

11th ANNUAL REPORT

OF

ORIX LEASING & FINANCIAL SERVICES INDIA LTD

Corporate Information:**Board of Directors:**

Mr. Hiroshi Nishio	:	DIN 06827437	:	Chairman
Mr. Sandeep Gambhir	:	DIN 00083116	:	Managing Director
Mr. Akihiro Azuma	:	DIN 07510869	:	Whole Time Director (w.e.f. 29-06-2016)
Mr. Harukazu Yamaguchi	:	DIN 03535391	:	Director
Mr. Abhay Kakkar	:	DIN 06659327	:	Independent Director
Mr. Nagesh Dubey	:	DIN 06967617	:	Independent Director
Mr. Rajeev Seth	:	DIN 00111866	:	Independent Director
Mr. Kiyokazu Ishinabe	:	DIN 07763966	:	Director (w.e.f. 28-03-2017)
Ms. Gouri Sawant	:	DIN 07748113	:	Woman Director (w.e.f. 28-03-2017)

Statutory Auditors:

B S R & Co. LLP. Chartered Accountants (ICAI Regn. No.101248W/W-100022)

Registered Office:

Plot No.94, Marol Co-operative Industrial Estate,
Andheri-Kurla Road, Andheri (East),
Mumbai – 400 059.

Web : www.orixindia.com : E-Mail : info@orixindia.com
CIN : U74900MH2006PLC163937

Key Managerial Personnel:

Mr. Sandeep Gambhir - Managing Director
Mr. Vivek Wadhwa - Chief Financial Officer
Ms. Shuchi Singhvi - Company Secretary

Registrar and Share Transfer Agent for Debentures (NCDs) :

M/s. Link Intime India Pvt. Ltd.
C-101, 247 Park, L.B.S. Marg,
Vikhroli (West),
Mumbai – 400 083

Debenture Trustee:

M/s. IDBI Trusteeship Services Ltd.
Asian Building, Ground Floor,
Kamani Marg, Ballard Estate,
Mumbai – 400 001

Tel.: +91 22 40807001 – Fax: +91 22 66311776
E-Mail : itsl@idbitrustee.com

Bankers:

- (1) ANZ Banking Group
- (2) Axis Bank
- (3) Bank of Baroda
- (4) Bank of India
- (5) Central Bank of India
- (6) Deutsche Bank AG
- (7) HDFC Bank
- (8) IDBI Bank
- (9) ICICI Bank
- (10) IDFC Bank
- (11) Kotak Mahindra Bank
- (12) Mizuho Bank
- (13) Punjab National Bank
- (14) State Bank of India
- (15) Sumitomo Mitsui Banking Corporation
- (16) The Bank of Tokyo - Mitsubishi UFJ, Ltd.
- (17) The Federal Bank
- (18) United Bank of India
- (19) Westpac Banking Corporation

DIRECTORS' REPORT

The Members, ORIX Leasing & Financial Services India Limited

Your Directors have pleasure in presenting the Eleventh Annual Report on the business and operations of your Company together with the audited accounts for the financial year ended March 31, 2017.

(1) Financial Performance:

Following is a summary of the 2016-17 financial statements:

Particulars	(Rs. in Mn.)	
	FY 2016-2017	FY 2015-2016
Total Income	1309	887
Total Expenditure	981	621
Profit/(Loss) before Depreciation & Tax	327	266
Less: Depreciation	40	10
Profit before Tax	287	256
Tax Paid	89	93
Profit / (Loss) after Tax	198	164
Appropriations:		
Transfer to Reserve Fund under Section 45-IC of the RBI Act, 1934	40	33

(2) Dividend:

Your Directors have not recommended payment of dividend for the financial year ended March 31, 2017 since it is proposed to retain the same in the business.

(3) Brief Description of the Company's working during the year and Review of Operations of the Company:

The Company's performance continued to demonstrate the progress that was witnessed in the last couple of years with improvements witnessed across all product lines. There was an overall improvement in Balance Sheet as well as disbursements during the last fiscal year i.e. year ending March 31, 2017.

The consolidated Balance Sheet of the entity stood at Rs 12,496 mn, which was a growth of 48% over the previous year based on improved performance across the Finance Lease business, Loan against Property as well as Commercial Vehicle Loans. During the same period, the disbursements were Rs 7,649 mn, which were 37% higher than the previous year.




The above performance also takes into account some slowdown witnessed due to Demonetization of specified Bank Notes by the Government in November 2016. Though there was a limited disruption during the initial days that followed the demonetization announcement, the business teams were quick to realign to the changing realities and there was limited business impact.

The liquidity position of the Company continued to be comfortable with the revalidation of an AAA rating of our Long Term Debt and A1+ of the Short Term Debt by India Ratings (Fitch Group). The Company also did its first ever issue of Secured, Redeemable, Listed, Non-Convertible Debentures (NCD's) in the month of August, 2016 that was followed by another issue in December, 2016 which was a big step towards diversifying funding options and also helped bring down the overall Cost of Borrowing. The average Cost of Borrowing for the Company came down from 9.79% in FY 2015-16 to 9.22% in 2016-17 through the concerted efforts of the treasury team which involved issuance of NCD's, addition of new banks such as IDFC Bank, ICICI Bank and Federal Bank and better negotiation with existing Banks.

Basis the performance demonstrated in the last few years, and all business verticals demonstrating good business growth with controlled delinquencies, we feel confident that this positive momentum will continue in the year ahead and would help the organization grow to the next level. The Company is also benefitting from the active support and confidence from the shareholders as well as a strong on ground team, which will help propel the Company's growth despite competitive pressures across its various business lines.

(4) **Capital Adequacy Ratio:**

Your Company is well capitalized and has a capital adequacy ratio of 27.07 % as at March 31, 2017 as against the minimum regulatory requirement of 15% for non-deposit accepting NBFCs.

(5) **Credit Rating:**

The India Ratings & Research Private Limited (FITCH) has assigned ratings vide its letter dated April 25, 2017 for the various facilities availed by the Company, details of which are given below:

Facility	Rating	Amount (Rs. in mn)
Short Term	IND A1+	2,314.29
Long Term	IND AAA	6,485.71
NCD	IND AAA	7,200.00
Total		16,000.00




(6) **Borrowings:**

Your Company has diversified funding sources from Public Sector Banks and Private Sector Banks. Funds were raised by way of term loans, secured redeemable non-convertible debentures (NCDs).

During the year, your Company raised Rs. 3750 million through term loans from Banks. Interest payment on principal repayment of term loans due as on March 31, 2017 has been paid. The assets of the Company which are available by way of security are sufficient to discharge the claims of the banks as and when they become due.

During the year, your Company raised Rs. 2200 million by issue of NCDs, on private placement basis. The NCDs are rated "AAA" by FITCH, indicating highest degree of safety with regard to timely servicing of financial obligations. The Company has not received any grievances from the debenture holders. The assets of the Company which are available by way of security are sufficient to discharge the claims of the debenture holders as and when they become due.

The NCDs are listed on Wholesale Debt Market (WDM) of the National Stock Exchange of India Limited. The Directors of your Company state that there were no material changes and commitments affecting the financial position of your Company which have occurred between the end of the financial year March 31, 2017 to which the financial statements relate and the date of the report.

(7) **Share Capital:**

(a) **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.

(b) **Issued, Subscribed and Paid up Share Capital:** The Issued, Subscribed and Paid up Share Capital of the Company is Rs. 889,359,010/-(Rupees Eight Hundred Eighty Nine Million Three Hundred Fifty Nine Thousand Ten only) divided into 88,935,901 Equity Shares of Rs.10/- each.

(8) **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. The Company has passed a Board resolution for non-acceptance of deposits from public during Financial Year 2017-18.



(9) **Details in respect of adequacy of Internal Financial Controls over Financial Reporting and with reference to the Financial Statements:**

In terms of Section 177 of the Companies Act, 2013 ('the Act'), Audit Committee's terms of reference, amongst others, includes evaluation of Internal Financial Control (IFC) and Risk Management Systems. An evaluation of the Company's Internal Financial Control (IFC) is a detailed process 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. During the year under review, a detailed exercise was carried by the team of Internal Auditors who evaluated the entity level controls; business process level controls; and testing, reporting and monitoring so as to evaluate operating effectiveness of entity level controls on financial reporting process and put in place suitable remediation plan / compensatory control to minimise or eliminate risk of any nature.

The report on IFC did not indicate any issues which required attention of the Audit Committee and Statutory Auditors.

Moreover, 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 Audit Reports are discussed at length during the Audit Committee meetings, which also reviews the adequacy and effectiveness of the internal controls.

(10) **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 No. N-13.01981 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.

(11) **Auditors:**

- (a) **Statutory Auditors:** Pursuant to the provisions of Sections 139 and 141 of the Act, M/s. B S R & Co. LLP, Chartered Accountants, were appointed as Statutory Auditors of the Company to hold office up to the financial year 2020-2021, subject to the ratification by the members at every Annual General Meeting to be held during their term.



M/s. B S R & Co. LLP, Chartered Accountants, as Statutory Auditors of the Company, are eligible for ratification and they have consented to the same and have confirmed that the appointment, if ratified, shall be within the limits prescribed under Act and that they are not disqualified for such appointment within the meaning of Sections 139 and 141 of the Act, read with Companies (Audit and Auditors) Rules, 2014.

The proposal for ratification of M/s. B S R & Co. LLP, Chartered Accountants, as Statutory Auditors of the Company for financial year 2017 -18, shall be placed before the members at the ensuing Annual General Meeting.

- (b) Secretarial Auditor: Pursuant to the provisions of Section 204 of Act, the Board of Directors at its meeting held on March 28, 2017 had appointed M/s Ajay Ranade & Associates, Practicing Company Secretaries, as the Secretarial Auditor of the Company to conduct the secretarial audit of the Company for the Financial Year 2016 - 17. The Report of the Secretarial Auditor in Form MR-3 is annexed as 'Annexure-A'.

(12) **Statutory Disclosures:**

- (a) Pursuant to the provisions of Section 134(3) (a) and Section 92(3) read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, extract of the Annual Return in Form MGT- 9 is annexed as 'Annexure-B'.
- (b) Disclosure as per Section 197(12) of Act pertaining to individuals employed throughout the year and in receipt of remuneration of not less than Rs. 1,02,00,000/- (Rupees One Crore and two lakh) per annum or Rs. 8,50,000/- (Rupees Eight lakh and fifty thousand) per month is given in 'Annexure-C'.
- (c) Disclosures in terms of Section 197(12) read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given in 'Annexure-D'.
- (d) Pursuant to the provisions of Section 134(3) (h) read with Rule 8(2) of the Companies (Accounts) Rules, 2014, particulars of the contracts or arrangements with related parties referred to in section 188(1) in Form AOC-2 is annexed as 'Annexure-E'.
- (e) Pursuant to the provisions of Section 134(3) (e), the Company's policy on director's appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under Section 178(3) is annexed as 'Annexure-F'.

(13) **Corporate Governance:**

The report on Corporate Governance of the Company is annexed as 'Annexure-G' and forms an integral part of this Annual Report.



(14) **Auditors' Report:**

The observations made by the Auditors' in their report for the financial year ended March 31, 2017 are self-explanatory and therefore do not call for any further comments under section 143 of Act.

(15) **Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo:**

(a) **Conservation of Energy and Technology Absorption:**

The requirements of disclosure with regard to Conservation of Energy in terms of Section 134 of Act, 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.

(b) **Foreign Exchange Earnings and Outgo:**

There is foreign exchange outgo of Rs. 7.74 mn during the financial year under review.

(16) **Directors and Key Managerial Personnel (KMP):**

- (a) The Board of Directors, at its meeting held on June 29, 2016, have inducted Mr. Akihiro Azuma (DIN: 07510869) as Whole-Time Director of the Company w.e.f June 29, 2016 till March 29, 2019. Approval of the shareholders was taken on July 29, 2016. Further, the Company had made an application to Central Government for appointment of Mr. Akihiro Azuma as Whole Time Director, since he was not fulfilling the one of criteria's of Part I of Schedule V of Act i.e. Resident of India.

The Company has subsequently received approval from the Central Government vide their letter dated January 19, 2017 for appointment of Mr. Akihiro Azuma as Whole Time Director of the Company.

- (b) The Board of Directors at its meeting held on November 9, 2016 had approved Ms. Udhaya Gopal (DIN: 06718592) as an Additional, Woman Non - Executive Director of the Company with effect from November 9, 2016. Subsequently on January 6, 2017 she resigned as a Woman Director of the Company.

The Board of Directors, at its meeting held on March 28, 2017, noted her resignation as a Non- Executive Director of the Company.

The Board placed on record sterling services provided by Ms. Gopal as a Director of the Company.

- (c) The Board of Directors, at its meeting held on September 26, 2016 has appointed Mr. Nagesh Dubey (DIN 06967617), Independent Director as the Chairman of the Audit Committee in place of Mr. Takehisa Kaneda.



