 2013-14 | Joint Commissioner of sales Tax, Delhi | |
| Value Added Tax Act | VAT | 7,563,281 | 2012-13 | Appellate Deputy Commissioner CT, Chennai | An amount of Rs. 2,521,093 was paid under protest to the VAT Authorities |

- viii. According to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bank or financial institutions. The Company has not issued any debentures.
- ix. In our opinion and according to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer. In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised.
- x. According to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the year.
- xi. According to the information and explanations given 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 as per the Act. Thus, paragraph 3 (xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

ORIX Leasing & Financial Services India Limited

(Formerly OAIS Auto Financial Services Limited)


Annexure A to the Independent Auditors' Report – 31 March 2016 *(Continued)*

- xiv. According to the information and explanation given to us, the Company has made a private placement of shares during the year and the provisions of section 42 of the Act have been complied with and the funds have been used for the purposes the funds were raised.
- xv. According to the information and explanation given to us, the Company has not entered into non-cash transactions with directors or person connected with him. Thus, paragraph 3 (xv) of the Order is not applicable.
- xvi. The Company is registered under section 45-IA of the Reserve Bank of India Act, 1934.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022



Milind Ranade

Partner

Membership No: 100564

Place: *Gurgaon*
29 June 2016

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF ORIX LEASING & FINANCIAL SERVICES 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 ORIX Leasing & Financial Services Limited ("the Company") as of 31 March 2016 in conjunction with our audit of the standalone 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". 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.



**ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT OF
EVEN DATE ON THE FINANCIAL STATEMENTS OF ORIX
LEASING & FINANCIAL SERVICES 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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 on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

For **B S R & Co. LLP**
Chartered Accountants

Firm's Registration No: 101248W/W-100022



Milind Ranade
Partner

Membership No: 100564

Place: *Gurgaon*
29 June 2016

ORIX Leasing & Financial Services India Limited
(Formerly O AIS Auto Financial Services Limited)

Balance sheet

as at 31 March 2016

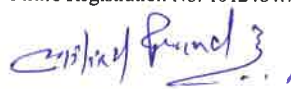
(Currency: Indian Rupees)

| | Note | 31 March 2016 | 31 March 2015 |
|----------------------------------|------|-----------------------------|-----------------------------|
| I EQUITY AND LIABILITIES | | | |
| 1 Shareholders' fund | | | |
| Share capital | 3 | 889,359,010 | 811,581,240 |
| Reserves and surplus | 4 | 2,639,086,509 | 2,203,261,317 |
| | | <u>3,528,445,519</u> | <u>3,014,842,557</u> |
| 2 Non-current liabilities | | | |
| Long-term borrowings | 5 | 1,402,380,955 | 916,666,667 |
| Other long term liabilities | 6 | 47,681,102 | 38,084,976 |
| Long term provisions | 7 | 5,367,947 | 3,606,051 |
| | | <u>1,455,430,004</u> | <u>958,357,694</u> |
| 3 Current liabilities | | | |
| Short term borrowings | 8 | 1,575,838,126 | 707,304,748 |
| Trade payables | 9 | 341,790,249 | 218,259,185 |
| Other current liabilities | 10 | 1,465,027,387 | 248,863,400 |
| Short-term provisions | 11 | 67,989,367 | 56,211,887 |
| | | <u>3,450,645,129</u> | <u>1,230,639,220</u> |
| TOTAL | | <u><u>8,434,520,652</u></u> | <u><u>5,203,839,471</u></u> |
| II ASSETS | | | |
| 1 Non-current assets | | | |
| Fixed assets | 12 | | |
| Tangible assets | | 81,286,271 | 7,057,938 |
| Intangible assets | | 12,152,477 | 13,364,546 |
| Capital Work in Progress | | 44,824,909 | - |
| | | <u>138,263,657</u> | <u>20,422,484</u> |
| Deferred tax asset | 24.7 | 561,494,000 | 490,951,000 |
| Long-term loans and advances | 13 | 4,480,990,589 | 2,621,826,287 |
| Other non-current assets | 14 | 346,478 | 27,698,402 |
| | | <u>5,181,094,724</u> | <u>3,160,898,173</u> |
| 2 Current assets | | | |
| Trade receivables | 15 | 76,134,585 | 84,274,734 |
| Cash and bank balances | 16 | 181,870,117 | 141,463,263 |
| Short term loans and advances | 17 | 2,940,518,732 | 1,777,680,698 |
| Other current assets | 18 | 54,902,494 | 39,522,603 |
| | | <u>3,253,425,928</u> | <u>2,042,941,298</u> |
| TOTAL | | <u><u>8,434,520,652</u></u> | <u><u>5,203,839,471</u></u> |
| Significant accounting policies | 2 | | |

The accompanying notes form an integral part of these financial statements

As per our report of even date attached

For **BSR & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022



Milind Ranade
Partner
Membership No: 100564

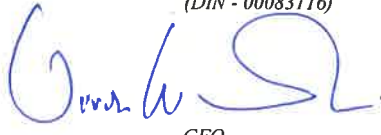
For and on behalf of the Board of Directors
ORIX Leasing & Financial Services India Limited



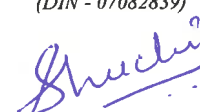
Managing Director
(DIN - 00083116)



Director
(DIN - 07082839)



CFO



Company Secretary
Mumbai

Place: Gurgaon
29 June 2016

ORIX Leasing & Financial Services India Limited
(Formerly OAIS Auto Financial Services Limited)

Statement of Profit and Loss
for the year ended 31 March 2016

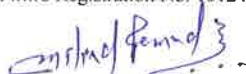
(Currency: Indian Rupees)

| | Note | 31 March 2016 | 31 March 2015 |
|---|------|--------------------|--------------------|
| REVENUE | | | |
| Revenue from operations | 19 | 858,052,977 | 580,604,726 |
| Other income | 20 | 27,500,846 | 35,926,813 |
| Total revenue | | 885,553,823 | 616,531,539 |
| EXPENSES | | | |
| Employee benefit expense | 21 | 130,606,165 | 77,187,083 |
| Finance costs | 22 | 300,055,145 | 144,544,876 |
| Depreciation and amortisation expenses | 12 | 9,655,692 | 4,065,340 |
| Other expenses | 23 | 189,058,457 | 105,787,534 |
| Total expenses | | 629,375,459 | 331,584,833 |
| PROFIT / (LOSS) BEFORE TAX | | 256,178,364 | 284,946,706 |
| TAX EXPENSE | | | |
| Current tax | | 160,395,864 | 133,449,320 |
| (Excess) / Short provision of tax for earlier years | | 2,722,503 | (1,637,306) |
| Deferred tax | 24.7 | (70,543,000) | (44,787,000) |
| PROFIT / (LOSS) FOR THE YEAR | | 163,602,997 | 197,921,692 |
| EARNING PER EQUITY SHARE | | | |
| Basic and diluted earning per share of ₹ 10/- face value | | 1.96 | 2.44 |
| Significant accounting policies | 2 | | |

The accompanying notes form an integral part of these financial statements

As per our report of even date attached

For **BSR & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022



Milind Ranade
Partner
Membership No: 100564

Place : *Gurgaon*
29 June 2016

For and on behalf of the Board of Directors
ORIX Leasing & Financial Services India Limited



Managing Director
(DIN - 00083116)



CFO



Director
(DIN - 07082839)



Company Secretary
Mumbai

ORIX Leasing & Financial Services India Limited
(Formerly O AIS Auto Financial Services Limited)

Cash Flow Statement

for the year ended 31 March 2016

(Currency: Indian Rupees)

| | 31 March 2016 | 31 March 2015 |
|---|------------------------|----------------------|
| Cash flow from operating activities | | |
| Profit / (Loss) Before Tax | 256,178,364 | 284,946,706 |
| Adjustments: | | |
| Depreciation and amortisation expenses | 9,655,692 | 4,065,340 |
| Provision for employee benefits (net) | 2,917,711 | 2,168,314 |
| (Profit) / Loss on sale of leased assets (net) | (6,780,243) | (6,495,139) |
| (Profit) / Loss on sale of fixed assets | (168,889) | 45,568 |
| Loss on termination of repossessed hypothecated assets | 6,478,640 | 20,286,511 |
| Provision for standard assets and non-performing assets | 12,578,482 | (109,034,029) |
| Sundry balances written off | 27,165 | - |
| Bad debts written off | 839,630 | 83,972,431 |
| Sundry balances written back | - | (2,845,468) |
| Operating profit before working capital changes | 281,726,552 | 277,110,235 |
| Adjustments: | | |
| (Increase) / Decrease in inventory and repossessed assets | - | 3,168,941 |
| (Increase) / Decrease in trade receivables | (5,003,527) | 46,239,608 |
| (Increase) / Decrease in Loan and Advances | (3,021,934,071) | (959,741,645) |
| (Increase) / Decrease in other assets | 21,409,983 | 40,489,637 |
| Increase / (Decrease) in inter company payables | (38,279,308) | (15,359,858) |
| Increase / (Decrease) in trade / other payables | 150,409,338 | 34,969,125 |
| Increase / (Decrease) in other liabilities & provisions | 22,867,972 | 9,017,690 |
| Net cash used in operating activities before taxes | (2,588,803,061) | (564,106,267) |
| Less: Taxes paid | (165,836,812) | (134,328,272) |
| Cash flows used in operating activities -A | (2,754,639,873) | (698,434,539) |
| Cash flow from investing activities | | |
| Purchase of fixed assets | (127,496,865) | (19,954,715) |
| Proceeds from sale of fixed assets | 168,889 | 505,664 |
| Investment in fixed deposits | (8,451,254) | (10,528,989) |
| Redemption in fixed deposits | 130,002,057 | 157,887,166 |
| Cash flows used in investing activities -B | (5,777,171) | 127,909,126 |



Handwritten signatures and initials in blue ink, including a large 'D', 'RS', '\$', 'Th', and 'a'.