(d) The Board of Directors, at its meeting held on November 9, 2016, have inducted M. Rajeev Lochan Seth (DIN: 00111866) as an Additional, Independent, Non - Executive Director of the Company with effect from November 9, 2016 for the term of 5 years and till the conclusion of the ensuing Annual General Meeting, in terms of Sections 149, 152 and 161 of Act.

(e) The Board of Directors, at its meeting held on March 28, 2017, have inducted Ms. Gouri Sawant (DIN: 07748113) and Mr. Kiyokazu Ishinabe (DIN: 07763966) as an Additional, Non - Executive Director of the Company with effect from March 28, 2017 and till the conclusion of the ensuing Annual General Meeting, in terms of Sections 152 and 161 of Act.

In terms of the RBI Directions applicable to NBFC-ND-SI, as amended from time to time, all the Directors fulfil the fit and proper criteria for appointment as Director of the Company.

(f) In the view of organizational changes at ORIX Corporation (Japan), Ultimate Holding Company, Mr. Takehisa Kaneda (DIN 07082839) had resigned from the Board of Directors of the Company w.e.f March 28, 2017.

The Board Placed on record sterling services provided by Mr. Kaneda as a Director of the Company.

(g) There has been no change in the composition of the Key Managerial Personnel of the Company.

(17) **Retire by Rotation:**

In accordance with Section 152 and other applicable provisions of the Act, Mr. Harukazu Yamaguchi (DIN 03535391) 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.

(18) **Declaration from Independent Directors:**

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



(19) **Risk Management and Portfolio quality:**

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 Debentures. 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.

The risk function is also supervised by the Audit Committee of the Board from time to time. Risk Committee reviews the asset quality and product policy programs and the same are duly approved before any new product launches and are reviewed regularly. The asset quality of the Company continues to remain healthy. The ratio of gross non-performing assets to gross advances and net non-performing assets to net advances as of March 31, 2017 stood at 0.92% and 0.52% respectively. The specific loan loss provisions that the Company has made for its non-performing assets continue to be more conservative than those prescribed by the regulator.

(20) **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 Act. 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 workshop and training session to inform and educate the employees about Whistle Blower. During the year 2016-2017, one whistle blower incidents was reported to Audit Committee and the reported incident was dealt with and disposed of by the Audit Committee in accordance with the Whistle Blower Policy of the Company.





(21) **Corporate Social Responsibility (CSR) :**

Your Company's Corporate Social Responsibility (CSR) activities are guided and monitored by its CSR Committee. The CSR Policy of the Company provides a broad set of guidelines including intervention areas. The Company believes CSR is a way of creating shared value and contributing to social and environmental good. Company's strategy is to integrate its activities in community development, social responsibility and environmental responsibility.

As part of its initiatives under CSR, the Company has initiated partnerships with implementing agencies for projects in the areas of vocational training, healthcare and education. These projects are in accordance with Schedule VII of the Act.

The Company believes in achieving its CSR objectives through sustained intervention by partnering implementing agencies with strong credentials in the areas the Company seeks to make a difference.

The Company has been circumspect in initiating projects and partnering with the agencies concerned. The endeavor in the current financial year has been building relationships with credible implementing agencies and effective implementation of projects initiated.

The Company, however, believes that it is well positioned to build on the foundations put in place in the current year to broaden and accelerate its CSR interventions in the ensuing years.

The annual disclosure on CSR activities is annexed herewith as "Annexure-H".

(22) **Internal Audit and Compliance:**

The Company conducts its internal audit and compliance functions within the parameters of regulatory framework which is well commensurate with the size, scale and complexity of operations. The internal controls are reviewed and enhanced periodically.

The Internal Audit is conducted through in-house team covering all areas of operations and branches. The reports are placed before the Audit Committee of the Board. The Audit Committee reviews the performance of the audit and compliance functions, the effectiveness of controls and compliance with regulatory guidelines and gives such directions to the Management as necessary / considered appropriate. The Company has framed the scope and plan of Internal Audit to effectively monitor and supervise the Governance, Risk and Compliance function in accordance with the statutory requirements.

(23) **Particulars of Loans, Guarantees or Investments:**

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

(24) **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.

(25) **Policy on Prevention of Sexual Harassment:**

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.

(26) **Directors' Responsibility Statement :**

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3) (c) of the Act:

- (a) that in preparation of the annual accounts for the financial year ended March 31, 2017, the applicable accounting standards have been followed;
- (b) that appropriate accounting policies have been selected & applied consistently & judgments and estimates made are reasonable & prudent so as to give a true & fair view of the state of affairs of the Company at the end of the financial year ended March 31, 2017 and of the profit of the Company for the said year;
- (c) that proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) that the annual accounts have been prepared on a going concern basis;
- (e) the Company has an established internal financial control framework including internal controls over financial reporting, operating controls and for the prevention and detection of frauds and errors. The framework is reviewed periodically by Management and tested by the internal audit team appointed by the Management to conduct the internal audit. Based on the periodical testing, the framework is strengthened from time to time to ensure the adequacy and effectiveness of internal financial controls; and
- (f) that the systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.



(27) Management Discussion and Analysis for FY 2017:

Management Discussion and Analysis Report is as under:

- (a) Industry Structure and Developments – The Indian economy remains the fastest growing emerging market economies in the world. The overall economic outlook remains positive, and this is despite some measures such as demonetization, taken by the government in November 2016 to curb black money. This has of course led to some slowdown in growth temporarily in the second half of the fiscal year ended March 2017, but it is expected that growth and expansion will pick up again as the economic reforms kick in. It is widely expected that the economy will grow in the range of 7.5% in the coming fiscal year, with inflation being at sub 5% levels along with a controlled fiscal deficit.

With respect to specific segment that your Company operates in, there was an overall increase in lending witnessed across a wide spectrum on NBFCs. Barring a temporary slowdown post demonetization, which in certain segments also led to an increase in the delinquencies due to the cash shortage in the system, one is witnessing an overall growth trend. The outlook continues to be positive with a bias towards growth. In the second half of the last fiscal year, there was excess liquidity in the banking system and that has also had its impact on the overall borrowing and lending rates across the industry. 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. Three years into its term in office, the current Government has covered considerable ground in terms of reforms, there is increased focus on affordable housing as well as creation infrastructure, higher push on Make in India as well as ease of doing business in India.

Indian economy continues to demonstrate healthy growth momentum which is also resulting in higher credit demand, especially by the self-employed segment and that works well for the NBFC's as well who are focused towards catering to this segment. On an overall basis as well, the profitability and returns for NBFCs has seen an upward trend, especially for the ones focused on good credit quality portfolio and higher customer focus.

- (b) Opportunities – The Company is focused on the principle of controlled growth and that focus has yielded good results thus far. Across all product lines, the Company witnessed growth during the last financial year and at the same time, the credit performance also held fort. This gives the management confidence in the abilities to scale up even further and grow the business at a much faster pace given the fact that the foundation is fairly strong. New locations have also been added during the last fiscal year and they have added to the Company's geographical spread and will help the management capitalize on the opportunities that exist in the newer geographies. Incremental hiring has also been done to augment the Company's capabilities and the management is confident that with the existing talent pool that the Company possess, the Company is in well position to maximize the benefits that these opportunities offer. The Company has a healthy financial position and a very sound capital adequacy ratio which will facilitate the Company's growth in the years ahead.





- (c) Threats - The Company see pricing challenges as a common threat across our leasing and lending product offerings. Post Demonetization, there has been excess liquidity in the banking system and that has led to a significant rate reduction from some of the public sector banks as well as private sector banks which has resulted in some degree of spread compression. Having said that, given the Company's leadership position in the leasing business and the Company's ability to offer customized value added services to the customers, the management feels confident to maintain the Company's market share in the foreseeable future.

With regards to the Company's lending products, while the business has grown well in the last financial year, the Company continues to have a small share in the overall market and hence it is expected that despite the competitive pressures, the Company will continue to grow these businesses well in 2017-18 through various new initiatives as well as geographical expansion into newer territories.

- (d) Outlook - The Company feels confident of maintaining the same positive trajectory and momentum in the year ahead as it has demonstrated in the last fiscal year based on the fact that the economy continues to grow at a healthy rate of 7% (approx), and with that the overall market size across the Company's products should increase. The Company should be in a position to take advantage of this scenario as it has done in the past due to the Company's sound policies and procedures in place.

- (e) Internal Control Systems and their adequacy - The Company has an elaborate internal control system commensurate to the size of the Company and the Company's 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.

- (f) Discussion on financial performance with respect to operational performance: The revenue has increased from Rs. 887 mn in 2015-16 to Rs. 1,309 mn in 2016-17, a 48% growth. The Profit before tax went up from Rs. 256 mn to Rs. 287 mn, an increase of 12%. With the platform being set, right hiring and robust processes, the Company is well equipped to take the businesses to the next level.

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

- (i) 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.
- (ii) Liquidity Risk - While liquidity is a key risk for any organization, the company has worked on various fronts to mitigate these risks. The Company continues to enjoy an AAA rating, it maintains a robust financial position and has a sound parent backing. The Company has also diversified its funding options and during the year issued two series of NCD's as well has signed up new funding arrangements from a few private sector Banks.



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

The Company took a lot of initiatives to improve efficiency and keep pace with the constant change in the business environment. The Company has been making investments in the area of product development and technology tools associated with it, in order to bring improved experience to the Company's customers and users. The technology tool Adrenalin was identified for improving HR operational efficiency and overall employee experience. The work around migration of data was completed during the year and the final implementation of phase I is to take place in May 2017.

In continuation of the Company's focus on Learning and Development, this year to a substantial effort was made to upgrade the quality and scale of initiatives. An overall 183 % growth was achieved in the man days of behavioral and leadership development trainings conducted. The first batch of high potential employees was also identified and put through a six months training intervention with a view to develop a talent pool and build future leaders. The Company also launched the Management Committee program for immediate down line of Executive Committee members with a view to provide developmental opportunities to senior members of the management and to build further transparency in the decision making process.

The Company continued with Star Awards program on quarterly basis for recognition of performance excellence and to instill enhancement in motivation levels at the Staff level.

Several Employee engagement and Employee welfare activities were carried out regularly with a view to provide a healthy and stress free environment to the employee base.



(28) **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:

- (a) Issue of equity shares with differential rights as to dividend, voting or otherwise.
- (b) Issue of shares (including sweat equity shares) to employees of the Company.
- (c) 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.
- (d) No change in nature of business.
- (e) There were no material changes and commitments affecting the financial position of the Company between the end of financial year (March 31, 2017) and the date of the Report.

(29) **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 00083116



Kiyokazu Ishinabe
Director
DIN 07763966

A. G. RANADE & ASSOCIATES
COMPANY SECRETARIES

Thane : 2, Ground Floor, 'B' Wing, Om Sai Prasad Building, Shivaji Nagar, B-Cabin, Thane (W) – 400 602.
Kalyan : 101, Bldg. No. 4, Shiv Amrut Dham, 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, 2017

[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 – 400 059

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, 2017 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, 2017 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 (Issue & Listing of Debt Securities) Regulations, 2008
 - b. The Securities and Exchange Board of India (Debenture Trustee Regulations), 1993;
 - c. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
 - d. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - e. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - f. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - g. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - h. 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;
 - i. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - j. 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.

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.

We further report that during the Audit period the Company has issued Secured Redeemable Listed Non-Convertible Debentures on Private Placement basis.

For A. G RANADE & ASSOCIATES



Signature:

Proprietor

Name of the Company Secretary: Ajay Ranade

Address

A G Ranade & Associates

Company Secretaries,

2, Gr Fl, B Wing, Om Sai Prasad Bldg,

Shivaji Nagar, Thane (W) 400601

Membership No.

C. P. No:



FCS 6199

6231

Place: Thane

Date: 18 MAY 2017

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



Proprietor

Signature:

Name of the Company Secretary: Ajay Ranade

Address



A G Ranade & Associates

Company Secretaries,
2, Gr Fl, B Wing, Om Sai Prasad Bldg,
Shivaji Nagar, Thane (W) 400601

FCS 6199

6231

Membership No.