ORIX Leasing & Financial Services India Limited

(Formerly O AIS Auto Financial Services Limited)

Cash Flow Statement (Continued)

for the year ended 31 March 2016

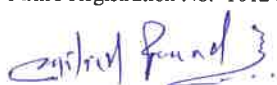
(Currency: Indian Rupees)

| | 31 March 2016 | 31 March 2015 |
|--|----------------------|---------------------|
| Cash flow from financing activities | | |
| Proceeds from long-term borrowings | 2,000,000,000 | - |
| Proceeds from short-term borrowings | 850,000,000 | 400,000,000 |
| Repayment of long term borrowings | (325,000,000) | (166,666,667) |
| Repayment of short term borrowings | (600,000,000) | - |
| Decrease / (Increase) in short term borrowings | 620,975,367 | 271,528,969 |
| Issue of equity shares at Premium | 349,999,965 | - |
| Cash flows generated from financing activities - C | 2,895,975,332 | 504,862,302 |
| Net Increase / (Decrease) in cash & cash equivalents (A+B+C) | 135,558,292 | (65,663,112) |
| Cash & cash equivalents as at the beginning of the year | 32,571,042 | 98,234,157 |
| Cash and cash equivalents as at the end of the year | 168,129,334 | 32,571,045 |
| Reconciliation of cash and cash equivalents with the balance sheet : | | |
| Cash and cash equivalent as per balance sheet | 181,870,117 | 141,463,263 |
| Less: Fixed deposits with a maturity of equal to and more than 3 months but less than 12 months. | 13,740,783 | 108,892,218 |
| Cash and cash equivalents as at the end of the year | 168,129,334 | 32,571,045 |

The accompanying notes form an integral part of these financial statements

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

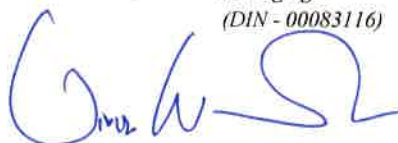


Milind Ranade
Partner
Membership No: 100564

For and on behalf of the Board of Directors
ORIX Leasing & Financial Services India Limited



Managing Director
(DIN - 00083116)



CFO



Director
(DIN - 07082839)



Company Secretary
Mumbai

Place : Gurgaon
29 June 2016

ORIX Leasing & Financial Services India Limited

(Formerly OAIS Auto Financial Services Limited)

Notes to the financial statements

for the year ended 31 March 2016

(Currency: Indian Rupees)

1 Background

ORIX Leasing & Financial Services India Limited (Formerly known as OAIS Auto Financial Services Limited) ("The Company") incorporated on 21st August 2006, is a loan Non - Banking Financial Company ('NBFC'), as defined under section 45 IA of the Reserve Bank of India Act, 1934. It is a wholly owned subsidiary of ORIX Auto Infrastructure Services Limited. ORIX Leasing & Financial Services India Limited provides financial services such as Finance Leasing of Passenger Cars, installment loans for Commercial Vehicles and Loan against Property In India.

2 Significant Accounting Policies

The accounting policies set out below have been applied consistently to the year presented in the financial statements.

2.1 Basis of preparation of financial statements

The accompanying financial statements have been prepared and presented on the accrual basis of accounting and comply with the Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government which continue to apply under section 133 of Companies Act 2013, read with Rule 7 of Companies (accounts) Rule 2014, the Reserve Bank of India RBI guidelines as issued by the RBI in respect of NBFCs and other accounting principles generally accepted in India, to the extent applicable. The accounting policies set out below have been applied consistently to the periods prescribed in the financial statements. The financial statements are presented in Indian Rupees.

2.2 Use of estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, revenues and expenses and disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from the estimates. Estimates and underlying assumptions are reviewed on an on-going basis. Any revision to accounting estimates is recognised prospectively in current and future periods.

2.3 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:

- It is expected to be realised in the Company's normal operating cycle;
- It is expected to be realised within 12 months after the reporting date; or
- 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.

All other assets are classified as non-current.

Liabilities

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

- It is expected to be settled in the Company's normal operating cycle;
- It is due to be settled within 12 months after the reporting date; or
- The Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

All other liabilities are classified as non-current.

Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents.

2.4 Revenue Recognition :

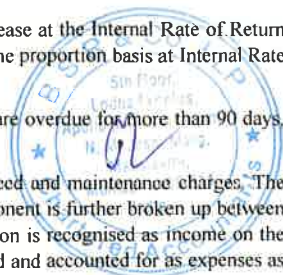
Income is recognised on accrual basis except income relating to Non Performing Assets which is recognised on cash basis in accordance with Guidelines issued by the Reserve Bank of India.

(a) Income from Finance Lease, Loan against Hypothecation, Loan against Property and Operating Lease :

- In respect of assets leased on or after April 1, 2001 Finance income is apportioned over the period of primary lease at the Internal Rate of Return and in respect of Loans against Hypothecation and Loan against property, the interest income is recognised on time proportion basis at Internal Rate of Return method.

In case of interest on Loan against Hypothecation and Finance income in Finance Lease, when the installments are overdue for more than 90 days, interest and Finance income is recognised on cash basis and income recognised earlier is reversed.

- In respect of Maintenance Linked Leases (MLL), lease rentals are segregated between recovery for asset financed and maintenance charges. The Finance income is apportioned over the primary lease at Internal Rate of Return Method. The maintenance component is further broken up between insurance and maintenance. The insurance component is recognised on equated basis and the maintenance portion is recognised as income on the sum of digit method so as to match the expected costs on the maintenance. The maintenance costs are recognised and accounted for as expenses as and when incurred.



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ORIX Leasing & Financial Services India Limited

(Formerly OAS Auto Financial Services Limited)

Notes to the financial statements (Continued)

for the year ended 31 March 2016

(Currency: Indian Rupees)

2 Significant Accounting Policies (Continued)

2.4 Revenue Recognition: (Continued)

(a) Income from Finance Lease, Loan against Hypothecation, Loan against Property and Operating Lease : (Continued)

- (iii) Origination fees are recognised as income in the period of origination of leases/loans against hypothecation.
- (iv) Income arising out of modification in Finance Lease is recognised when the recoverability of the same is ascertained.
- (v) Income arising out of delayed payment in Loan against Hypothecation is recognised on receipt of the same.
- (vi) In respect of Loan against Property, processing fees received at the inception are recognised in the same period
- (vii) In respect of Operating lease income, Leases in which the Company as a lessor does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Lease income on an operating lease is recognized in the Statement of profit and loss on a straight-line basis over the lease term.

(b) Profit on Sale/Assignment of Lease/Loans :

On transactions carried out prior to 30th January, 2012 the profit on Sale/Assignment of Lease/Loans on bilateral basis is recognised on sale.

2.5 Fixed assets :

Fixed assets are stated at cost of acquisition (inclusive of interest where applicable) less accumulated depreciation / impairment losses.

2.6 Depreciation on Fixed assets:

Depreciation on fixed assets is calculated on a straight line method at the rates prescribed under Part "C" of Schedule II to the Companies Act, 2013, except for following assets. The useful life of the asset is the period over which an asset is expected to be available for use to the Company.

| Asset Type | Useful life |
|---|-------------|
| Furniture and fixtures | 4-7 years |
| Vehicles | 4 years |
| Commercial Vehicles under Operating Lease | 6 years |
| Software | 6 years |

Lease hold improvements are amortised over the period of lease.

Depreciation for the month of purchase is calculated in the proportionate period from the date of purchase.

Depreciation for the month of sale is calculated in the proportionate period till the date of sale.

Fixed assets costing less than ₹ 5000 are depreciated fully in the year of purchase.

2.7 Finance Leases:

The Company has entered in to lease contracts where in a substantial part of the risks and rewards associated with the ownership of the assets are transferred to the lessee. Based on the parameters enunciated under AS – 19 Leases, the Company has classified such lease contracts as finance lease. In making this assessment, besides the qualitative factors in terms of transfer of risks and rewards, the Company also considers the lease term and the present value of future lease rentals as the key criteria for determination of the lease classification.

2.8 Impairment of assets:

The carrying amounts of assets are reviewed at each balance sheet date, for indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets' net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to the present value at the weighted average cost of funds.

2.9 Provision for non performing assets :

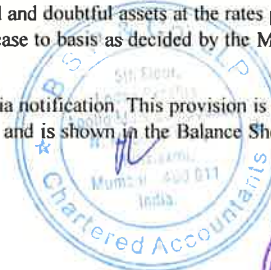
The Company follows the prudential guidelines prescribed by the Reserve Bank of India for Non-Banking Financial Companies relating to recognition of income and provisioning for non-performing assets. Provisions/write offs are made against substandard and doubtful assets at the rates prescribed in the Reserve Bank of India guidelines, unless an accelerated provision/write off is warranted on a case to case to basis as decided by the Management. The company had accelerated the provision for cases overdue past 90 days.

The Company has also made provision of 0.30% for Standard Assets, in terms of Reserve Bank of India notification. This provision is required by RBI to ensure that NBFCs create a financial buffer to protect them from the effect of economic downturns and is shown in the Balance Sheet separately as "contingent provision against standard assets".

2.10 Repossessed Assets :

Repossessed Assets are valued at lower of cost and estimated net realisable value.

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ORIX Leasing & Financial Services India Limited

(Formerly OAS Auto Financial Services Limited)

Notes to the financial statements (Continued)

for the year ended 31 March 2016

(Currency: Indian Rupees)

2 Significant Accounting Policies (Continued)

2.11 Employees benefits :

(a) Short-term employee benefits :

Employee benefits payable wholly within twelve months of receiving employee services are classified as short term employee benefits. These benefits include salaries and wages, bonus and ex-gratia. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognised as an expense as the related service is rendered by the employees.

(b) Post-employment benefits :

i) Defined contribution plans :

The Company has taken group gratuity - cum - life assurance scheme of Life Insurance Corporation of India for gratuity payable to the employees and incremental liability based on actuarial valuation as per the projected unit credit method as at the reporting date, is charged to the Statement of Profit and Loss.

ii) Defined benefit plans :

The Company's gratuity benefit scheme is defined benefit plan. The Company's net obligation in respect of a defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The calculation of the Company's obligation under each of the two plans is performed annually by a qualified actuary using the projected unit credit method.

The Company recognises all actuarial gains and losses arising from defined benefit plans immediately in the Statement of Profit and Loss. All expenses related to defined benefit plans are recognised in employee benefit expense in the Statement of Profit and Loss. When the benefits of a plan are improved, the portion of the increased benefit related to past service by employees is recognised in Statement of Profit and Loss on a straight-line basis over the average period until the benefits become vested. The company recognises gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs.

(c) Compensated Absences :

The employees can carry-forward a portion of the unutilised accrued compensated absences and utilise it in future service periods or receive cash compensation on termination of employment. Since the compensated absences do not fall due wholly within twelve months after the end of the period in which the employees render the related service and are also not expected to be utilised wholly within twelve months after the end of such period, the benefit is classified as a long-term employee benefit. The Company records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method.

2.12 Provision, contingent liabilities and contingent assets :

a) A provision is recognized when the company has a present obligation as a result of a past event and it is probable that an outflow of economic resources would be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimates required to settle the obligation at the balance sheet date. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimation. A contingent liability is disclosed unless the possibility of an outflow of resources embodying the economic benefits is remote. Contingent Assets are neither recognized nor disclosed in the financial statements.

b) Provision for loans sold / assigned where credit enhancements are provided, are made by applying NPA provisioning norms of the Company, subject to the cap on the credit enhancement provided in each transaction.

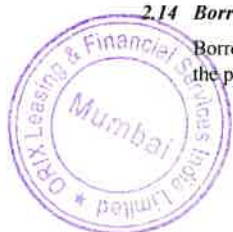
2.13 Taxation :

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

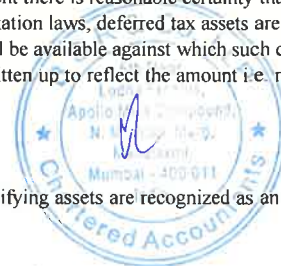
The deferred tax charge or credit and the corresponding deferred tax assets and liabilities are recognized for the future tax consequences attributable to timing differences between the accounting profits and taxable profits. Deferred tax assets and liabilities are measured using the tax rates that have been enacted or substantially enacted at the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carry forward losses under taxation laws, deferred tax assets are recognised only if there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred Tax assets are reviewed at each balance sheet date and written down or written up to reflect the amount i.e. reasonably / virtually certain to be realised.

2.14 Borrowing costs :

Borrowing costs other than those that are attributable to the acquisition, construction or production of qualifying assets are recognized as an expense in the period in which they are incurred.



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ORIX Leasing & Financial Services India Limited
(Formerly OAS Auto Financial Services Limited)

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

(Currency: Indian Rupees)

2 Significant Accounting Policies (Continued)

2.15 Foreign currency transactions :

Foreign currency transactions are accounted for at the rate prevailing on the date of the transaction. Foreign currency monetary items outstanding at the year end are restated at the year end rate. Exchange differences relating to such transactions are dealt with in the profit and loss account.

2.16 Earnings per share :

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

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



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ORIX Leasing & Financial Services India Limited

(Formerly OAIS Auto Financial Services Limited)

Notes to the financial statements (Continued)

as at 31 March 2016

(Currency: Indian Rupees)

3 Share capital :

| Particulars | As at 31 March 2016 | | As at 31 March 2015 | |
|---------------------------------------|---------------------|--------------------|---------------------|--------------------|
| | Number | Amount | Number | Amount |
| Authorised | | | | |
| Equity Shares of ₹10 each | 90,000,000 | 900,000,000 | 90,000,000 | 900,000,000 |
| Issued | | | | |
| Equity Shares of ₹10 each | 88,935,901 | 889,359,010 | 86,357,142 | 863,571,420 |
| Subscribed & fully paid up | | | | |
| Equity Shares of ₹10 each | 88,935,901 | 889,359,010 | 81,158,124 | 811,581,240 |
| Total | 88,935,901 | 889,359,010 | 81,158,124 | 811,581,240 |

- a. Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

| Particulars | As at 31 March 2016 | | As at 31 March 2015 | |
|---|---------------------|-------------|---------------------|-------------|
| | Number | Amount | Number | Amount |
| Shares outstanding at the beginning of the year | 81,158,124 | 811,581,240 | 81,158,124 | 811,581,240 |
| Shares issued during the year | 7,777,777 | 77,777,770 | - | - |
| Shares outstanding at the end of the year | 88,935,901 | 889,359,010 | 81,158,124 | 811,581,240 |

- b. The Company has only one class of equity shares having a par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. 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.
- c. 88,935,901 Equity Shares are held by ORIX Auto Infrastructure Services Limited, the holding company and its nominees.
- d. Details of shareholders holding more than 5% shares in the Company/ shares held by holding/ultimate holding company and its nominees:

| Name of Shareholder | As at 31 March 2016 | | As at 31 March 2015 | |
|--|---------------------|--------------|---------------------|--------------|
| | No of shares held | % of holding | No of shares held | % of holding |
| ORIX Auto Infrastructure Services Limited and its nominees | 88,935,901 | 100.00% | 81,158,124 | 100.00% |

Note:

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents beneficial ownerships of shares.

- e. Aggregate number of bonus shares issued, share issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date.

The Company has issued total 14,285,714 equity shares (March 31 2015 : 14,285,714) during the period of five years immediately preceding the reporting date as fully paid up pursuant to contract(s) without payment being received in cash. These shares were issued in the scheme of arrangement in the previous year 2010-11



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ORIX Leasing & Financial Services India Limited

(Formerly OAIS Auto Financial Services Limited)

Notes to the financial statements (Continued)

as at 31 March 2016

(Currency: Indian Rupees)

4 Reserves and surplus :

| Particulars | As at 31 March 2016 | As at 31 March 2015 |
|---|------------------------|------------------------|
| Statutory Reserve | | |
| (Created pursuant to section 45 I C of Reserve Bank of India Act, 1934 as amended by RBI (Amendment) Act, 1997) | | |
| Opening balance | 68,138,682 | 28,554,344 |
| Additions during the year | 32,720,599 | 39,584,338 |
| Closing balance | 100,859,281 | 68,138,682 |
| Securities premium account | | |
| Closing balance | 1,978,953,100 | 1,978,953,100 |
| Add : Premium on Equity Shares issued during the year | 272,222,195 | - |
| Closing balance | 2,251,175,295 | 1,978,953,100 |
| Balance in the statement of profit and loss | | |
| Opening balance | 156,169,535 | (2,167,819) |
| Add : Profit for the year | 163,602,997 | 197,921,692 |
| Less: Transfer to statutory reserve | 32,720,599 | 39,584,338 |
| Closing balance | 287,051,933 | 156,169,535 |
| Total | 2,639,086,509 | 2,203,261,317 |

5 Long-term borrowings

| Particulars | As at 31 March 2016 | As at 31 March 2015 |
|----------------------|------------------------|------------------------|
| Unsecured | | |
| Term Loan from banks | 1,402,380,955 | 916,666,667 |
| Total | 1,402,380,955 | 916,666,667 |

Notes:

- i Loans as on 31 March, 2016, are repayable as stated below :

| Repayment terms | Interest Rate | Repayable in | | | Total |
|----------------------|----------------|--------------------|--------------------|--------------------|----------------------|
| | | 1-2 years | 2-3 years | 3-5 years | |
| Monthly (Floating) | 9.60% - 9.50%* | 125,000,000 | 125,000,000 | 41,666,667 | 291,666,666 |
| Quarterly (Floating) | 9.40% - 9.95%* | 385,714,284 | 385,714,284 | 339,285,720 | 1,110,714,289 |
| Total | | 510,714,284 | 510,714,284 | 380,952,387 | 1,402,380,955 |

* The Interest rate ranges from 9.40% to 9.95% during the year.

Previous Year 2014-2015 :

| Repayment terms | Interest Rate | Repayable in | | | Total |
|------------------------|-----------------|--------------------|-----------|-----------|--------------------|
| | | 1-2 years | 2-3 years | 3-5 years | |
| Bullet (Fixed) | 9.90% | 750,000,000 | - | - | 750,000,000 |
| Half Yearly (Floating) | 9.90% - 10.75%* | 166,666,667 | - | - | 166,666,667 |
| Total | | 916,666,667 | - | - | 916,666,667 |

* The Interest rate ranges from 9.90% to 10.75% during the year.