C. P. No:

Place: Thane

Date: 18 MAY 2017

Annexure-B

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

As on financial year ended on 31.03.2017

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	Non-Banking Financial Company
(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	Equity Shares not listed, however, Debentures are listed on National Stock Exchange of India Limited
(7)	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Link Intime India Private Limited C-101, 247, Lal Bahadur Shastri Marg, Gandhi Nagar, Vikhroli West, Mumbai, Maharashtra 400083




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)	Non-Banking Financial Services (Lending)	649	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	Demat	Physical	Total	
A. Promoters							
(1) Indian							
(a) Individual/ HUF							
(b) Central Govt							
(c) State Govt(s)							
(d) Bodies Corp.: ORIX Auto Infrastructure Services Ltd. (O AIS)	88,935,831	0	88,935,831	88,935,831	0	88,935,831	99.99
(e) Banks / FI							
(f) Any other							
Sub Total A(1)	88,935,831	-	88,935,831	88,935,831	0	88,935,831	99.9999




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	88,935,831	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	88,935,831	99.9999	88,935,831	99.9999
	Addition - Allotment on	-	-	-	-
	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
		-	-	-	-
		10	0.00	10	0.00






ORIX

IV. Indebtedness - Indebtedness of the Company including interest outstanding/accrued but not due for payment
(Amount in Rs.)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	1,203,478,908	,130,692,552	-	4,334,171,460
ii) Interest due but not paid	-	-	-	
iii) Interest accrued but not due	165,671	14,149,469	-	14,315,140
Total (i+ii+iii)	1,203,644,579	3,144,842,021	-	4,348,486,600
Change in Indebtedness during the financial year				
Addition	2,289,663,399	4,015,897,188	-	6,305,560,587
* Reduction	(581,099,264)	(1,923,970,406)	-	(2,505,069,670)
Net Change	1,708,564,135	2,091,926,782	-	3,800,490,917

Indebtedness at the end of the financial year					
i) Principal Amount	2,822,452,120	5,219,676,849	-	804,2128,969	
ii) Interest due but not paid	-	-	-	-	
iii) Interest accrued but not due	89,756,593	17,091,955	-	106,848,547	
Total (i+ii+iii)	2,912,208,713	5,236,768,804	-	8,148,977,517	



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. Akihiro Azuma	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0	8,896,762	8,896,762
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	1,551,342	1,551,342
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0	0
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission - as % of profit - others, specify ...	-	-	-
5	Others, please specify	-	-	-
	Total (A)	0	10,448,104	10,448,104
	Ceiling as per the Companies Act, 2013	28,710,413/-	(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
		Mr. Nagesh Dubey	Mr. Abhay Kakkar	Mr. Rajeev L. Seth	
1	Independent Directors				
	Fee for attending Board and Committee meetings	3,05,000	3,25,000	1,20,000	7,50,000
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total (1)	3,05,000	3,25,000	1,20,000	7,50,000
2	Other Non-Executive Directors				
	Fee for attending board committee meetings		Not Applicable		
	Commission				
	Others, please specify				
	Total (2)	-		-	-
	Total (B)=(1+2)	7,50,000/-			
	Total Managerial Remuneration				
	Overall Ceiling as per the Act	2,871,041/-		(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

SrNo.	Particulars of Remuneration	Key Managerial Personnel			Total
		CS (Ms. Shuchi Singhvi)	CFO (Mr. Vivek Wadhwa)		
1	Gross Salary				1,400,369
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,400,369	-		
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.00	-		-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0.00	-		-
2	Stock Option	-	-		-
3	Sweat Equity	-	-		-
4	Commission	-	-		-
	- as % of profit	-	-		-
	Others, specify...	-	-		-
5	Others, please specify	-	-		-
	Total	1,400,369	-		1,400,369

VI. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: -

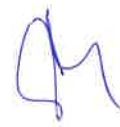
There were no penalties /punishment for the year ended March 31, 2017.



Annexure-C

Disclosures in terms of Section 197(12) read with Rule 5(1) of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014

Name of the Employee and Designation	Remuneration Received (in Rs.)	Nature of Employment	Qualification and Experience	Date of Commencement of Employment	Age	Last Employment held before joining the Company
Akihiro Azuma, Vice President and Whole Time Director	10,448,104/-	Full Time Employment	Master Degree of Material Science, 12 years of experience	04-04-2016	37	ORIX Corporation, Japan (Tokyo)



Annexure-D

Information as per Rule 5 (2) of Chapter XIII, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- (1) The ratio of the remuneration of each director to the median remuneration of employees of the Company for the financial year is 1:7.
- (2) During the year, under review there was 20.73% increase in remuneration of Whole time Director and Company Secretary of your Company.
- (3) During the year under review, there was 10% increase in the median remuneration of the employees of your Company.
- (4) As on March 31, 2017 there were 163 employees on the rolls of your Company.
- (5) During the year under review, the net income of your Company grew and the hike was in consonance with the wage hike given by the Industry. Further, in comparison to the growth of the Company, the average increase in remuneration paid to Key Managerial Personnel and the average increase in remuneration for rest of the employees depending on individual and business unit performance - NA
- (6) The key parameters for variable compensation for directors are growth in volume of the Business of the Company, profit growth, portfolio quality, and enhancement of customer base over the previous year.



Annexure-E

Related Party Transaction Disclosure as per Section 188 of the Companies Act, 2013

Form No. AOC - 2

(Pursuant to clause (h) of sub - section (3) of section 134 of the Act and Rule 8 (2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts / arrangements entered into by the company with related parties referred to in sub - section (1) of section 188 of the Companies Act, 2013 including certain arms-length transactions under third proviso thereto

- (1) Details of contracts or arrangements or transactions not at arm's length basis: NIL
- (2) Details of material contracts or arrangement or transactions at arm's length basis:

(a)	Name(s) of the related party and nature of relationship	ORIX Corporation, Japan -Ultimate holding Company ORIX Auto Infrastructure Services Limited - Holding company
(b)	Nature of contracts/arrangements/transactions	(1) Normal business transactions (Mentioned in the notes forming part of the financial statements at Note no. 23.10). (2) Purchase of Flat/Asset
(c)	Duration of the contracts/arrangements/ transactions	(1) Usually annual, however, depends on the nature of transaction.
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	(1) Maintained at arm's length similar to third party contracts. Value of such transactions during the financial year is mentioned in the notes forming part of the financial statements at Note no. 23.10. (2) As per the Registered Agreement - Rs. 37,89,500
(e)	Justification for entering into such contracts or arrangements or transactions	Competitive pricing and value of services rendered.
(f)	Date(s) of approval by the Board, if any	N.A.
(g)	Amount paid as advances, if any	N.A.




Annexure-F

Details of Nomination and Remuneration Policy as per Section 178 of the Act:

(I) **Appointment / Nomination criteria and qualifications:**

(1) **Director and KMP:**

- (a) **Criteria:** The Committee shall identify and ascertain the integrity, expertise and experience of the person for appointment as a Director and KMP and recommend to the Board for his / her appointment.
- (b) **Qualification:** A person should possess adequate qualification for the position he / she is considered for appointment. The Committee has the discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.

- (2) **Senior Management Personnel:** The Managing Director in consultation with Human Resource Department shall identify and appoint SMP based on their qualification, expertise and experience for the concerned position or level.

(II) **Term/Tenure:**

(1) **Managing Director/Whole-time Director:**

- (a) The Company may appoint or re-appoint any person as its Managing Director/Whole-time Director for a term not exceeding five years at a time.
- (b) The Company shall not appoint or continue the employment of any person as Managing Director/Whole-time Director/ who has attained the age of seventy years. Provided that the term of the person holding this position may be extended beyond the age of seventy years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond seventy years.

(2) **Independent Director:**

- (a) An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment as per the criteria laid down by Act and Regulations as amended from time to time.



- (b) No Independent Director shall hold office for more than two consecutive terms of 5 years, but such Independent Director shall be eligible for appointment after expiry of three years of ceasing to become an Independent Director.

(III) **Evaluation of Director, KMP and SMP:**

The Committee shall carry out evaluation of performance of every Director based on detailed performance parameters, as per applicable Regulations. The performance parameters includes, but not limited to the following:

- (1) Expertise;
- (2) Objectivity and Independence;
- (3) Guidance and support in context of life stage of the Company;
- (4) Understanding of the Company's business;
- (5) Understanding and commitment to duties and responsibilities;
- (6) Willingness to devote the time needed for effective contribution to Company;
- (7) Participation in discussions in effective and constructive manner;
- (8) Responsiveness in approach; and
- (9) Ability to encourage and motivate the management for continued performance and success.

The performance evaluation of KMP (other than Managing Director/Whole Time Director) and Senior Management Personnel shall be done as per the prevailing Human Resource Policy and Human Resource process framework implemented by the Company from time to time, in consultation with the Managing Director of the Company.

(IV) **Retirement:**

The Director, KMP and Senior Management Personnel shall retire as per the applicable provisions of Act or under the Regulations and the prevailing HR policy of the Company, as the case may be. The Board will have the discretion to retain the Director and KMP in the same position / remuneration or otherwise even after attaining the retirement age, for the benefit of the Company, subject to compliance of Regulations, if any, and prevailing HR Policy of the Company, as the case may be. Further, the Competent Authority as specified in the Employee Hand Book of the Company will have the discretion to retain the SMP in the same position/remuneration after attaining the retirement age.



(V) **Removal:**

Due to reasons for any disqualification mentioned in Act; or Regulations or breach of Company's prevailing HR policy of the Company, the Committee may recommend to the Board with reasons recorded in writing, removal of a Director and KMP. Senior Management Personnel may be removed from the employment of the Company due to breach of Company's HR Policy or code of conduct or other employee related policies or performance related aspects. The decision of Managing Director, Director representing ORIX Corporation i.e. Ultimate Holding Company and HR Head shall be final in this regard.

(VI) **Remuneration to Managing Director/Whole Time Director:**

(1) **Fixed pay:**

The Managing Director/Whole-time Director shall be eligible for a monthly remuneration as may be approved by the Board on the recommendation of the Committee. The breakup of the pay scale and quantum of perquisites including, employer's contribution to provident fund, pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the Committee and approved by the shareholders and Central Government, wherever required.

(2) **Minimum Remuneration:**

If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its Managing Director/ Whole-time Director / in accordance with the provisions of Schedule V of the Act and with the approval of the Central Government approval, if and to the extent required.

(3) **Other Provisions:**

- (a) The remuneration / compensation / commission etc. to the Managing Director/ Whole Time Director, will be determined by the Committee and recommended to the Board for approval. The remuneration / compensation / commission etc. shall be subject to the approval of the shareholders of the Company and Central Government, wherever required as per law.
- (b) The remuneration and commission to be paid to the Managing Director/Whole Time Director shall be in accordance with the percentage / slabs / conditions as per the provisions of Act, as amended from time to time.
- (c) Increments to the existing remuneration / compensation structure shall be recommended by the Committee.



(VII) **Insurance Premium:**

Where any insurance is taken by the Company on behalf of its Managing Director, SMP or KMPs for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel.

The Company shall take Director and Officer Liability Insurance Policy on annual basis.

(VIII) **Remuneration to Non- Executive / Independent Director:**

(1) **Sitting Fees:**

The Non- Executive / Independent Director may receive remuneration by way of fees for attending meetings of Board or Committee(s) thereof and in line with the applicable provisions of Act.

(2) **Commission:**

Commission may be paid within the monetary limit approved by shareholders, subject to the limits/ slabs and conditions mentioned in the Articles of Association of the Company and as per Act, as amended from time to time.

(IX) **Remuneration of KMP and SMP:**

The remuneration determined for the KMP and SMP shall be in line with the Company's philosophy to provide fair compensation to key- executive officers based on their performance and contribution to the Company and to provide incentives that attract and retain key executives, instil a long term commitment to the Company, and develop a pride and sense of Company ownership, all in a manner consistent with shareholder interests.

The remuneration of KMP and SMP shall be decided by Managing Director of the Company in consultation with the HR department.

(X) **Remuneration of other employees:**

Apart from Directors, KMP and SMP, the remuneration of rest of the employees will be determined on the basis of the role and position of the individual employee, including professional experience, responsibility, job complexity and local market conditions in competitive environment.

The Company considers it essential to incentivize the workforce to ensure adequate and reasonable compensation to the staff. The Human Resources Department shall ensure that the level of remuneration motivates and rewards high performers who perform according to set expectations in their respective domain.



The various remuneration components, basic salary, allowances and perquisites may be combined to ensure an appropriate and balanced remuneration package.

The annual increments to the remuneration paid to employees shall be determined based on the annual appraisal carried out by Head of various Departments and as per the HR Policy and Process of the Company as may be applicable from time to time.



Annexure – G

Corporate Governance disclosures as per Section 134 of the Companies Act, 2013

(1) Company's Philosophy on Corporate Governance:

The Company's philosophy on Corporate Governance is aimed at assisting the management of the Company in the efficient conduct of its business and meeting its obligations to stakeholders and is guided by a strong emphasis on transparency, accountability and integrity. During the year under review, your Company has adopted a Board approved Internal Guidelines on Corporate Governance which will help the Company in attaining its objectives/goals, since it encompasses every sphere of operations, management, action plans, internal controls, performance measurement and regulatory disclosure. The said Internal Guidelines on Corporate Governance has been uploaded on the Company's website which was approved by the Board of Directors in their meeting held on November 9, 2016.

During the year under review, following policies were approved and implemented/revised:

- (a) Related Party Transactions Policy;
- (b) CSR Policy;
- (c) Nomination and Remuneration Policy;
- (d) KYC and PMLA Policy;
- (e) Fair Practice Code.

(2) Board of Directors:

During the year the Board met at regular intervals to discuss and decide on various business and policy matters of the Company. The meetings of the Board of Directors were held on, during the FY 2016 – 17, April 19, 2016, June 29, 2016, September 26, 2016, November 9, 2016, December 21, 2016 and March 28, 2017.