- ii Term loan as above is guaranteed by ORIX Corporation, Japan (Ultimate holding Company)



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ORIX Leasing & Financial Services India Limited

(Formerly OAIS Auto Financial Services Limited)

Notes to the financial statements (Continued)

as at 31 March 2016

(Currency: Indian Rupees)

6 Other long term liabilities

| Particulars | As at | As at |
|--------------------------------|-------------------|-------------------|
| | 31 March 2016 | 31 March 2015 |
| Security Deposits from lessees | 47,681,102 | 38,084,976 |
| Total | 47,681,102 | 38,084,976 |

7 Long term provisions

| Particulars | As at | As at |
|--------------------------------|------------------|------------------|
| | 31 March 2016 | 31 March 2015 |
| Provision for Leave encashment | 5,367,947 | 3,606,051 |
| Total | 5,367,947 | 3,606,051 |

8 Short term borrowings

| Particulars | As at | As at |
|---|----------------------|--------------------|
| | 31 March 2016 | 31 March 2015 |
| From banks: | | |
| Loan Repayable on Demand (Secured) | | |
| Cash Credit | 553,478,908 | 51,359,941 |
| Loan Repayable on Demand (Unsecured) | | |
| Overdraft Facility | 372,359,218 | 253,502,818 |
| Secured Loans | | |
| Term Loan | 650,000,000 | 400,000,000 |
| Total | 1,575,838,126 | 704,862,759 |
| From others: | | |
| From related parties (Unsecured) | | |
| ORIX Auto Infrastructure Services Limited | - | 2,441,989 |
| Total | - | 2,441,989 |
| Total | 1,575,838,126 | 707,304,748 |

Notes:

- i. Short term borrowings from banks as on 31 March 2016 are carrying interest @ 9.50% p.a. to 11.15% p.a.
- ii. Short term borrowings in the form of cash credit and term loans are secured by floating charge by way of Hypothecation of the following assets as per the drawing power:
 - a. Receivables under Lease & Hire-Purchase with hypothecated assets.
 - b. Receivables of loans extended by the company to different borrowers with beneficial interest on hypothecated assets.
 - c. Unencumbered own assets.

9 Trade payables

| Particulars | As at | As at |
|---|--------------------|--------------------|
| | 31 March 2016 | 31 March 2015 |
| Trade payables (including provision for expenses) | | |
| (i) Outstanding of MSME | - | - |
| (ii) Others | 341,790,249 | 218,259,185 |
| Total | 341,790,249 | 218,259,185 |



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ORIX Leasing & Financial Services India Limited
(Formerly OAS Auto Financial Services Limited)

Notes to the financial statements (Continued)
as at 31 March 2016

(Currency: Indian Rupees)

10 Other current liabilities :

| Particulars | As at | As at |
|--|----------------------|--------------------|
| | 31 March 2016 | 31 March 2015 |
| Current maturities of term loan from banks (Unsecured) * | 1,355,952,379 | 166,666,666 |
| Interest accrued but not due on borrowings | 14,315,140 | 95,935 |
| Income received in advance | 154,036 | 790,311 |
| Security Deposits from lessees/hirers | 8,335,827 | 10,633,746 |
| Tax deducted at source | 4,208,119 | 2,042,941 |
| Service tax payable | 15,112 | 1,041 |
| Sale tax payable | 509,748 | 5,332,392 |
| Statutory dues pertaining to employees | 925,554 | 556,318 |
| Advances from customers | 80,100,524 | 60,328,743 |
| Other payables | 510,948 | 2,415,307 |
| Total | 1,465,027,387 | 248,863,400 |

Note:

* Term loan as above is guaranteed by ORIX Corporation, Japan (Ultimate holding Company)

11 Short-term provisions

| Particulars | As at | As at |
|--|-------------------|-------------------|
| | 31 March 2016 | 31 March 2015 |
| Provision for non performing assets | 32,222,148 | 25,867,023 |
| Provision for compensated absences | 1,907,904 | 752,089 |
| Contingent provision against standard assets | 22,095,460 | 10,925,459 |
| Provision for contingencies | 9,510,695 | 13,763,975 |
| Provision for taxation [including TDS and net of provisions of ₹ 195,710,092 (2015 - ₹ 331,429,996)] | 2,253,160 | 4,903,341 |
| Total | 67,989,367 | 56,211,887 |



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ORIX Leasing & Financial Services India Limited
(Formerly OAS Auto Financial Services Limited)

Notes to the financial statements (Continued)
as at 31 March 2016

(Currency: Indian Rupees)

12 Fixed assets

| Particulars | Gross Block | | Depreciation/Amortisation | | Net Block | |
|----------------------------|-----------------------|------------------------|---------------------------|----------------|------------------------|------------------------|
| | As at 1 April 2015 | As at 31 March 2016 | For the Year | Deductions | As at 31 March 2016 | As at 31 March 2015 |
| Tangible Assets | | | | | | |
| Leasehold Improvements | 508,835 | 508,835 | 181,686 | - | 208,154 | 482,368 |
| Furniture and Fixtures | 457,213 | 1,052,047 | 155,749 | - | 279,618 | 333,344 |
| Vehicles | 4,152,854 | 7,690,164 | 1,788,502 | 172,146 | 3,007,196 | 2,762,014 |
| Data Processing Equipments | 8,208,425 | 11,041,451 | 2,298,437 | 142,504 | 7,308,813 | 3,055,546 |
| Office Equipment | 724,035 | 1,200,432 | 241,455 | - | 540,823 | 424,667 |
| Sub- total | 14,051,362 | 21,492,929 | 4,665,829 | 314,650 | 11,344,604 | 10,148,325 |
| Leased Assets | | | | | | |
| Commercial Vehicle Lease | - | 73,589,077 | 2,451,131 | - | 2,451,131 | 71,137,946 |
| Sub- total | - | 73,589,077 | 2,451,131 | - | 2,451,131 | 71,137,946 |
| Intangible Assets | | | | | | |
| Software | 14,758,976 | 16,085,638 | 2,538,732 | - | 3,933,161 | 13,364,546 |
| Sub- total | 14,758,976 | 16,085,638 | 2,538,732 | - | 3,933,161 | 13,364,546 |
| Total | 28,810,338 | 82,671,956 | 9,655,692 | 314,650 | 17,728,896 | 20,422,484 |



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ORIX Leasing & Financial Services India Limited
(Formerly OAIS Auto Financial Services Limited)

Notes to the financial statements (Continued)
as at 31 March 2016

(Currency: Indian Rupees)

12 Fixed assets (Continued)

Previous Year 2014-2015 :

| Particulars | Gross Block | | Depreciation/Amortisation | | Net Block | |
|----------------------------|-----------------------|------------------------|---------------------------|----------------|------------------------|------------------------|
| | As at 1 April 2014 | As at 31 March 2015 | For the Year | Deductions | As at 31 March 2015 | As at 31 March 2014 |
| Tangible Assets | | | | | | |
| Leasehold Improvements | - | 508,835 | 26,467 | - | 482,368 | - |
| Furniture and Fixtures | 195,249 | 457,213 | 68,344 | - | 333,344 | 139,725 |
| Vehicles | 1,935,793 | 4,152,854 | 837,417 | 88,767 | 2,762,014 | 1,293,603 |
| Data Processing Equipments | 6,886,904 | 8,208,425 | 1,609,117 | 40,000 | 3,055,546 | 3,303,141 |
| Office Equipment | 484,035 | 724,035 | 154,820 | - | 424,667 | 339,486 |
| Sub- total | 9,501,981 | 14,051,362 | 2,696,165 | 128,767 | 7,057,938 | 5,075,955 |
| Intangible Assets | | | | | | |
| Software | 33,642 | 14,758,976 | 1,369,175 | - | 13,364,547 | 8,388 |
| Sub- total | 33,642 | 14,758,976 | 1,369,175 | - | 13,364,546 | 8,388 |
| Total | 9,535,623 | 28,810,338 | 4,065,340 | 128,767 | 20,422,484 | 5,084,343 |



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ORIX Leasing & Financial Services India Limited

(Formerly OAIS Auto Financial Services Limited)

Notes to the financial statements (Continued)

as at 31 March 2016

(Currency: Indian Rupees)

13 Long-term loans and advances

| Particulars | As at | As at |
|---|----------------------|----------------------|
| | 31 March 2016 | 31 March 2015 |
| (A) Long Term Loans to Customers | | |
| (i) Secured, considered good | | |
| Finance lease | 1,907,894,624 | 1,461,627,867 |
| Loans against hypothecation of assets | 1,647,957,128 | 1,053,543,317 |
| Loans against property | 910,418,155 | 94,854,227 |
| Total - A | 4,466,269,907 | 2,610,025,411 |
| (B) Other Long Term Loans and Advances | | |
| (i) Secured, considered good | | |
| Capital advances | 2,534,667 | 92,983 |
| (ii) Unsecured, considered good | | |
| Premises Deposits | 591,511 | 715,211 |
| Sundry Deposits Paid | 4,215,195 | 3,691,502 |
| Prepaid expense | 32,711 | 22,847 |
| (iii) Advance Income taxes [including TDS and net of provision of ₹ 521,608,432 (2015 - ₹ 225,023,321)] | 7,346,598 | 7,278,333 |
| Total - B | 14,720,682 | 11,800,876 |
| Total | 4,480,990,589 | 2,621,826,287 |

14 Other non-current assets :

| Particulars | As at | As at |
|------------------------------|----------------|-------------------|
| | 31 March 2016 | 31 March 2015 |
| Bank deposits | 332,000 | 26,731,368 |
| Interest accrued on deposits | 14,478 | 967,034 |
| Total | 346,478 | 27,698,402 |

Note:

Bank deposit of ₹ 332,000 (Previous year ₹ 26,731,368) pertains to deposits provided as a collateral for sale / assignment / securitisation of loan receivables.