The present strength of Board of Directors is Nine (9) Directors. The Board comprises of Executive and Non-Executive Directors including three (3) Independent Directors. One of the Non-Executive Director is a woman. The Non-Executive Directors bring independent judgment in the Board's deliberations and decisions. None of the Directors of your Company are related to each other.

The Directors of the Company have wide experience in the field of finance, risk management, banking and human resources.



The details of attendance of the Board of Directors as at March 31, 2017 are as under:

Sr.No.	Name of Director	No. of Board Meetings Attended	Last AGM Attended
(1)	Mr. Hiroshi Nishio, Director and Chairman	4	No
(2)	Mr. Takehisa Kaneda, Director (Ceased to be Director w.e.f March 28, 2017)	6	Yes
(3)	Mr. Sandeep Gambhir, Managing Director	6	Yes
(4)	Mr. Taro Oyama, Whole Time Director (Ceased to be Whole Time Director w.e.f June 28, 2016)	1	No
(5)	Mr. Akihiro Azuma, Whole Time Director (appointed with effect from June 29, 2016)	5	Yes
(6)	Mr. Kiyokazu Ishinabe, Director	1	*NA
(7)	Mr. Abhay Kakkar, Independent Director	6	No
(8)	Mr. Nagesh Dubey, Independent Director	5	No
(9)	Mr. Harukazu Yamaguchi, Director	1	No
(10)	Mr. Rajeev Lochan Seth, Independent Director	3	*NA
(11)	Ms. Gouri Sawant, Woman Director	1	*NA
(12)	Ms. Udhaya Gopal, Director (Ceased to be Director w.e.f January 6, 2017)	2	*NA

* The appointment was done subsequent to last AGM




(3) Committees of the Board of Directors:

(a) Composition:

Sr. No.	Name of the Committee	Composition of the Committee
(i)	Audit Committee	Mr. Nagesh Dubey - Chairman Mr. Kiyokazu Ishinabe Mr. Abhay Kakkar
(ii)	Nomination and Remuneration Committee (NRC)	Mr. Kiyokazu Ishinabe- Chairman Mr. Abhay Kakkar Mr. Nagesh Dubey
(iii)	Treasury and Asset Liability Management Committee	Mr. Kiyokazu Ishinabe- Chairman Mr. Sandeep Gambhir Mr. Akihiro Azuma
(iv)	Executive Committee	Mr. Kiyokazu Ishinabe Mr. Sandeep Gambhir Mr. Akihiro Azuma
(v)	Risk Management Committee	Mr. Kiyokazu Ishinabe- Chairman Mr. Sandeep Gambhir Mr. Akihiro Azuma
(vi)	Residual Value Committee	Mr. Kiyokazu Ishinabe- Chairman Mr. Sandeep Gambhir Mr. Akihiro Azuma
(vii)	Credit Committee	Mr. Kiyokazu Ishinabe Mr. Sandeep Gambhir Mr. Akihiro Azuma
(viii)	Corporate Responsibility and Social (CSR) Committee	Mr. Kiyokazu Ishinabe - Chairman Mr. Sandeep Gambhir Mr. Abhay Kakkar
(ix)	Allotment Committee	Mr. Kiyokazu Ishinabe Mr. Sandeep Gambhir Mr. Nagesh Dubey Mr. Akihiro Azuma




(b) Powers of the Committees:

(i) Audit Committee: The key responsibilities of the Committee are:

- Making recommendations to the Board for appointment of Statutory Auditors and Internal Auditors or in-sourcing of Internal Audit functions and Internal Audit Team;
- Advising the Board on fixation of audit fees;
- Holding periodic 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 so as to ascertain quality and veracity of Company's accounts;
- 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;
- To review half-yearly and annual financial statements alongwith Auditors' Report thereon before submission to the Board, as may be applicable;
- To oversee of financial reporting process, accounting controls and disclosure of financial information to ensure that financial information report is sufficient and credible;
- To review with management the annual and semi-annual financial statements before submission to the Board focusing primarily on:
 - Any changes in accounting policies and practices
 - Major accounting entries based on exercise of judgment by management
 - Qualifications in draft audit report;
 - Significant adjustments arising out of audit;
 - Compliance with accounting standards;
 - Compliance with legal requirements concerning financial statements; and
 - 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.

- To approve and ratify write offs amounting upto Rs. 3.10 mn for single client and report to the Board of Directors such write offs;
- To recommend to Board for approval of write offs exceeding Rs. 3.10 mn;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever necessary;
- Monitoring the end use of funds raised through public offers and related matters;
- Approval or any subsequent modification of transactions with related parties;
- Evaluation of internal financial control system and risk management system;
- Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- Review whistle blower reports under Whistle Blower Policy and/or Vigil Mechanism;
- To report litigation against or by the Company involving debt or claim above Rs. 52.3 mn; and
- To ensure that an Information System Audit of the internal systems and processes is conducted, at least once in two years to assess operational risks faced by the Company.

(ii) Nomination and Remuneration Committee: The key responsibilities of the Committee are:

- Reviewing the current Board composition, its governance framework and determine future requirements and making recommendations to the Board for approval;
- Examining the qualification, knowledge, skill sets, positive attributes and experience of each director and their effectiveness to the Board on a yearly basis;
- 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;





- Identifying persons who are qualified to become Key Managerial Personnel and recommendation to the Board for their appointment and/or removal;
 - Formulate the Policy and recommend to the Board of Directors relating to the remuneration for the Directors and Key Managerial Personnel;
 - Formulate the Policy relating to the appointment and remuneration of Senior Management Personnel; and
 - Ensure fit and proper criteria of Directors.
- (iii) Treasury and Asset Liability Management Committee: The key responsibilities of the Committee are:
- Pricing of products for both deposits and advances;
 - Fixing of desired maturity profile and mix of the incremental assets and liabilities;
 - Collecting information about the prevailing interest rates offered by other peer NBFC for the similar services/products;
 - Reviewing the results and progress in implementation of the decisions made in the previous meeting;
 - To articulate the current interest rate view
 - 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.
 - 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
 - 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.
 - 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.



(iv) Executive Committee: The key responsibilities of the Committee are:

- To lay down internal Rules, Policies, Processes and Regulations with regard to Credit and delegate it to the executives of the Company.
- To note waiver of income/reversals approved by Chairman and Director
- 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.
- To review Principal and Agency Agreement approved by Chairman and Director.
- To approve general expenditure (for single purpose) over Rs.10 mn.
- To consider and approve closure of Bank Accounts.

(v) Risk Management Committee: The key responsibilities of the Committee are:

- Risk planning;
- Risk assessment & monitoring – Economy Review, Industry Review, Portfolio Review, Rating;
- Risk systems (MIS and IT system integration); and
- Risk reporting – Keeping the Board informed at regular intervals of credit, market and operational Risk Profile of the Company.

(vi) Residual Value Committee: The key responsibilities of the Committee are:

- Setting up of Residual Value Policy;
 - Setting up / alteration of Residual Value of Vehicles and Maintenance budget of Vehicles (Per KM Maintenance Cost);
 - 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
 - Approve Residual Value for leasing of Commercial Vehicle.
- 
- 

- (vii) Credit Committee: 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.
- (viii) CSR Committee: The key responsibilities of the Committee are:
- To formulate and update a CSR Policy and seek recommendation of the Board on the CSR activities to be undertaken by the Company.
 - To suggest areas of intervention and approve projects for CSR activities.
 - Put monitoring mechanisms in place to track the progress of each project.
 - Recommend the CSR expenditure to the Board for approval.
 - Meet on half yearly basis to review the progress made, or at such intervals periods and may be required by the Company.
- (ix) Allotment Committee: The key responsibilities of the Committee are:
- To approve allotment of Securities from time to time;
 - To affix or authorize affixation of Common Seal of the Company on the security certificates of the company; and
 - To do all such acts, things or deeds as may be necessary or incidental to the exercise of the above powers.

(c) Attendance of the Committees of Directors:

Type of Meetings	No. of Meetings held	*Mr. Taro Oyama	#Mr. Takehisa Kaneda	Mr. Nagesh Dubey	Mr. Abhay Kakkar	Mr. Akihiro Azuma	Mr. Sandeep Gambhir	Mr. Kiyokazu Ishinabe
Audit Committee	5	-	5	5	4	-	-	-
Nomination and Remuneration Committee	4	1	3	3	4	-	-	
Treasury and Asset Liability Management Committee	4	-	2		-	4	4	1




Residual Value Committee	3	-	2	-	-	3	3	1
CSR Committee	1	-	1	-	1	-	1	-
Risk Management Committee	1	-	1	-	-	1	1	-
Allotment Committee	2	-	-	2	-	1	2	-
\$Credit Committee	-	-	-	-	-	-	-	-
\$Executive Committee	-	-	-	-	-	-	-	-

* Mr. Taro Oyama ceased to be member with effect from June 28, 2016.

Mr. Takehisa Kaneda ceased to be member with effect from March 28, 2017.

\$The Committees did not meet during the year, however, approvals were taken by way of Circular Resolution.

(4) 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 27, 2017, pursuant to the provisions of the Act.

Sitting fees was paid to all the Independent Directors of the Company for attending the meetings of Board of Directors and Committee meetings, wherever they are members. The Sitting fees have been revised from Rs. 30,000/- per Board Meeting to Rs. 40,000/- per Board Meeting and Rs. 10,000/- to Rs. 15,000/-per meeting for Committee meetings with effect from November 9, 2016.

(5) Board Performance Evaluation Mechanism:

The Nomination and Remuneration Committee (NRC) had approved a framework for performance evaluation of the Board of Directors, its Committees and the individual Board members. This performance evaluation framework was designed based on the following:

- (a) Expertise;
- (b) Objectivity and Independence;
- (c) Guidance and support in context of life stage of the Company;
- (d) Understanding of the Company's business;
- (e) Understanding and commitment to duties and responsibilities;
- (f) Willingness to devote the time needed for effective contribution to Company;
- (g) Participation in discussions in effective and constructive manner;
- (h) Responsiveness in approach; and




- (i) Ability to encourage and motivate the management for continued performance and success.

As part of the framework, structured questionnaires were prepared after taking into consideration the inputs received from the Directors and NRC. These questionnaires covers various aspects of the Board's functioning including composition and quality, culture, roles and responsibilities, processes and functioning, execution and performance to specific duties, obligations and governance. The questionnaires consist of:

- (i) 'Peer Review' form given by the directors, rating performance of all other Directors.
- (ii) 'Committee Evaluation' form given by the directors, rating performance of individual committees.
- (iii) 'Board Assessment' form given by every director, rating performance of the Board as a whole.

Responses received on the questionnaires from the Directors were reviewed in the below manner:

- (i) 'Peer Review' were reviewed by the NRC and recommended to the Board for its review. Subsequently, the Board reviewed the same.
- (ii) 'Committee Evaluation' and 'Board Assessment' were reviewed by the Board.

Further, the Independent Directors of the Company, at their separate meeting had reviewed all the responses received from the Non-Independent (Non – Executive) Directors on the questionnaires pertaining to 'Peer Review' and 'Board Assessment'.

(6) General Meetings:

Meeting	Date and Time	Venue	Resolutions passed
10 th – Annual General Meeting	July 29, 2016	Mumbai	(1) Adoption of Audited Accounts, Directors' Report and Auditors' Report; (2) Appointment of Mr. Takehisa Kaneda (DIN 07082839) as Director liable to retire by rotation; (3) Re-appointment of Statutory Auditors ;




			Special Business: (4) Appointment of Mr. Akihiro Azuma (DIN 07510869) as Director of the Company; (5) Appointment of Mr. Akihiro Azuma (DIN 07510869) as Whole Time Director of the Company
15 th – Extra-Ordinary General Meeting	December 16, 2016	Mumbai	(1) Increase in borrowing limits of the Company from Rs. 1,000 Crore to Rs. 1,500 Crore; (2) Increase in limits for creation of charge on the assets of the Company upto an amount of Rs. 1,500 Crore to secure its borrowings; (3) Authority to issue Secured Redeemable Non-Convertible Debentures.
16 th – Extra-Ordinary General Meeting	February 27, 2017	Mumbai	(1) Authority to issue Secured Redeemable Non-Convertible Debentures

(7) Shareholding Pattern as at March 31, 2017:

Name of Shareholder	No. of equity shares held
ORIX Auto Infrastructure Services Ltd. (OAIS)	88,935,831
Individuals and OAIS	70
Total Paid up Shares	88,935,901

(8) Related Party Transactions:

There have been no materially significant related party transactions, pecuniary transaction or relationships between the Company and its Directors that may have potential conflict with the interest of the Company.






During the year under review, the Board of Directors of Directors of your Company have approved the Related Party Transactions Policy, which governs the following:

- (a) Identifying related party(ies), updating and maintaining the database of such persons/entities;
- (b) Ascertaining that the transactions entered with the related party(ies)is/are in 'ordinary course of business' and at 'arm's length basis';
- (c) Identifying related party(ies) transactions;
- (d) Obtaining approvals before entering into any related party(ies) transactions;
- (e) Determining the disclosures / compliances to be adhered in relation to the related party(ies) transactions.