15 Trade receivables :

| Particulars | As at | As at |
|--|-------------------|-------------------|
| | 31 March 2016 | 31 March 2015 |
| Outstanding for a period exceeding six months from the due date. | | |
| Secured, considered good | 13,114,732 | 8,102,103 |
| Secured, considered doubtful | 25,973,206 | 21,069,331 |
| | 39,087,938 | 29,171,434 |
| Other Debts : | | |
| Secured, considered good | 37,046,647 | 55,103,300 |
| Secured, considered doubtful | - | - |
| | 37,046,647 | 55,103,300 |
| Total | 76,134,585 | 84,274,734 |



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ORIX Leasing & Financial Services India Limited
(Formerly OAS Auto Financial Services Limited)

Notes to the financial statements (Continued)
as at 31 March 2016

(Currency: Indian Rupees)

16 Cash and Bank Balances

| Particulars | As at 31 March 2016 | As at 31 March 2015 |
|--|------------------------|------------------------|
| Cash and cash equivalent | | |
| Cash on hand and as imprest | 311,307 | 362,107 |
| Balances with banks : | | |
| In current account | 167,818,027 | 32,208,938 |
| Other Bank Balances | | |
| Deposit with original maturity of more than 3 months but residual maturity of less than 12 months. | 13,740,783 | 108,892,218 |
| Total | 181,870,117 | 141,463,263 |

i Reconciliation of bank deposits / balances as shown below :

| Particulars | As at 31 March 2016 | As at 31 March 2015 |
|--|------------------------|------------------------|
| Bank deposits / balances due to mature within 12 months of the reporting date included under 'Other bank balances' | 13,740,783 | 108,892,218 |
| Bank deposits / balances due to mature after 12 months of the reporting date included under 'Other non-current assets' | 332,000 | 26,731,368 |
| Total | 14,072,783 | 135,623,586 |

17 Short-term loans and advances

| Particulars | As at 31 March 2016 | As at 31 March 2015 |
|--|------------------------|------------------------|
| 1) Loans to Customers | | |
| a) Finance lease | | |
| Secured, considered good | 1,080,758,716 | 920,611,195 |
| Doubtful | 5,144,728 | 4,788,997 |
| | 1,085,903,443 | 925,400,192 |
| b) Loan against hypothecation | | |
| Secured, considered good | 1,682,763,356 | 760,098,193 |
| Doubtful | 1,589,865 | 1,204,656 |
| | 1,684,353,221 | 761,302,849 |
| c) Loan against Property | | |
| Secured, considered good | 38,124,722 | 3,041,800 |
| | 38,124,722 | 3,041,800 |
| 2) Other Loans and Advances | | |
| a) Security deposits to hirers (Unsecured) | 35,000 | 35,000 |
| b) Advance to employees (Unsecured) | 1,251,332 | 1,330,737 |
| c) Prepaid Expenses (Unsecured) | 15,780,294 | 12,604,575 |
| d) Balances with government authorities (Unsecured) | | |
| VAT Input Credit | 90,598,103 | 45,691,844 |
| Service input credit | 16,326,348 | 20,117,820 |
| | 106,924,451 | 65,809,664 |
| e) Others (Unsecured) | | |
| Balance with suppliers | 3,158,857 | 2,441,921 |
| Advances for expenses | 4,987,412 | 5,713,960 |
| | 8,146,269 | 8,155,881 |
| Total | 2,940,518,732 | 1,777,680,698 |



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ORIX Leasing & Financial Services India Limited
(Formerly OAIS Auto Financial Services Limited)

Notes to the financial statements (Continued)
as at 31 March 2016

(Currency: Indian Rupees)

18 Other current assets

| Particulars | As at | As at |
|---|-------------------|-------------------|
| | 31 March 2016 | 31 March 2015 |
| Interest accrued on deposits | 6,820,410 | 39,522,603 |
| Stock in Trade | 12,244,765 | - |
| Other assets | - | - |
| Loans and Advances to ORIX Auto Infrastructure Services Limited | 35,837,319 | - |
| Total | 54,902,494 | 39,522,603 |



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ORIX Leasing & Financial Services India Limited

(Formerly OAIS Auto Financial Services Limited)

Notes to the financial statements (Continued)

for the year ended 31 March 2016

(Currency: Indian Rupees)

19 Revenue from operations

| Particulars | 31 March 2016 | 31 March 2015 |
|-------------------------|--------------------|--------------------|
| Interest | 838,464,790 | 567,047,864 |
| Other Operating Revenue | 19,588,187 | 13,556,862 |
| Total | 858,052,977 | 580,604,726 |

Note:

| Particulars | 31 March 2016 | 31 March 2015 |
|--|--------------------|--------------------|
| Interest Income comprises : | | |
| Interest on Finance Lease | 411,673,187 | 351,739,918 |
| Interest on Loan against Hypothecation | 365,618,296 | 198,612,996 |
| Interest on Loan against Property | 61,173,307 | 1,013,991 |
| Interest On Inter Corporate Deposits | - | 15,680,959 |
| Total | 838,464,790 | 567,047,864 |
| Other Operating Revenue comprises: | | |
| Origination Fees | 8,729,612 | 4,113,981 |
| Incentives from Dealers | 3,601,487 | 2,457,815 |
| Penal Interest | 476,845 | 489,927 |
| Profit on foreclosure of finance lease | 6,780,243 | 6,495,139 |
| Total | 19,588,187 | 13,556,862 |

20 Other Income

| Particulars | 31 March 2016 | 31 March 2015 |
|------------------------------------|-------------------|-------------------|
| Interest Income (Refer note below) | 12,959,951 | 22,237,527 |
| Profit on sale of fixed assets | 168,889 | - |
| Sundry balance written back | - | 2,845,468 |
| Miscellaneous Income | 14,372,006 | 10,843,818 |
| Total | 27,500,846 | 35,926,813 |

Note:

| Particulars | 31 March 2016 | 31 March 2015 |
|--------------------------------------|-------------------|-------------------|
| Interest Income comprises: | | |
| Interest on fixed deposit with banks | 12,535,047 | 22,180,689 |
| Interest-others | 424,904 | 56,838 |
| Total | 12,959,951 | 22,237,527 |

21 Employee benefit expense

| Particulars | 31 March 2016 | 31 March 2015 |
|---|--------------------|-------------------|
| Salaries and allowances | 119,235,238 | 67,190,941 |
| Contribution to provident, superannuation and gratuity fund | 6,932,695 | 6,986,502 |
| Staff welfare expenditure | 4,438,232 | 3,009,640 |
| Total | 130,606,165 | 77,187,083 |



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ORIX Leasing & Financial Services India Limited

(Formerly OAIS Auto Financial Services Limited)

Notes to the financial statements (Continued)

for the year ended 31 March 2016

(Currency: Indian Rupees)

22 Finance costs

| Particulars | 31 March 2016 | 31 March 2015 |
|---------------------|--------------------|--------------------|
| Interest expense | 290,952,713 | 135,517,863 |
| Other finance costs | 9,102,432 | 9,027,013 |
| Total | 300,055,145 | 144,544,876 |

Note:

| Particulars | 31 March 2016 | 31 March 2015 |
|---------------------------------------|------------------|------------------|
| Other finance costs comprises: | | |
| Bank charges | 1,808,787 | 949,347 |
| Interest on sales tax | 2,460 | 68,403 |
| Bank guarantee & commission | 2,565,541 | 1,431,607 |
| Commitment Charges | - | 1,948,238 |
| Loan processing fees | 4,725,644 | 4,629,418 |
| Total | 9,102,432 | 9,027,013 |

23 Other expenses

| Particulars | 31 March 2016 | 31 March 2015 |
|---|--------------------|--------------------|
| Contract labour | 5,587,565 | 5,025,362 |
| Rent | 21,608,377 | 20,930,615 |
| Electricity | 2,637,120 | 2,143,577 |
| Travelling and conveyance | 9,131,804 | 6,249,991 |
| Communication expenses | 5,277,378 | 4,049,893 |
| Professional and legal fees | 20,524,615 | 17,318,732 |
| Vehicle running expenses | 1,030,508 | 779,626 |
| Repairs and maintenance | 8,391,517 | 7,453,264 |
| Insurance premium | 19,506,128 | 14,432,212 |
| Rates & taxes | 6,580,249 | 5,139,438 |
| Directors' fees | 658,792 | - |
| Brokerage & commission | 24,590,379 | 8,186,775 |
| Printing and stationery | 1,477,156 | 1,420,087 |
| Software maintenance expenses | 1,899,660 | 203,974 |
| Loss on sale of fixed assets | - | 45,569 |
| Provision for non-performing assets | 5,661,761 | (63,089,875) |
| Provision for standard assets | 11,170,001 | 3,091,108 |
| Provision for contingencies | (4,253,280) | (49,035,262) |
| Loss on Foreclosure of commercial vehicle loans | 6,478,640 | 20,286,511 |
| Bad Debts | 839,630 | 83,972,431 |
| Sundry balances written off | 27,165 | - |
| Management Fees | 25,955,940 | 8,400,000 |
| <u>Payment to the auditor</u> | | |
| As auditor | 2,682,346 | 1,881,000 |
| In other capacity | | |
| For Certification Work | 353,078 | 154,000 |
| Corporate Social Responsibility Expenditure | 1,896,940 | - |
| Miscellaneous expenses | 9,344,988 | 6,748,506 |
| Total | 189,058,457 | 105,787,534 |

Corporate Social Responsibility Expenditure

- Gross amount required to be spent by Company on CSR is ₹ 1,896,940.
- Amount spent during the year on:

| Particulars | Amount Spent | Amount to be Spent | Total |
|--|------------------|--------------------|------------------|
| 1. Construction/acquisition of any asset | - | - | - |
| 2. On purposes other than (1) above | 1,896,940 | - | 1,896,940 |
| Total | 1,896,940 | - | 1,896,940 |



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ORIX Leasing & Financial Services India Limited

(Formerly OAIS Auto Financial Services Limited)

Notes to the financial statements (Continued)

for the year ended 31 March 2016

(Currency: Indian Rupees)

Note:- 24

24.1) Contingent liabilities (to the extent not provided for):

- i) Claims against the Company not acknowledged as debts

| Particulars | 31 March 2016 | 31 March 2015 |
|--|---------------|---------------|
| Income tax | 183,711,340 | 181,229,230 |
| Sales tax | 46,122,931 | 31,349,130 |
| Litigation pending against the Company | 2,956,439 | - |
| Total | 232,790,710 | 212,578,360 |

The Company believes it is most likely to succeed in the above cases and hence no provision is considered necessary.

ii) Commitments:

Estimated amount of contracts remaining to be executed on capital amount and not provided for :

| Particulars | 31 March 2016 | 31 March 2015 |
|-------------------|---------------|---------------|
| Tangible assets | - | - |
| Intangible assets | 11,317,488 | 14,811,350 |

24.2) Changes in provision :

| Particulars | Opening Balance | Provision during the year | Reversal during the year | Closing balance |
|---------------------------------------|-------------------|---------------------------|--------------------------|-------------------|
| Provision for non-performing assets | 25,867,023 | 7,194,755 | (839,630) | 32,222,148 |
| Contingencies against standard assets | 10,925,459 | 11,170,001 | - | 22,095,460 |
| Provision for contingencies | 13,763,975 | - | (4,253,280) | 9,510,695 |
| As on 31st March, 2016 | 50,556,457 | 18,364,756 | (5,092,910) | 63,828,303 |
| As on 31st March, 2015 | 159,676,828 | 23,887,322 | (133,007,693) | 50,556,457 |

Notes:

- i) Provision for contingencies on Securitised Assets: The Company securitises loan portfolio, without recourse but with stop loss to the extent of cash collateral provided. Provision is made for over dues in respect of securitised loans as per the policy laid down and approved by the Board.

24.3) Expenditure in foreign currency on accrual basis:

(i) Value of expenses

| Particulars | 31 March 2016 | 31 March 2015 |
|-------------------------|------------------|------------------|
| Bank guarantee fees | 2,565,541 | 1,431,607 |
| Certification fees | - | 13,517 |
| Reimbursement of salary | 3,111,753 | - |
| Total | 5,677,294 | 1,445,124 |

24.4) Segment Reporting

In the opinion of the management, the Company has 'Lending' as the only business segment. Accordingly, no disclosure are made under Accounting Standard 17, Segment reporting.

24.5) Finance Lease

The Company has given vehicles on finance lease. These leases have a primary period, which is fixed and cannot be terminated without consent of both the parties. There are no exceptional / restrictive covenants in the lease agreements.

Finance lease entered into after April 2001, is classified as Loans and Advances as per the Accounting Standard -19 on lease issued by the Institute of Chartered Accountants of India. The reconciliation between the total gross investment in the lease at the balance sheet date and the present value of minimum lease payments receivable at the balance sheet are as follows:








ORIX Leasing & Financial Services India Limited

(Formerly OAIS Auto Financial Services Limited)

Notes to the financial statements (Continued)

for the year ended 31 March 2016

(Currency: Indian Rupees)

Note:- 24 (Continued)

24.5) Finance Lease (Continued)

| Particulars | 31 March 2016 | 31 March 2015 |
|---|---------------|---------------|
| Minimum lease payment | 3,707,673,342 | 2,953,577,360 |
| Unearned finance income | 698,724,665 | 556,059,754 |
| Unearned maintenance and insurance income | 15,150,610 | 11,948,704 |
| Present value of minimum lease payments | 2,993,798,067 | 2,385,568,902 |

Gross investment in lease and present value of minimum lease payments for each of the following periods are as follows:

| Particulars | As on | Gross investment in lease | Net present value of MLP |
|----------------------|---------------|---------------------------|--------------------------|
| Less than one year | 31 March 2016 | 1,451,521,883 | 1,085,903,443 |
| | 31 March 2015 | (1,224,175,143) | (928,468,764) |
| One to five years | 31 March 2016 | 2,258,003,279 | 1,907,894,624 |
| | 31 March 2015 | (1,733,929,927) | (1,461,627,867) |
| More than five years | 31 March 2016 | - | - |
| | 31 March 2015 | - | - |

Figures in brackets relate to previous year.

All initial direct costs are recognised as expenses in the Profit and Loss account at the inception of the lease.

Accumulated provision for uncollectible minimum lease payments receivable is ₹ 5,144,728 (Year ended March 31, 2015 ₹ 4,788,997).

24.6) Earnings per share

In accordance with the Accounting Standard on "Earnings per share" (AS 20), earnings per share (basic and diluted) have been computed by dividing the (loss) / profit after tax by weighted average number of shares for the respective periods as under:

| Particulars | 31 March 2016 | 31 March 2015 |
|---|---------------|---------------|
| Net (loss) / profit after tax | 163,602,997 | 197,921,692 |
| Net profit attributable to equity shareholders | 163,602,997 | 197,921,692 |
| Weighted average number of equity shares (of ₹ 10 each) for basic EPS | 83,538,209 | 81,158,124 |
| Basic and Diluted Earnings per share | 1.96 | 2.44 |

24.7) Provision for taxation / deferred taxation

(a) The major components of Deferred Tax Assets and liabilities arising on account of timing differences are:

| Particulars | 31 March 2016 | 31 March 2015 |
|---|---------------|---------------|
| A Lease rentals and tax depreciation | 531,643,300 | 468,042,200 |
| B Provision for Non-Performing Assets | 22,089,700 | 17,496,600 |
| C Provision for Leave Encashment & Gratuity | 2,518,000 | 1,277,000 |
| D Maintenance Linked Reserve (Refer Note No 2.4 (a) (ii)) | 5,243,000 | 4,135,200 |
| Net deferred tax asset | 561,494,000 | 490,951,000 |

Deferred Tax Asset credited to the Profit & Loss account is ₹ 70,543,000 (Year Ended March 31, 2015 ₹ 44,787,000).



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ORIX Leasing & Financial Services India Limited

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Notes to the financial statements (Continued)

for the year ended 31 March 2016

(Currency: Indian Rupees)

Note:- 24 (Continued)

24.8) Employee benefits

Defined contribution plans

The company has paid ₹ 5,241,252 (Year Ended March 31, 2015 ₹ 3,200,260) towards provident fund and superannuation which is recognised as an expenses in the contribution to provident and other funds (Refer Note No 21 in the statement of profit and loss)

Defined benefit plans

Commitments are actuarially determined at year-end. Disclosure as required under Accounting Standard -15 (Revised) on "Employee benefits" for gratuity is as under.

Summary of membership data

| Particulars | 31 March 2016 | 31 March 2015 |
|------------------------------------|---------------|---------------|
| Number of employees | 179 | 119 |
| Total monthly salary (Amount in ₹) | 3,763,125 | 2,251,950 |
| Average age | 36.86 years | 37.53 years |
| Average past service | 3.89 years | 4.62 years |

Assumptions

| Particulars | 31 March 2016 | 31 March 2015 |
|--|---|---|
| Mortality | Indian Assured Lives (2006-08) Ultimate | Indian Assured Lives (2006-08) Ultimate |
| Discount rate | 8.03% | 8.07% |
| Rate of increase in compensation | 5.00% | 5.00% |
| Rate of return (expected) on plan assets | 8.03% | 8.70% |
| Attrition rate | | |
| For services 4 years and below | 42.73% | 42.73% |
| For services 5 years and above | 2.00% | 2.00% |
| Retirement age | 58 years | 58 years |

a) Discount Rate

The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

b) Salary escalation rate

The estimates of the future salary increases considered taken into account the inflation, seniority, promotion and other relevant factors.

c) Expected return on plan assets

This is based on the expectation of the average long-term rate of return expected on investments of the Fund during the estimated term of the obligations.

Experience adjustments are given below:

| Particulars | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|------------|------------|-------------|------------|-----------|
| Defined benefit obligation | 10,802,101 | 7,870,487 | 5,215,958 | 6,297,771 | 5,059,930 |
| Fair value | 15,785,644 | 12,385,734 | 13,517,447 | 13,416,328 | 4,765,389 |
| Surplus/(Deficit) | 4,983,543 | 4,515,247 | 8,301,489 | 7,118,557 | (294,541) |
| Experience adjustment on plan liabilities | 900,976 | 3,004,532 | (1,689,074) | (220,956) | 286,878 |
| Experience adjustment on plan assets | 225,843 | (179,465) | (39,735) | 331,979 | 228,999 |



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ORIX Leasing & Financial Services India Limited
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Notes to the financial statements (Continued)
for the year ended 31 March 2016

(Currency: Indian Rupees)

Note:- 24 (Continued)

24.8) Employee benefits (Continued)

Changes in the present value of obligations

| Particulars | 31 March 2016 | 31 March 2015 |
|--|---------------|---------------|
| Present value of obligation at beginning of the year | 7,870,487 | 5,215,958 |
| Interest cost | 632,000 | 485,606 |
| Current service cost | 781,849 | 660,098 |
| Benefit paid from the fund | (63,231) | (2,128,266) |
| Actuarial gain on obligations | 1,580,996 | 3,637,091 |
| Present value of obligation at end of the year | 10,802,101 | 7,870,487 |

Changes in fair value of plan assets

| Particulars | 31 March 2016 | 31 March 2015 |
|--|---------------|---------------|
| Fair value of plan assets at beginning of the year | 12,385,734 | 13,517,447 |
| Expected return on plan assets | 1,077,559 | 1,176,018 |
| Contributions paid | 289,066 | - |
| Transfer From other Company | 1,870,673 | - |
| Benefit paid from the fund | (63,231) | (2,128,266) |
| Actuarial gain on plan asset | 225,843 | (179,465) |
| Fair value of plan assets at the end of the year | 15,785,644 | 12,385,734 |

Actuarial (gain) / loss recognised

| Particulars | 31 March 2016 | 31 March 2015 |
|--|---------------|---------------|
| Actuarial (gain) / loss for the year (obligations) | 1,580,996 | 3,637,091 |
| Actuarial (gain) / loss for the year (plan assets) | (225,843) | 179,465 |
| Total (gain) / loss for the year | 1,355,153 | 3,816,556 |
| Actuarial (gain) / loss recognised for the year | 1,355,153 | 3,816,556 |