The said policy has been displayed on the website of the Company <http://www.orixindia.com/uploadedfiles/Related%20Party%20Transaction%20Policy.pdf>

Transactions with related parties, as per the requirements of Accounting Standard 18, are disclosed to the notes to accounts annexed to the financial statements.

Annexure-H

Corporate Social Responsibility (CSR)

[Pursuant to clause (o) of sub-section (3) of section 134 of 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 Act. Various projects are within the framework of Schedule VII of the Act. The web link to the CSR policy is at <http://www.orixindia.com/uploadedfiles/CSRPolicy.pdf>
- (2) The Composition of the CSR Committee: Mr. Kiyokazu Ishinabe, Mr. Sandeep Gambhir and Mr. Abhay Kakkar
- (3) Average net profit of the company for last three financial years: Rs. **221,924,171/-**(2013-2014, 2014-2015, 2015-2016)
- (4) Prescribed CSR Expenditure (two per cent of the amount as in item 3 above) –**Rs. 4,438,484/-**
- (5) Details of CSR spent during the financial year:
 - (a) Total amount to be spent for the financial year - **Rs. 4,438,484/-/-**
 - (b) Amount unspent, if any - None
 - (c) Manner in which the amount spent during the financial year is detailed below :

Sr. No.	CSR project or activity identified	Sector	Location	Amount outlay (budget) Project Wise	Amount spent on the projects or programs Direct expenditure on projects or programs Overheads	Cumulative expenditure upto the reporting period	Amount spent through implementing agency*
(1)	Promoting Education and preventive Health Care for Leprosy affected families. – Proposal	Combating human immunodeficiency virus	Thottanaval Village, Uthiramerur Taluk, Kanchipuram District, Tamil Nadu.	2,00,000/-	Direct expenditure on project	2,00,000	Indirect




	for Higher Secondary School Building Project Peery Matriculation Higher Secondary School.						
(2)	Rural Development Project	1) Promoting preventive health care. 2) Sanitation. 3) Ensuring environmental sustainability	Sonari village, Raigarh district, Maharashtra.	7,85,400	Direct expenditure on project	7,85,400	Indirect
(3)	Skill Development training for underprivileged youth – Empower Youth	Education & Livelihood	New Panvel, Maharashtra	4,83,000/-	Direct expenditure on program	4,83,000	Indirect
(4)	Benefits to armed forces widows and their dependents	Armed forces widows and their dependents	New Delhi	7,49,900/-	Direct expenditure on program	7,49,900	Indirect
(5)	Project Samvedna	Child Education & Protection of Women child	Bhopal & Rajgargh, Block: Bersaiya and Narsingargh State: Madhya Pradesh	18,20,184/-	Direct expenditure on program	18,20,184	Indirect
(6)	Blood Bank	Healthcare	Gurgaon	4,00,000/-	Direct expenditure on program	4,00,000/-	Indirect




* Details of Implementing Agency (Indirect):

- (1) Rising Star Outreach of India
- (2) Society for Educational Welfare and Economics Development (SEED)
- (3) Sujaya Foundation
- (4) Army Wives Welfare Association (AWWA)
- (5) Child Rights and You (CRY)
- (6) Rotary Club of Gurgaon South City Community Services Society



Mr. Sandeep Gambhir
Managing Director
DIN 00083116



Mr. Kiyokazu Ishinabe
Director
DIN 07763966

Date : May 18, 2017
Place: Mumbai

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

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 2017, 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

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 2017, 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 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
- f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B"; and
- g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. the Company has disclosed the impact of pending litigation on its financial position in financial statement – refer note 23.1 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



Independent Auditors' Report (Continued)

ORIX Leasing & Financial Services India Limited

Report on Other Legal and Regulatory Requirements (Continued)

- iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- iv. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with Books of Account maintained by the Company and as produced to us by the Management – Refer Note 23.11

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



Milind Ranade
Partner
Membership No: 100564

Mumbai
18 May 2017

ORIX Leasing & Financial Services India Limited

Annexure A to the Independent Auditors' Report – 31 March 2017

(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) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- ii. The Company is engaged in providing financial services. Accordingly, it does not hold any physical inventories. Thus para 4(ii) of the Order is not applicable.
- 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. According to the information and explanations given to us, the Company has not granted any loans to any director or any person in whom director is interested in terms of Section 185 of the Act, further Section 186 of the Act is not applicable to the Company.
- 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 2017 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 Company does not have any dues of provident fund, service tax and other material statutory dues that have not been deposited on account of dispute except income tax and value added as follows:



ORIX Leasing & Financial Services India Limited

Annexure A to the Independent Auditors' Report – 31 March 2017 (Continued)

Name of the Statute	Nature of Dues	Amount Rs.	Period to which amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	18,211,940	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
Income Tax Act, 1961	Income Tax	8,999,596	AY 2014-15	Commissioner of Income Tax (appeals) Mumbai
Value Added Tax Act	VAT	38,559,650	FY 2012-13 to FY 2013-14	Joint Commissioner of sales Tax, Delhi
Value Added Tax Act	VAT	5,042,187	FY 2012-13	Appellate Deputy Commissioner CT, Chennai
Value Added Tax Act	VAT	8,937,979	FY 2012-13	Joint Commissioner of sales Tax, Maharashtra
Value Added Tax Act	VAT	455,238	FY 2013-14	Appellate Deputy Commissioner CT, West Bengal
Value Added Tax Act	VAT	3,898	FY 2013-14	Appellate Deputy Commissioner CT, West Bengal
Value Added Tax Act	VAT	146,364	FY 2013-14	Appellate Deputy Commissioner CT, Rajasthan

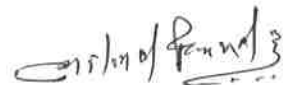
- viii. According to the information and explanations given to us, the Company has not defaulted in repayment of dues to its banks, financial institutions or debenture holders.
- ix. In our opinion and according to the information and explanations given to us, the Company has not raised any money by 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 give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company 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

Annexure A to the Independent Auditors' Report – 31 March 2017 (Continued)

- xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv. According to the information and 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

Mumbai
18 May 2017

Annexure B to the Independent Auditors' Report of even date on the standalone financial statements of ORIX Leasing & Financial Services India 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 India Limited ("the Company") as of 31 March 2017 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 Auditors' Report of even date on the standalone financial statements of ORIX Leasing & Financial Services India 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 2017, 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

Mumbai
18 May 2017

ORIX Leasing & Financial Services India Limited

Balance sheet

as at 31 March 2017

(Currency: Indian Rupees)

	Note	31 March 2017	31 March 2016
I EQUITY AND LIABILITIES			
1 Shareholders' fund			
Share capital	3	88,93,59,010	88,93,59,010
Reserves and surplus	4	2,83,70,84,155	2,63,90,86,509
		<u>3,72,64,43,165</u>	<u>3,52,84,45,519</u>
2 Non-current liabilities			
Long-term borrowings	5	5,11,59,90,975	1,40,23,80,955
Other long term liabilities	6	5,13,54,607	4,76,81,102
Long term provisions	7	1,19,51,641	53,67,947
		<u>5,17,92,97,223</u>	<u>1,45,54,30,004</u>
3 Current liabilities			
Short term borrowings	8	1,24,92,73,739	1,56,88,94,446
Trade payables	9	-	-
MSME		-	-
Others		29,25,76,267	32,82,98,033
Other current liabilities	10	1,93,74,48,788	1,48,56,37,469
Short-term provisions	11	11,02,85,531	6,79,89,367
		<u>3,58,95,84,325</u>	<u>3,45,08,19,315</u>
TOTAL		<u><u>12,49,53,24,713</u></u>	<u><u>8,43,46,94,838</u></u>
II ASSETS			
1 Non-current assets			
Fixed assets			
Tangible assets	12	25,12,35,606	8,12,86,270
Intangible assets		2,00,65,799	1,21,52,476
Capital Work in Progress		1,84,80,660	4,48,24,909
		<u>28,97,82,065</u>	<u>13,82,63,655</u>
Deferred tax asset (net)	23.8	64,07,08,521	56,14,94,000
Long-term loans and advances	13	7,94,58,70,811	4,48,35,11,682
Other non-current assets	14	5,59,547	3,46,478
		<u>8,87,69,20,944</u>	<u>5,18,36,15,815</u>
2 Current assets			
Cash and bank balances	15	8,62,58,401	18,18,70,119
Short term loans and advances	16	3,46,73,56,016	3,00,74,29,472
Other current assets	17	6,47,89,352	6,17,79,432
		<u>3,61,84,03,769</u>	<u>3,25,10,79,023</u>
TOTAL		<u><u>12,49,53,24,713</u></u>	<u><u>8,43,46,94,838</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

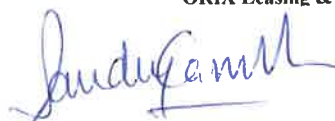
Partner

Membership No: 100564

For and on behalf of the Board of Directors

ORIX Leasing & Financial Services India Limited

CIN : U74900MH2006PLC163937



Sandeep Gambhir

Managing Director


(DIN - 00083116)



Kiyokazu Ishinabe

Director

(DIN - 07763966)



Vivek Wadhwa

CFO



Shuchi Singhvi

Company Secretary

Mumbai

18 May 2017

ORIX Leasing & Financial Services India Limited

Statement of profit and loss for the year ended 31 March 2017

(Currency: Indian Rupees)

	<i>Note</i>	31 March 2017	31 March 2016
REVENUE			
Revenue from operations	18	1,28,42,72,040	85,80,52,977
Other income	19	2,45,35,002	2,90,62,980
Total revenue		<u>1,30,88,07,042</u>	<u>88,71,15,957</u>
EXPENSES			
Employee benefit expenses	20	20,35,26,021	13,06,06,164
Finance costs	21	53,41,61,671	30,00,55,145
Depreciation and amortisation expenses	12	4,02,12,365	96,55,692
Other expenses	22	24,38,02,854	19,06,20,591
Total expenses		<u>1,02,17,02,911</u>	<u>63,09,37,592</u>
PROFIT BEFORE TAX		28,71,04,131	25,61,78,365
TAX EXPENSE			
Current tax		17,11,24,427	16,03,95,864
(Excess) / Short provision of tax for earlier years		(28,03,420)	27,22,503
Deferred tax	23.8	(7,92,14,521)	(7,05,43,000)
PROFIT FOR THE YEAR		<u>19,79,97,646</u>	<u>16,36,02,997</u>
EARNING PER EQUITY SHARE			
Basic and diluted earning per share of ₹ 10/- face value	23.7	<u>2.23</u>	<u>1.96</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 B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022



Milind Ranade
Partner
Membership No: 100564

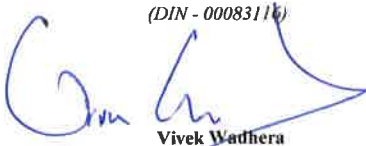
For and on behalf of the Board of Directors
ORIX Leasing & Financial Services India Limited
CIN : U74900MH2006PLC163937



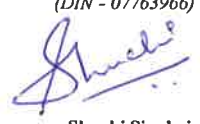
Sandeep Gambhir
Managing Director
(DIN - 00083116)



Kiyokazu Ishinabe
Director
(DIN - 07763966)



Vivek Wadhwa
CFO



Shuchi Singhvi
Company Secretary

Mumbai
18 May 2017

ORIX Leasing & Financial Services India Limited

Cash flow statement

for the year ended 31 March 2017

(Currency: Indian Rupees)

	31 March 2017	31 March 2016
Cash flow from operating activities		
Profit Before Tax	28,71,04,131	25,61,78,365
Adjustments:		
Depreciation and amortisation expenses	4,02,12,365	96,55,692
Provision for employee benefits (net)	1,41,73,617	46,09,154
Profit on sale of fixed assets	-	(1,68,889)
Loss on termination of repossessed hypothecated assets	63,98,775	64,78,640
Provision for standard assets and non-performing assets	3,52,84,800	1,25,78,482
Sundry balances written off	16,81,633	27,165
Bad debts written off	97,06,065	24,01,764
Sundry balances written back	(1,25,63,787)	-
Operating profit before working capital changes	38,19,97,599	29,17,60,373
Adjustments:		
(Increase) / Decrease in trade receivables	-	8,42,74,733
(Increase) / Decrease in Loan and Advances	(3,92,29,68,175)	(3,09,95,35,986)
(Increase) / Decrease in other assets	(47,29,623)	(2,13,31,437)
Increase / (Decrease) in trade / other payables	11,62,33,765	15,75,27,204
Increase / (Decrease) in other liabilities & provisions	(7,74,24,971)	61,94,77,423
Net cash used in operating activities before taxes	(3,50,68,91,405)	(1,96,78,27,690)
Less: Taxes paid (net of refunds)	(17,28,44,133)	(16,58,36,813)
Cash flows used in operating activities -A	(3,67,97,35,538)	(2,13,36,64,503)
Cash flow from investing activities		
Purchase of fixed assets	(19,48,90,424)	(12,74,96,865)
Proceeds from sale of fixed assets	31,59,651	1,68,889
Investment in fixed deposits	(60,73,950)	(84,51,254)
Redemption in fixed deposits	70,96,782	13,00,02,057
Cash flows used in investing activities -B	(19,07,07,939)	(57,77,173)