Amounts to be recognised in the Balance Sheet

| Particulars | 31 March 2016 | 31 March 2015 |
|---|---------------|---------------|
| PVO at the end of the year | (10,802,101) | (7,870,487) |
| Fair value of plan asset at the end of the year | 15,785,644 | 12,385,734 |
| Net asset (liability) recognised in the Balance Sheet | 4,983,543 | 4,515,247 |

Expense recognised in Statement of Profit and Loss

| Particulars | 31 March 2016 | 31 March 2015 |
|---|---------------|---------------|
| Current service cost | 781,849 | 660,098 |
| Interest cost | 632,000 | 485,606 |
| Expected return on plan assets | (1,077,559) | (1,176,018) |
| Net actuarial (gain) / loss recognised for the year | 1,355,153 | 3,816,556 |
| Expenses recognised in the statement of Profit and Loss | 1,691,443 | 3,786,242 |



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ORIX Leasing & Financial Services India Limited

(Formerly OAIS Auto Financial Services Limited)

Notes to the financial statements (Continued)

for the year ended 31 March 2016

(Currency: Indian Rupees)

Note:- 24 (Continued)

24.8) Employee benefits (Continued)

Movements in the liability recognised in Balance Sheet

| Particulars | 31 March 2016 | 31 March 2015 |
|-----------------------------|---------------|---------------|
| Opening net liability | (4,515,247) | (8,301,489) |
| Expenses as above | 1,691,443 | 3,786,242 |
| Contribution paid | (289,066) | - |
| Transfer From other Company | (1,870,673) | - |
| Closing net liability | (4,983,543) | (4,515,247) |

In accordance with the guidance released in May 2007, by Accounting Standard Board of the Institute of Chartered Accountants of India, the earned leave which can be carried forward to future periods is bifurcated into "short term" benefit only if the employees are entitled to either en-cash or utilise the benefits during the period of twelve months following the end of the accounting period and are also expected to do so. In other cases the benefit is required to be treated as "long term".

The actuarial value of the liability amounting to ₹ 2,917,711 (Year ended March 31, 2015 ₹ 2,168,315) has been charged to Profit and Loss account for the year.

The Company's gratuity fund is managed by its insurer, Life Insurance Corporation of India. The plan assets under the fund are invested in approved securities.

24.9) Related parties

(A) Name of related parties by whom control is exercised

ORIX Corporation, Japan -Ultimate holding Company
ORIX Auto Infrastructure Services Limited - Holding company

(B) Key management personnel

Sandeep Gambhir - Managing Director
Mr. Taro Oyama - Whole Time Director
Vivek Wadhwa - CFO
Shuchi Singhvi - Company Secretary

Details of related party transaction during the year are given below:

| Particulars | Holding companies | Ultimate Holding Company | Key Management Personnel |
|---|-------------------|--------------------------|--------------------------|
| Remuneration to Key Management Personnel | | | |
| Sandeep Gambhir | - | - | - |
| | (-) | (-) | (-) |
| Taro Oyama | - | - | 6,969,170 |
| | (-) | (-) | (-) |
| Vivek Wadhwa | - | - | - |
| | (-) | (-) | (-) |
| Shuchi Singhvi | - | - | 1,316,101 |
| | (-) | (-) | (1,178,943) |
| Interest Income on Inter Corporate Deposit | | | |
| ORIX Auto Infrastructure Services Limited | - | - | - |
| | (15,680,959) | (-) | (-) |

Figures in brackets relate to previous year.



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ORIX Leasing & Financial Services India Limited

(Formerly OAIS Auto Financial Services Limited)

Notes to the financial statements (Continued)

for the year ended 31 March 2016

(Currency: Indian Rupees)

Note:- 24 (Continued)

24.9) Related parties (Continued)

| Particulars | Holding companies | Ultimate Holding Company | Key Management Personnel |
|---|----------------------------|--------------------------|--------------------------|
| Management Charges | | | |
| ORIX Auto Infrastructure Services Limited | 25,891,212 (8,400,000) | - (-) | - (-) |
| Interest Expenses | | | |
| ORIX Auto Infrastructure Services Limited | - (1,115,194) | - (-) | - (-) |
| Bank guarantee fees | | | |
| ORIX Corporation, Japan | - (-) | 2,565,541 (1,445,124) | - (-) |
| Reimbursement of Salary | | | |
| ORIX Corporation, Japan | - (-) | 3,111,753 (-) | - (-) |
| Rent Expense | | | |
| ORIX Auto Infrastructure Services Limited | 13,416,540 (13,416,540) | - (-) | - (-) |
| Equity contribution received | | | |
| ORIX Auto Infrastructure Services Limited | 77,777,770 (-) | - (-) | - (-) |
| Securities Premium received | | | |
| ORIX Auto Infrastructure Services Limited | 272,222,195 (-) | - (-) | - (-) |
| Interest Income | | | |
| ORIX Auto Infrastructure Services Limited | 381,647 (-) | - (-) | - (-) |
| Cost reimbursement paid to | | | |
| ORIX Auto Infrastructure Services Limited | 5,422,336 (8,097,772) | - (-) | - (-) |

Figures in brackets relate to previous year.

Details of related party outstanding balances as at the year-end are given below:

| Particulars | Holding companies |
|--|----------------------------|
| Inter company current account balance | |
| ORIX Auto Infrastructure Services Limited | 23,582,616 (13,150,685) |

Figures in brackets relate to previous year.

24.10) Details of dues to Micro and Small Enterprises

Under the Micro, Small and Medium Enterprises Development Act, 2006, (MSMED) which came into force from 2 October 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. On the basis of the information and records available with the management on registration with specified authority under MSMED, principal amount, interest accrued, remaining unpaid principal and interest and interest paid during the year to such enterprise is NIL.

24.11) Previous year's figures

Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year classification/disclosure.

| Particulars | Regrouped to | Regrouped from | 31 March 2015 |
|--|-------------------------------|-------------------------------|---------------|
| Payable towards expenses | Trade payables | Short term borrowings | 10,708,696 |
| Advance Income taxes | Long-term loans and advances | Short-term loans and advances | 7,278,333 |
| Advances for expenses | Short-term loans and advances | Other current assets | 5,713,960 |
| Penal Interest | Revenue from operations | Other income | 489,927 |
| Profit on foreclosure of finance lease | Revenue from operations | Other income | 6,495,139 |



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ORIX Leasing & Financial Services India Limited

(Formerly OAIS Auto Financial Services Limited)

Notes to the financial statements (Continued)

for the year ended 31 March 2016

(Currency: Indian Rupees)

Note:- 25

25.1) Capital :

| Particulars | 31 March 2016 | 31 March 2015 |
|---|---------------|---------------|
| i) CRAR (%) | 38.98% | 54.04% |
| ii) CRAR - Tier I Capital (%) | 38.69% | 53.81% |
| iii) CRAR - Tier II Capital (%) | 0.29% | 0.23% |
| iv) Amount of subordinated debt raised as Tier-II capital | - | - |
| v) Amount raised by issue of Perpetual Debt Instruments | - | - |

25.2) Asset Liability Management Maturity pattern of certain items of Assets and Liabilities :

| Particulars | Up to 30/31 Days | Over 1 Month Upto 2 Month | Over 2 Month Upto 3 Month | Over 3 Month Upto 6 Month | Over 6 Month Upto 1 Year | Over 1 Year Upto 3 Year | Over 3 Year Upto 5 Year | Over 5 Year | Total |
|------------------------------|------------------|---------------------------|---------------------------|---------------------------|--------------------------|-------------------------|-------------------------|-------------|---------------|
| Deposits | - | - | - | - | - | - | - | - | - |
| Advances | 246,707,392 | 204,846,495 | 211,727,209 | 614,782,617 | 1,178,194,910 | 3,387,928,350 | 702,978,740 | 737,436,858 | 7,284,602,571 |
| Investments | - | - | - | - | - | - | - | - | - |
| Borrowings | 1,963,895,574 | 35,416,667 | 10,416,667 | 583,371,122 | 338,690,475 | 1,021,428,568 | - | - | 3,953,219,072 |
| Foreign Currency assets | - | - | - | - | - | - | - | - | - |
| Foreign Currency liabilities | - | - | - | - | - | - | - | - | - |

25.3) Exposure to Real Estate Sector :

There is no exposure to real estate sector during current as well as last year.

25.4) Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the NBFC :

The Company has not exceeded the Prudential Exposure Limits for any Single/ Group Borrower.

25.5) Ratings assigned by credit rating agencies and migration of ratings during the year :

The Company has received revised rating on 24.2.2016 from FITCH. For long term , the rating is revised to IND AAA from IND AA+. For Short term, the rating is revised from IND A+ to IND A1+.