ORIX Leasing & Financial Services India Limited

Cash flow statement (Continued) for the year ended 31 March 2017

(Currency: Indian Rupees)

	31 March 2017	31 March 2016
Cash flow from financing activities		
Proceeds from long-term borrowings	5,95,00,00,000	2,00,00,00,000
Proceeds from short-term borrowings	35,42,00,000	85,00,00,000
Repayment of long term borrowings	(1,92,39,70,406)	(32,50,00,000)
Repayment of short term borrowings	(60,42,00,000)	(60,00,00,000)
Issue of equity shares at Premium	-	34,99,99,965
Cash flows generated from financing activities - C	3,77,60,29,594	2,27,49,99,965
Net Increase / (Decrease) in cash & cash equivalents (A+B+C)	(9,44,13,885)	13,55,58,289
Cash & cash equivalents as at the beginning of the year	16,81,29,334	3,25,71,045
Cash and cash equivalents as at the end of the year	7,37,15,449	16,81,29,334
Reconciliation of cash and cash equivalents with the balance sheet :		
Cash and cash equivalent as per balance sheet	8,62,58,401	18,18,70,119
Less: Fixed deposits with a maturity of equal to and more than 3 months but less than 12 months	1,25,42,952	1,37,40,785
Cash and cash equivalents as at the end of the year	7,37,15,449	16,81,29,334

The accompanying notes form an integral part of these financial statements

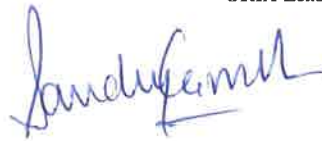
As per our report of even date attached

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

For and on behalf of the Board of Directors
ORIX Leasing & Financial Services India Limited
CIN : U74900MH2006PLC163937



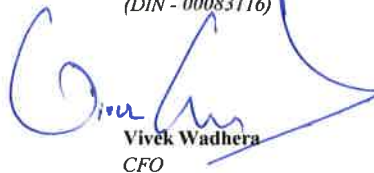
Milind Ranade
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Director
(DIN - 07763966)



Vivek Wadhwa
CFO



Shuchi Singhvi
Company Secretary

Mumbai
18 May 2017

ORIX Leasing & Financial Services India Limited

Notes to the financial statements

for the year ended 31 March 2017

(Currency: Indian Rupees)

1 Background

ORIX Leasing & Financial Services India 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. The Company provides financial services such as Finance Leasing of Passenger Cars, installment loans for Commercial Vehicles ("CV") and Loan against Property ("LAP") 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 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 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 :

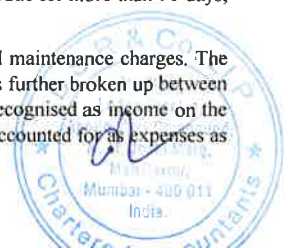
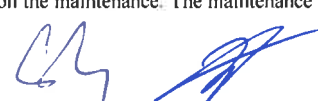
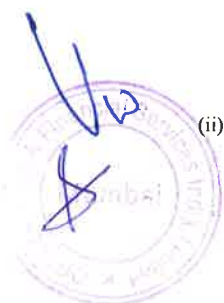
Income is recognised on accrual basis except income relating to Non Performing Assets (NPA) which is recognised on cash basis in accordance with Guidelines issued by the Reserve Bank of India.

(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.



ORIX Leasing & Financial Services India Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2017

(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) During the year, the management has changed the accounting of loan processing fees received. The said income is amortized on straight line method over the lease period as compared to being recognized on an upfront basis in statement of Profit and Loss in the previous year.
- (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 During the reporting year, the management has reviewed the accounting of brokerage paid on CV & LAP business and processing fees paid for borrowings. The said expenses are amortized during the current year as compared to being recognized on an upfront basis in statement of Profit and Loss in the previous year.

2.6 Change in accounting policy

Hitherto, Company was recognising upfront the loan processing fees received. From current year, the Company has adopted to recognise the aforementioned fees on amortisation basis. Had the Company continued to follow its earlier accounting policy, company's net profit for the year ended 31 March 2017 would have been higher by ₹ 14,279,341

Also hitherto, Company was recognising upfront the brokerage paid on CV and LAP business and processing fees paid for borrowings in the same year of origination. From current year, the Company has adopted to recognise the aforementioned fees on amortisation basis. Had the Company continued to follow its earlier accounting policy, company's net profit for the year ended 31 March 2017 would have been lower by ₹ 13,502,343.

2.7 Fixed assets :

- a) Fixed assets are stated at cost of acquisition (inclusive of interest where applicable) less accumulated depreciation / impairment losses.
- b) The cost of fixed assets not ready for their intended use at the balance sheet date is disclosed under capital work in progress.
- c) Computer software acquired are capitalized and amortized on straight line basis over the estimated useful life of 6 years.
- d) Assets given by the Company under operating lease are included in fixed assets.

2.8 Depreciation/Amortisation 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 on a straight line method 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.

2.9 Finance Leases:

The Company has entered into 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.



ORIX Leasing & Financial Services India Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2017

(Currency: Indian Rupees)

2 Significant Accounting Policies (Continued)

2.10 Loans:

Loan assets are recognised on disbursement of loan. CV and LAP loans are classified as per the RBI guidelines, into performing and non-performing assets. All loans and other credit exposures where the installments, including interest and other dues are overdue for a period of more than 120 days are classified as non-performing assets in accordance with the prudential norms prescribed by the RBI. On a conservative basis, as per Board approved policy, the Company is currently classifying any non-performing asset as sub-standard whose installments, including interest and other dues are overdue for a period of 90 days and more, which is stringent than the provisioning requirement as stated by RBI guidelines. Further, non-performing assets are classified into loss assets and provision is based on criteria stipulated by the RBI guidelines. Additional provisions are made against specific non-performing assets over and above as stated in the RBI guidelines, if in the opinion of management, a higher provision is necessary. The Company maintains general provision for standard assets as per the prudential norms prescribed by the RBI.

2.11 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.

2.12 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 0.35% for Standard Assets, in accordance with 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".

2.13 Repossessed Assets :

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

2.14 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) Leave encashment :

The employees can carry-forward a portion of the unutilised accrued leave encashment and utilise it in future service periods or receive cash compensation on termination of employment. Since the leave encashment 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 leave encashment 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.

ORIX Leasing & Financial Services India Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2017

(Currency: Indian Rupees)

2 Significant Accounting Policies (Continued)

2.15 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.

2.16 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 certain to be realised.

2.17 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.

2.18 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

Notes to the financial statements (Continued)

as at 31 March 2017

(Currency: Indian Rupees)

3 Share capital :

Particulars	As at 31 March 2017		As at 31 March 2016	
	Number	Amount	Number	Amount
Authorised				
Equity Shares of ₹10 each	9,00,00,000	90,00,00,000	9,00,00,000	90,00,00,000
Issued				
Equity Shares of ₹10 each	8,89,35,901	88,93,59,010	8,89,35,901	88,93,59,010
Subscribed & fully paid up				
Equity Shares of ₹10 each	8,89,35,901	88,93,59,010	8,89,35,901	88,93,59,010
Total	8,89,35,901	88,93,59,010	8,89,35,901	88,93,59,010

- 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 2017		As at 31 March 2016	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	8,89,35,901	88,93,59,010	8,11,58,124	81,15,81,240
Shares issued during the year	-	-	77,77,777	7,77,77,770
Shares outstanding at the end of the year	8,89,35,901	88,93,59,010	8,89,35,901	88,93,59,010

- 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 2017		As at 31 March 2016	
	No of shares held	% of holding	No of shares held	% of holding
ORIX Auto Infrastructure Services Limited and its nominees	8,89,35,901	100.00%	8,89,35,901	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.



ORIX Leasing & Financial Services India Limited

Notes to the financial statements (Continued)

as at 31 March 2017

(Currency: Indian Rupees)

4 Reserves and surplus :

Particulars	As at 31 March 2017	As at 31 March 2016
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	10,08,59,281	6,81,38,682
Add : Additions during the year	3,95,99,529	3,27,20,599
Closing balance	14,04,58,810	10,08,59,281
Securities premium account		
Opening balance	2,25,11,75,295	1,97,89,53,100
Add : Premium on Equity Shares issued during the year	-	27,22,22,195
Closing balance	2,25,11,75,295	2,25,11,75,295
Balance in the statement of profit and loss		
Opening balance	28,70,51,933	15,61,69,535
Add : Profit for the year	19,79,97,646	16,36,02,997
Less: Transfer to statutory reserve	3,95,99,529	3,27,20,599
Closing balance	44,54,50,050	28,70,51,933
Total	2,83,70,84,155	2,63,90,86,509

5 Long-term borrowings

Particulars	As at 31 March 2017	As at 31 March 2016
Unsecured		
Term Loan from banks	2,91,59,90,975	1,40,23,80,955
Secured		
Non Convertible Debentures	2,20,00,00,000	-
Total	5,11,59,90,975	1,40,23,80,955

Notes:

- i Loans as on 31 March, 2017, are repayable as stated below :

Repayment terms	Interest Rate	Repayable in			Total
		1-2 years	2-3 years	3-5 years	
Monthly (Floating)	9.43%*	55,33,78,380	41,86,93,695	2,08,33,327	99,29,05,402
Quarterly (Floating)	8.82%*	71,90,47,617	64,76,19,052	2,50,00,000	1,39,16,66,669
Monthly (Fixed)	9.50%*	14,59,45,956	7,29,72,947	-	21,89,18,903
Quarterly (Fixed)	9.45%*	25,00,00,000	6,25,00,000	-	31,25,00,000
Bullet Payment (Fixed)	8.33%*	-	2,20,00,00,000	-	2,20,00,00,000
Total		1,66,83,71,953	3,40,17,85,694	4,58,33,327	5,11,59,90,974

* The Interest rate ranges from 8.33% to 9.50% during the year.

Previous Year 2015-2016 :

Repayment terms	Interest Rate	Repayable in			Total
		1-2 years	2-3 years	3-5 years	
Bullet (Fixed)	9.60% - 9.50%*	12,50,00,000	12,50,00,000	4,16,66,666	29,16,66,666
Half Yearly (Floating)	9.40% - 9.95%*	38,57,14,284	38,57,14,284	33,92,85,721	1,11,07,14,289
Total		51,07,14,284	51,07,14,284	38,09,52,387	1,40,23,80,955

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

- ii Term loan as above is guaranteed by ORIX Corporation, Japan (Ultimate holding Company)
 iii The NCDs are secured by way pari-passu charge on the mortgage on identified immovable property of the Company and a specific floating charge over future receivables of the Company with security cover of 1.1x.



ORIX Leasing & Financial Services India Limited

Notes to the financial statements (Continued) as at 31 March 2017

(Currency: Indian Rupees)

6 Other long term liabilities

Particulars	As at 31 March 2017	As at 31 March 2016
Security Deposits from lessees	5,13,54,607	4,76,81,102
Total	5,13,54,607	4,76,81,102

7 Long term provisions

Particulars	As at 31 March 2017	As at 31 March 2016
Provision for Leave encashment	1,19,51,641	53,67,947
Total	1,19,51,641	53,67,947

8 Short term borrowings

Particulars	As at 31 March 2017	As at 31 March 2016
From banks:		
Loan Repayable on Demand (Secured)		
Cash Credit	21,39,59,817	54,65,35,228
Loan Repayable on Demand (Unsecured)		
Overdraft Facility	63,53,13,922	37,23,59,218
Secured Loans		
Term Loan	40,00,00,000	65,00,00,000
Total	1,24,92,73,739	1,56,88,94,446

Notes:

- i. Short term borrowings from banks as on 31 March 2016 are carrying interest in the range of 8.50% p.a. to 10.50% 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 31 March 2017	As at 31 March 2016
Trade payables (including provision for expenses)		
(i) Outstanding of MSME	-	-
(ii) Others	29,25,76,267	32,82,98,033
Total	29,25,76,267	32,82,98,033



ORIX Leasing & Financial Services India Limited

Notes to the financial statements (Continued)

as at 31 March 2017

(Currency: Indian Rupees)

10 Other current liabilities :

Particulars	As at	
	31 March 2017	31 March 2016
Current maturities of term loan from banks (Unsecured) *	1,66,83,71,953	1,35,59,52,379
Interest accrued but not due on borrowings	10,68,48,547	1,43,15,140
Income received in advance	3,44,60,964	1,54,036
Security Deposits from lessees/hirers	1,34,59,320	83,35,827
Bank Overdraft	84,92,303	69,43,680
Tax deducted at source	62,58,710	42,08,119
Service tax payable	23,977	15,112
Sale tax payable	41,93,719	5,09,748
Statutory dues pertaining to employees	14,46,151	9,25,554
Advances from customers	5,98,75,010	8,01,00,525
Other payables		
i) Payable to employees	1,80,00,722	1,34,92,216
ii) Other payables	11,81,175	6,85,133
From related parties (Unsecured)		
ORIX Auto Infrastructure Services Limited	1,48,36,237	-
Total	1,93,74,48,788	1,48,56,37,469