25.6) Provisions and Contingencies :

To facilitate easy reading of the financial statements and to make the information on all Provisions and Contingencies available at one place, NBFCs are required to disclose in the NTA the following information:

| Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account | 31 March 2016 | 31 March 2015 |
|--|---------------|---------------|
| Provisions for depreciation on Investment | - | - |
| Provision towards NPA | 5,661,761 | (63,089,875) |
| Provision made towards Income tax | 92,575,367 | 87,025,014 |
| Other Provision and Contingencies (with details) | (4,253,280) | (49,035,262) |
| Provision for Standard Assets | 11,170,001 | 3,091,108 |

25.7) Concentration of Deposits, Advances, Exposures and NPAs Concentration of Advances :

| | |
|--|---------------|
| Total Advances to twenty largest borrowers | 1,978,609,320 |
| Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC | 27% |



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ORIX Leasing & Financial Services India Limited
(Formerly OAIS Auto Financial Services Limited)

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

(Currency: Indian Rupees)

Note:- 25 (Continued)

25.8) Concentration of Exposures :

| | |
|--|---------------|
| Total Exposure to twenty largest borrowers / customers | 2,002,063,549 |
| Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers | 27% |

25.9) Concentration of NPAs :

| | |
|---|------------|
| Total Exposure to top four NPA accounts | 17,200,000 |
|---|------------|

25.10) Sector-wise NPAs :

| Sl. No. | Sector | Percentage of NPAs to Total Advances in that sector |
|---------|---------------------------------|---|
| 1 | Agriculture & allied activities | - |
| 2 | MSME | - |
| 3 | Corporate borrowers | 0.89% |
| 4 | Services | - |
| 5 | Unsecured personal loans | - |
| 6 | Auto loans | 1.08% |
| 7 | Other personal loans | - |

25.11) Movement of NPAs :

| Particulars | 31 March 2016 | 31 March 2015 |
|--|---------------|---------------|
| (i) Net NPAs to Net Advances (%) | 0.49% | 0.81% |
| (ii) Movement of NPAs (Gross) | | |
| a) Opening balance | 59,637,163 | 132,197,142 |
| b) Additions during the year | 29,224,018 | 28,439,707 |
| c) Reductions during the year | (25,671,474) | (100,999,686) |
| d) Closing balance | 63,189,707 | 59,637,164 |
| (iii) Movement of Net NPAs | | |
| a) Opening balance | 33,770,140 | 43,153,903 |
| b) Additions during the year | 20,467,129 | 38,110,925 |
| c) Reductions during the year | (23,269,710) | (47,494,687) |
| d) Closing balance | 30,967,559 | 33,770,141 |
| (iv) Movement of provisions for NPAs (excluding provisions on standard assets) | | |
| a) Opening balance | 25,867,023 | 89,043,239 |
| b) Provisions made during the year | 8,756,889 | (9,671,218) |
| c) Write-off / write-back of excess provisions | (2,401,764) | (53,504,999) |
| d) Closing balance | 32,222,148 | 25,867,023 |

25.12) Disclosure of Customers Complaints :

| | | |
|---|--|-----|
| a | No. of complaints pending at the beginning of the year | - |
| b | No. of complaints received during the year | 6 |
| c | No. of complaints redressed during the year | (6) |
| d | No. of complaints pending at the end of the year | - |



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ORIX Leasing & Financial Services India Limited

(Formerly OAIS Auto Financial Services Limited)

Notes to the financial statements (Continued)

for the year ended 31 March 2016

(Currency: Indian Rupees)

Note:- 25 (Continued)

25.13) Details of Off Balance Sheet Assets :

The Company has provided bank guarantees amounting to ₹ 7,147,188 to various VAT authorities.

25.14) Encumbrances of fixed deposits held by Company :

The Company has lien marked fixed deposits with Bank amounting to ₹ 7,168,786 for obtaining above guarantees

25.15) Registration obtained from other financial sector regulators

The Company is not registered with any other financial sector regulator.

25.16) Penalties imposed by RBI and other regulators

RBI and other regulator has not imposed any penalties on the Company during current and previous year.

25.17) Financing of parent company product

The Company has not financed any parent company product during current and previous year.

25.18) Investments

The Company has not made any investments during current and previous year.

25.19) Derivative

The Company has not entered into any derivative transaction during current and previous year.

25.20) Securitisation

The Company has not entered into any securitisation or assignment transaction during current and previous year.

25.21) Purchasing or selling of Non Performing assets

The Company has not purchased or sold any non performing financial asset during current and previous year.

25.22) Exposure to capital market

The Company does not have any exposure to capital market during current and previous year.

25.23) Overseas assets

The Company does not have any overseas assets during current and previous year.

25.24) Off Balance Sheet SPVs

The Company does not have any off Balance Sheet SPVs during current and previous year.

As per our report of even date attached

For BSR & Co. LLP

Chartered Accountants

Firm's registration No. 101248W/W-100022



Milind Ranade

Partner

Membership No: 100564



Managing Director
(DIN - 00083116)



CFO



Director
(DIN - 07082839)



Company Secretary
Mumbai

Place : Gurgaon
29 June 2016

ORIX Leasing & Financial Services India Limited
(Formerly OAIS Auto Financial Services Limited)

Notes to the financial statements (continued)

for the year ended 31 March 2016

(Currency: Indian Rupees in Lakhs)

Schedule to the Balance Sheet of a non-deposit taking non-banking financial company
(as required in terms of paragraph 13 of Non-Banking Financial (Non-Deposit Accepting or Holding)
Companies Prudential Norms (Reserve Bank) Directions, 2007)

| Particulars | | | |
|---------------------------|---|-------------------------------|---------------------------|
| Liabilities side : | | Amount outstanding | Amount overdue |
| (1) | Loans and advances availed by the nonbanking financial company inclusive of financial interest accrued thereon but not paid : | | |
| | (a) Debentures : Secured | | |
| | : Unsecured | | |
| | (other than falling within the meaning of public deposits*) | | |
| | (b) Deferred Credits | | |
| | (c) Term Loans | 27,583 | |
| | (d) Inter-corporate loans and borrowing | (236) | |
| | (e) Commercial Paper | | |
| | (f) Other Loans (specify nature) Cash Credit & Subordinate Debt pursuant to scheme of reorgan | - | - |
| | -Cash Credit & short term loans | 15,758 | |
| | -Subordinate Debt | - | |
| | * Please see note 1 below | | |

| Assets side : | | Amount outstanding |
|----------------------|---|-------------------------------|
| (2) | Break-up of Loans and Advances including bills receivables [other than those included in (3) below] : | |
| | (a) Secured | |
| | (b) Unsecured | - |
| (3) | Break up of Leased Assets and stock on hire and other assets counting towards AFC activities | |
| | (i) Lease assets including lease rentals under sundry debtors : | |
| | (a) Financial lease (Net Stock of Finance Lease + Sundry Debtors) (Net of Provision) | 30,080 |
| | (b) Operating lease (incl Sundry Debtors) | |
| | (ii) Stock on hire including hire charges under sundry debtors : | |
| | (a) Assets on hire | |
| | (b) Repossessed Assets | |
| | (iii) Other loans counting towards AFC activities | |
| | (a) Loans where assets have been repossessed | |
| | (b) Loans other than (a) above including debtors (Net of Provision) | 43,008 |



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ORIX Leasing & Financial Services India Limited
(Formerly OAIS Auto Financial Services Limited)

Notes to the financial statements (continued)

for the year ended 31 March 2016

(Currency: Indian Rupees in Lakhs)

| | | |
|-----|---|---------------|
| (4) | Break-up of Investments : | |
| | Current Investments : | |
| | 1. Quoted : | |
| | (i) Shares : (a) Equity | |
| | (b) Preference | |
| | (ii) Debentures and Bonds | |
| | (iii) Units of mutual funds | |
| | (iv) Government Securities | |
| | (v) Others (please specify) | |
| | 2. Unquoted : | |
| | (i) Shares : (a) Equity | |
| | (b) Preference | |
| | (ii) Debentures and Bonds | |
| | (iii) Units of mutual funds | |
| | (iv) Government Securities | |
| | (v) Others (please specify) | |
| | Long Term investments : | |
| | 1. Quoted : | |
| | (i) Shares : (a) Equity | |
| | (b) Preference | |
| | (ii) Debentures and Bonds | |
| | (iii) Units of mutual funds | |
| | (iv) Government Securities | |
| | (v) Others (please specify) | |
| | 2. Unquoted : | |
| | (i) Shares : (a) Equity | |
| | (b) Preference | |
| | (ii) Debentures and Bonds | |
| | (iii) Units of mutual funds | |
| | (iv) Government Securities | |
| | (v) Others (please specify) | |
| (5) | Borrower group-wise classification of assets financed as in (2) and (3) above: | |
| | Please see Note 2 below | |
| | Category | |
| | 1. Related Parties ** | |
| | (a) Subsidiaries | |
| | (b) Companies in the same group | |
| | (c) Other related parties | |
| | 2. Other than related parties | 73,088 |
| | Total | 73,088 |



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ORIX Leasing & Financial Services India Limited
(Formerly OAIS Auto Financial Services Limited)

Notes to the financial statements (continued)

for the year ended 31 March 2016

(Currency: Indian Rupees in Lakhs)

| (6) Investor group-wise classification of all investments (current and long term) | | | |
|--|--|---|---|
| in shares and securities (both quoted and unquoted): | | | |
| Please see note 3 below | | | |
| Category | | Market Value / Break up or fair value or NAV | Book Value (Net of Provisions) |
| 1. Related Parties ** | | | |
| (a) Subsidiaries | | - | - |
| (b) Companies in the same group | | - | - |
| (c) Other related parties | | - | - |
| 2. Other than related parties | | - | - |
| Total | | - | - |

** As per Accounting Standard of ICAI (Please see note 3)

| (7) Other information | | | |
|------------------------------|---|---------------|--|
| | Particulars | Amount | |
| | Gross Non-Performing Assets | | |
| | (a) Related parties | | |
| (i) | (b) Other than related parties | 632 | |
| | Net Non-Performing Assets | | |
| | (a) Related parties | | |
| (ii) | (b) Other than related parties | 310 | |
| (iii) | Assets acquired in satisfaction of debt | | |

Note :

- As defined in paragraph 2(1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1989.
- Provisioning norms shall be applicable as prescribed in Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007
- All Accounting Standards and Guidance Notes by ICAI are applicable including for valuation of investments and others assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up / fair value / NAV in respect of unquoted investments should be disclosed of whether they are classified as long term or current in (4) above.

ORIX Leasing & Financial Services India Limited


Managing Director

(DIN - 00083116)

Mumbai

29 June 2016


CFO



Director

(DIN - 07082839)