Note:

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

11 Short-term provisions

Particulars	As at	
	31 March 2017	31 March 2016
Employee Benefits :		
Provision for leave encashment	5,80,539	19,07,904
Provision for Gratuity	21,82,006	-
Others :		
Provision for non performing assets	4,49,94,289	3,22,22,148
Contingent provision against standard assets	3,99,38,230	2,20,95,460
Provision for contingencies	1,91,44,162	95,10,695
Provision for taxation [including TDS and net of provisions of ₹ 194,516,946 2016 - ₹ 195,710,092]]	34,46,305	22,53,160
Total	11,02,85,531	6,79,89,367



ORIX Leasing & Financial Services India Limited

Notes to the financial statements (Continued) as at 31 March 2017

(Currency: Indian Rupees)

12 Fixed assets

Particulars	Gross Block			Depreciation/Amortisation		Net Block			
	As at 1 April 2016	Additions	Deductions	As at 31 March 2017	As at 1 April 2016	For the Year	Deductions	As at 31 March 2017	As at 31 March 2016
Tangible Assets									
Buildings	-	40,75,450	-	40,75,451	-	62,714	-	62,714	40,12,737
Leasehold Improvements	5,08,835	18,59,146	-	23,67,981	2,08,154	2,72,874	-	4,81,028	18,86,953
Furniture and Fixtures	10,52,047	15,27,838	-	25,79,885	2,79,618	2,55,149	-	5,34,767	20,45,117
Vehicles	76,90,164	91,26,980	11,08,551	1,57,08,593	30,07,196	25,34,340	3,15,993	52,25,543	1,04,83,050
Data Processing Equipments	1,10,41,451	36,56,996	6,65,468	1,40,32,979	73,08,813	23,04,324	6,52,778	89,60,359	50,72,620
Office Equipment	12,00,432	23,59,782	-	35,60,214	5,40,823	2,56,328	-	7,97,151	27,63,063
Sub- total	2,14,92,929	2,26,06,192	17,74,019	4,23,25,102	1,13,44,604	56,85,729	9,68,771	1,60,61,562	2,62,63,540
Leased Assets									
Commercial Vehicle Lease	7,35,89,077	18,71,96,012	23,54,403	25,84,30,686	24,51,131	3,10,07,489	-	3,34,58,620	22,49,72,066
Sub- total	7,35,89,077	18,71,96,012	23,54,403	25,84,30,686	24,51,131	3,10,07,489	-	3,34,58,620	7,11,37,946
Intangible Assets									
Software	1,60,85,638	1,14,32,469	-	2,75,18,107	39,33,161	35,19,147	-	74,52,308	2,00,65,799
Sub- total	1,60,85,638	1,14,32,469	-	2,75,18,107	39,33,161	35,19,147	-	74,52,308	1,21,52,477
Total	11,11,67,644	22,12,34,673	41,28,422	32,82,73,895	1,77,28,896	4,02,12,365	9,68,771	5,69,72,490	27,13,01,405
									9,34,38,748

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ORIX Leasing & Financial Services India Limited
(Formerly OASIS 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	Additions	Deductions	As at 31 March 2016	For the Year	Deductions	As at 31 March 2016	As at 31 March 2015
Tangible Assets								
Leasehold Improvements	5,08,835	-	-	5,08,835	1,81,686	-	2,08,154	3,00,681
Furniture and Fixtures	4,57,213	5,94,834	-	10,52,047	1,55,749	-	2,79,618	7,72,429
Vehicles	41,52,854	37,09,456	1,72,146	13,90,840	17,88,502	1,72,146	30,07,196	46,82,968
Data Processing Equipments	82,08,425	29,75,530	1,42,504	1,10,41,451	22,98,437	1,42,504	73,08,813	37,32,638
Office Equipment	7,24,035	4,76,397	-	12,00,432	2,41,455	-	5,40,823	6,59,609
Sub- total	1,40,51,362	77,56,217	3,14,650	2,14,92,929	46,65,829	3,14,650	1,13,44,604	1,01,48,325
Licensed Assets								
Commercial Vehicle Lease	-	7,35,89,077	-	7,35,89,077	24,51,131	-	24,51,131	7,11,37,946
Sub- total	-	7,35,89,077	-	7,35,89,077	24,51,131	-	24,51,131	7,11,37,946
Intangible Assets								
Software	1,47,58,976	13,26,662	-	1,60,85,638	25,38,732	-	39,33,161	1,21,52,477
Sub- total	1,47,58,976	13,26,662	-	1,60,85,638	25,38,732	-	39,33,161	1,21,52,477
Total	2,88,10,338	8,26,71,956	3,14,650	11,11,67,644	96,55,692	3,14,650	1,77,28,897	9,34,38,748



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ORIX Leasing & Financial Services India Limited

Notes to the financial statements (Continued) as at 31 March 2017

(Currency: Indian Rupees)

13 Long-term loans and advances

Particulars	As at 31 March 2017	As at 31 March 2016
(A) Long Term Loans to Customers		
(i) Secured, considered good		
Finance lease	2,17,87,34,958	1,90,78,94,624
Loans against hypothecation of assets	2,32,01,61,410	1,64,79,57,128
Loans against property	3,40,98,30,427	91,04,18,155
Total - A	7,90,87,26,795	4,46,62,69,907
(B) Capital Advances		
(i) Secured, considered good	-	25,34,667
	-	25,34,667
(C) Other Long Term Loans and Advances		
(i) Unsecured, considered good		
Premises Deposits	10,92,801	5,91,511
Sundry Deposits	1,07,57,310	42,15,195
Prepaid expense	87,14,853	32,711
(ii) Advance Income taxes [including TDS and net of provision of ₹ 689,929,439 (2016 - ₹ 521,608,432)]	1,30,62,870	73,46,598
(iii) Balances with government authorities :		
VAT Input Credit & TDS Refund	35,16,182	25,21,093
Total - C	3,71,44,016	1,47,07,108
Total	7,94,58,70,811	4,48,35,11,682

14 Other non-current assets :

Particulars	As at 31 March 2017	As at 31 March 2016
Bank deposits	5,07,000	3,32,000
Interest accrued on deposits	52,547	14,478
Total	5,59,547	3,46,478

Note:

Bank deposit of ₹ 507,000 (P. Y. ₹ 332,000) are lien marked deposits with bank for obtaining bank guarantees provided to various VAT authorities.



ORIX Leasing & Financial Services India Limited

Notes to the financial statements (Continued) as at 31 March 2017

(Currency: Indian Rupees)

15 Cash and Bank Balances

Particulars	As at 31 March 2017	As at 31 March 2016
Cash and cash equivalent		
Cash on hand and as imprest	3,83,366	3,11,307
Balances with banks :		
In current account	7,33,32,083	16,78,18,027
Other Bank Balances		
Deposit with original maturity of more than 3 months but residual maturity of less than 12 months	1,25,42,952	1,37,40,785
Total	8,62,58,401	18,18,70,119

i Reconciliation of bank deposits / balances as shown below :

Particulars	As at 31 March 2017	As at 31 March 2016
Bank deposits / balances due to mature within 12 months of the reporting date included under 'Other bank balances'	1,25,42,952	1,37,40,785
Bank deposits / balances due to mature after 12 months of the reporting date included under 'Other non-current assets'	5,07,000	3,32,000
Total	1,30,49,952	1,40,72,785

Note:

Bank deposit of ₹ 6,903,997 (P. Y. ₹ 6,903,997) pertains to deposits provided as a collateral for sale /assignment / securitisation of loan receivables.

16 Short-term loans and advances

Particulars	As at 31 March 2017	As at 31 March 2016
1) Loans to Customers		
a) Finance lease		
Secured, considered good	1,25,24,26,241	1,09,95,79,724
Doubtful	2,01,01,732	2,08,14,299
	1,27,25,27,973	1,12,03,94,023
b) Loan against hypothecation		
Secured, considered good	1,83,15,79,775	1,71,39,39,207
Doubtful	2,15,70,936	1,18,93,499
	1,85,31,50,711	1,72,58,32,706
c) Loan against Property		
Secured, considered good	12,47,26,576	3,15,86,491
Doubtful	34,40,986	-
	12,81,67,562	3,15,86,491
2) Other Loans and Advances		
a) Security deposits to hirers (Unsecured)		35,000
b) Advance to employees (Unsecured)	2,23,659	12,51,332
c) Prepaid Expenses (Unsecured)	6,90,89,921	1,57,80,294
d) Balances with government authorities (Unsecured)		
VAT Input Credit	11,34,27,763	8,80,77,010
Service input credit	1,27,13,018	1,63,26,348
	12,61,40,781	10,44,03,358
e) Others (Unsecured)		
Balance with suppliers	1,45,05,811	31,58,856
Advances for expenses	35,49,598	49,87,412
	1,80,55,409	81,46,268
Total	3,46,73,56,016	3,00,74,29,472



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ORIX Leasing & Financial Services India Limited

Notes to the financial statements (Continued)

as at 31 March 2017

(Currency: Indian Rupees)

17 Other current assets

Particulars	As at	As at
	31 March 2017	31 March 2016
Interest accrued on deposits	66,59,428	68,20,410
Interest accrued but not due	5,81,29,924	68,76,938
Stock in Trade	-	1,22,44,765
Other assets		
Loans and Advances to ORIX Auto Infrastructure Services Limited	-	3,58,37,319
Total	6,47,89,352	6,17,79,432



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ORIX Leasing & Financial Services India Limited

Notes to the financial statements (Continued) for the year ended 31 March 2017

(Currency: Indian Rupees)

18 Revenue from operations

Particulars	31 March 2017	31 March 2016
Interest	1,19,01,73,883	80,54,25,417
Other Operating Revenue	9,40,98,157	5,26,27,560
Total	1,28,42,72,040	85,80,52,977

Note:

Particulars	31 March 2017	31 March 2016
Interest Income comprises:		
Interest on Finance Lease	45,99,16,815	40,89,72,498
Interest on Loan against Hypothecation	49,43,98,080	34,43,67,060
Interest on Loan against Property	23,58,58,988	5,20,85,859
Total	1,19,01,73,883	80,54,25,417
Other Operating Revenue comprises:		
Origination Fees	28,32,956	1,78,17,060
Additional Finance Charges Hypothecation	1,21,10,085	1,96,09,417
Incentives from Dealers	65,13,263	36,01,487
Penal Interest	1,33,100	4,76,845
Termination / Rescheduling charges - Hypothecation	15,76,101	16,41,818
Operating leases on vehicles	4,87,86,966	27,00,690
Profit on foreclosure of finance lease	2,21,45,686	67,80,243
Total	9,40,98,157	5,26,27,560

19 Other Income

Particulars	31 March 2017	31 March 2016
Interest Income (Refer note below)	16,62,961	1,29,59,951
Profit on sale of fixed assets	-	1,68,889
Sundry balance written back	1,25,63,787	-
Bad debts provision written back	16,00,000	15,62,134
Miscellaneous Income	87,08,254	1,43,72,006
Total	2,45,35,002	2,90,62,980

Note:

Particulars	31 March 2017	31 March 2016
Interest Income comprises:		
Interest on fixed deposit with banks	5,18,153	1,25,35,047
Interest-others	11,44,808	4,24,904
Total	16,62,961	1,29,59,951

20 Employee benefit expense

Particulars	31 March 2017	31 March 2016
Salaries and allowances	18,09,38,214	11,92,35,238
Contribution to provident, superannuation and gratuity fund	1,69,76,406	69,32,695
Staff welfare expenditure	56,11,401	44,38,232
Total	20,35,26,021	13,06,06,164



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ORIX Leasing & Financial Services India Limited

Notes to the financial statements (Continued) for the year ended 31 March 2017

(Currency: Indian Rupees)

21 Finance costs

Particulars	31 March 2017	31 March 2016
Interest expense	52,18,73,539	29,09,52,713
Other borrowing costs	1,22,88,132	91,02,432
Total	53,41,61,671	30,00,55,145

Note:

Particulars	31 March 2017	31 March 2016
Other finance costs comprises:		
Bank charges	12,71,385	18,08,787
Interest on sales tax	2,927	2,460
Bank guarantee & commission	41,70,089	25,65,541
Debenture issue expenses	22,74,305	-
Commitment Charges	23,37,596	-
Loan processing fees	22,31,830	47,25,644
Total	1,22,88,132	91,02,432

22 Other expenses

Particulars	31 March 2017	31 March 2016
Contract labour	32,96,025	55,87,565
Rent	3,07,54,559	2,16,08,377
Electricity	38,26,026	26,37,120
Travelling and conveyance	1,26,94,661	91,31,803
Communication expenses	50,55,134	52,77,378
Professional and legal fees	2,13,23,127	2,05,24,615
Vehicle running expenses	16,11,840	10,30,508
Repairs and maintenance		
Building	-	-
Machinery	97,47,439	83,91,517
Insurance premium	2,73,80,029	1,95,06,127
Rates & taxes	1,13,50,546	65,80,249
Directors' fees	8,45,550	6,58,792
Brokerage & commission	25,25,813	2,45,90,379
Printing and stationery	16,70,908	14,77,156
Software maintenance expenses	59,55,111	18,99,660
Provision for non-performing assets	78,08,562	56,61,761
Provision for standard assets	1,78,42,771	1,11,70,001
Provision for contingencies	96,33,467	(42,53,280)
Loss on Foreclosure of commercial vehicle loans	63,98,775	64,78,640
Bad Debts	97,06,065	24,01,764
Sundry balances written off	16,81,633	27,165
Management Fees	2,60,20,668	2,59,55,940
<u>Payment to the auditor</u>		
For Statutory Audit	33,86,936	26,82,346
Other Matters		
For Certification Work	5,67,905	3,53,078
Corporate Social Responsibility Expenditure	44,38,484	18,96,940
Miscellaneous expenses	1,82,80,820	93,44,990
Total	24,38,02,854	19,06,20,591

Note:

Corporate Social Responsibility Expenditure

- Gross amount required to be spent by Company on CSR is ₹ 4,438,484.
- 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 (i) above	44,38,484	-	44,38,484
Total	44,38,484	-	44,38,484



ORIX Leasing & Financial Services India Limited

Notes to the financial statements (Continued) for the year ended 31 March 2017

(Currency: Indian Rupees)

Note:- 23

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

i) Claims against the Company not acknowledged as debts

Particulars	31 March 2017	31 March 2016
Income tax	2,96,93,646	18,37,11,340
Sales tax	5,56,66,410	4,61,22,931
Litigation pending against the Company	-	29,56,439
Total	8,53,60,056	23,27,90,710

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 2017	31 March 2016
Intangible assets	-	1,13,17,488

23.2) Changes in provision :

Particulars	Opening Balance	Provision during the year	Reversal during the year	Closing balance
Provision for non-performing assets	3,22,22,148	1,73,38,828	(45,66,688)	4,49,94,288
Contingencies against standard assets	2,20,95,460	1,78,42,770	-	3,99,38,230
Provision for contingencies	95,10,695	1,90,26,778	(93,93,311)	1,91,44,162
As on 31st March, 2017	6,38,28,303	5,42,08,376	(1,39,59,999)	10,40,76,680
As on 31st March, 2016	5,05,56,457	1,83,64,756	(50,92,910)	6,38,28,303

Notes:

- 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.
- Provision for contingencies include provision on Repossessed Assets of ₹ 5,377,783. The value of the stock as on 31-03-2017 is ₹ 13,968,973

23.3) Expenditure in foreign currency on accrual basis:

(i) Value of expenses

Particulars	31 March 2017	31 March 2016
Bank guarantee fees & Charges	41,76,149	25,65,541
Professional Fees	2,26,320	-
Reimbursement of salary	33,40,281	31,11,753
Total	77,42,750	56,77,294

23.4) Segment Reporting

In the opinion of the management, the Company has 'Lending' as the only business segment. Also, the Company operates only in India and it perceives that there is no significant difference in its risks and returns in operating from different geographic areas within India. Accordingly, no disclosure are made under Accounting Standard 17, Segment reporting.

23.5) 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:



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ORIX Leasing & Financial Services India Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2017

(Currency: Indian Rupees)

Note:- 23 (Continued)

23.5) Finance Lease (Continued)

Particulars	31 March 2017	31 March 2016
Minimum lease payment	4,22,57,99,887	3,70,76,73,342
Unearned finance income	79,08,94,452	69,87,24,665
Unearned maintenance and insurance income	1,89,94,042	1,51,50,610
Present value of minimum lease payments	3,41,59,11,393	2,99,37,98,067

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 2017	1,65,23,01,827	1,24,12,08,031
	31 March 2016	1,45,15,21,883	1,08,59,03,443
One to five years	31 March 2017	2,57,75,40,666	2,17,87,34,958
	31 March 2016	2,25,80,03,279	1,90,78,94,624
More than five years	31 March 2017	-	-
	31 March 2016	-	-

All initial direct costs are recognised as expenses in the Statement of profit and loss account at the inception of the lease.

Accumulated provision for uncollectible minimum lease payments receivable is ₹ 3,869,987 (P. Y. ₹ 5,144,728).

23.6) Vehicles given on operating lease

The Company gives vehicles under operating lease. These leases have an average primary period of 2 to 4 years which is fixed and cannot be terminated without the consent of both the parties.

Particulars	31 March 2017	31 March 2016
Gross carrying amount	25,52,91,937	11,84,13,986
Accumulated depreciation and impairment at the Balance sheet date	3,32,98,986	24,51,131
Net carrying amount	22,19,92,952	11,59,62,855
Depreciation recognised in the statement of profit and loss for the year	3,08,47,855	11,20,525

Future minimum lease payments under non cancellable operating lease are as follows

Particulars	31 March 2017	31 March 2016
Less than one year	6,97,29,397	2,64,10,437
One to five years	18,80,33,221	10,63,61,324

23.7) 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 profit after tax by weighted average number of shares for the respective periods as under:

Particulars	31 March 2017	31 March 2016
Net profit after tax	19,79,97,646	16,36,02,997
Net profit attributable to equity shareholders	19,79,97,646	16,36,02,997
Weighted average number of equity shares (of ₹ 10 each) for basic EPS	8,89,35,901	8,35,38,209
Basic and Diluted Earnings per share	2.23	1.96



ORIX Leasing & Financial Services India Limited

Notes to the financial statements (Continued) for the year ended 31 March 2017

(Currency: Indian Rupees)

Note:- 23 (Continued)

23.8) 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 2017	31 March 2016
A Lease rentals and tax depreciation	60,07,78,021	53,16,43,300
B Provision for Non-Performing Assets	2,82,64,700	2,20,89,700
C Provision for Leave Encashment & Gratuity	50,92,300	25,18,000
D Maintenance Linked Reserve (Refer Note No.2.4 (a) (ii))	65,73,500	52,43,000
Net deferred tax asset	64,07,08,521	56,14,94,000

Deferred Tax Asset credited to the profit & loss account is ₹ 79,214,521 (P.Y. ₹ 70,543,000).

23.9) Employee benefits

Defined contribution plans

The company has paid ₹ 8,059,118 (P.Y. ₹ 5,241,252) 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 2017	31 March 2016
Number of employees	237	179
Total monthly salary (Amount in ₹)	56,07,250	37,63,125
Average age	36.49 years	36.86 years
Average past service	3.72 years	3.89 years

Assumptions

Particulars	31 March 2017	31 March 2016
Mortality	Indian Assured Lives (2006-08) Ultimate	Indian Assured Lives (2006-08) Ultimate
Discount rate	7.38%	8.03%
Rate of increase in compensation	7.00%	5.00%
Rate of return (expected) on plan assets	7.38%	8.03%
Attrition rate		
For services 4 years and below	5.73%	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.




ORIX Leasing & Financial Services India Limited

Notes to the financial statements (Continued) for the year ended 31 March 2017

(Currency: Indian Rupees)

Note:- 23 (Continued)

23.9) Employee benefits (Continued)

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	31-03-2017	31-03-2016	31-03-2015	31-03-2014	31-03-2013
Defined benefit obligation	2,01,10,863	1,08,02,101	78,70,487	52,15,958	62,97,771
Fair value	1,79,29,495	1,57,85,644	1,23,85,734	1,35,17,447	1,34,16,328
Surplus/(Deficit)	(21,81,368)	49,83,543	45,15,247	83,01,489	71,18,557
Experience adjustment on plan liabilities	24,17,084	9,00,976	30,04,532	(16,89,074)	(2,20,950)
Experience adjustment on plan assets	(42,738)	2,25,843	(1,79,465)	(39,735)	3,31,979

Changes in the present value of obligations

Particulars	31 March 2017	31 March 2016
Present value of obligation at beginning of the year	1,08,02,101	78,70,487
Interest cost	8,67,409	6,32,000
Current service cost	10,63,326	7,81,849
Benefit paid from the fund	(8,33,375)	(63,231)
Actuarial gain on obligations	82,11,402	15,80,996
Present value of obligation at end of the year	2,01,10,863	1,08,02,101

Changes in fair value of plan assets

Particulars	31 March 2017	31 March 2016
Fair value of plan assets at beginning of the year	1,57,85,644	1,23,85,734
Expected return on plan assets	12,67,587	10,77,559
Contributions paid	15,27,377	2,89,066
Transfer From other Company	2,25,000	18,70,673
Benefit paid from the fund	(8,33,375)	(63,231)
Actuarial gain on plan asset	(42,738)	2,25,843
Fair value of plan assets at the end of the year	1,79,29,495	1,57,85,644

Actuarial (gain) / loss recognised

Particulars	31 March 2017	31 March 2016
Actuarial (gain) / loss for the year (obligations)	82,11,402	15,80,996
Actuarial (gain) / loss for the year (plan assets)	42,738	(2,25,843)
Total (gain) / loss for the year	82,54,140	13,55,153
Actuarial (gain) / loss recognised for the year	82,54,140	13,55,153

Amounts to be recognised in the Balance sheet

Particulars	31 March 2017	31 March 2016
Present value of obligations at the end of the year	(2,01,10,863)	(1,08,02,101)
Fair value of plan asset at the end of the year	1,79,29,495	1,57,85,644
Net asset (liability/asset) recognised in the Balance sheet	(21,81,368)	49,83,543

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ORIX Leasing & Financial Services India Limited

Notes to the financial statements (Continued) for the year ended 31 March 2017

(Currency: Indian Rupees)

Note:- 23 (Continued)

23.9) Employee benefits (Continued)

Expense recognised in Statement of profit and loss

Particulars	31 March 2017	31 March 2016
Current service cost	10,63,326	7,81,849
Interest cost	8,67,409	6,32,000
Expected return on plan assets	(12,67,587)	(10,77,559)
Net actuarial loss recognised for the year	82,54,140	13,55,153
Expenses recognised in the statement of profit and loss	89,17,288	16,91,443

Movements in the liability recognised in Balance Sheet

Particulars	31 March 2017	31 March 2016
Opening net liability	(49,83,543)	(45,15,247)
Expenses as above	89,17,288	16,91,443
Contribution paid	(15,27,377)	(2,89,066)
Transfer from other Company	(2,25,000)	(18,70,673)
Closing net liability	21,81,368	(49,83,543)

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 ₹ 5,256,329 (P.Y. ₹ 2,917,711) has been charged to Statement of 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.

23.10) 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 - (Upto 28 June 2016)
Mr. Akihiro Azuma - Whole Time Director - (From 29 June 2016)
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	(-)	(-)	(-)
Akihiro Azuma	-	-	4,32,038
Vivek Wadhwa	(-)	(-)	(69,69,170)
Shuchi Singhvi	-	-	1,05,59,849
	(-)	(-)	(-)
	(-)	(-)	15,58,419
	(-)	(-)	(13,16,101)

Figures in brackets relate to previous year.



ORIX Leasing & Financial Services India Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2017

(Currency: Indian Rupees)

Note:- 23 (Continued)

23.10) Related parties (Continued)

Particulars	Holding companies	Ultimate Holding Company	Key Management Personnel
Management Charges			
ORIX Auto Infrastructure Services Limited	2,58,91,212 (2,58,91,212)	- (-)	- (-)
Interest Expenses			
ORIX Auto Infrastructure Services Limited	- (-)	- (-)	- (-)
Bank guarantee fees			
ORIX Corporation, Japan	- (-)	41,70,089 (25,65,541)	- (-)
Reimbursement of Salary			
ORIX Corporation, Japan	- (-)	33,40,281 (31,11,753)	- (-)
Rent Expense			
ORIX Auto Infrastructure Services Limited	1,34,16,540 (1,34,16,540)	- (-)	- (-)
Equity contribution received			
ORIX Auto Infrastructure Services Limited	- (7,77,77,770)	- (-)	- (-)
Securities Premium received			
ORIX Auto Infrastructure Services Limited	- (27,22,22,195)	- (-)	- (-)
Purchase of Assets			
ORIX Auto Infrastructure Services Limited	37,89,500 (-)	- (-)	- (-)
Interest Income			
ORIX Auto Infrastructure Services Limited	10,80,316 (3,81,647)	- (-)	- (-)
Cost reimbursement paid to			
ORIX Auto Infrastructure Services Limited	72,90,983 (54,22,336)	- (-)	- (-)

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	1,48,36,237 (2,35,82,616)

Figures in brackets relate to previous year.

23.11) Specified Bank Notes (SBN)

SBN held and transacted during the period 08/11/2016 to 30/12/2016 are given below :

Particulars	SBN's	Other denomination notes	Total
Closing cash in hand as on 08 11.2016	2,61,500	1,98,283	4,59,783
(+) Permitted receipts	2,77,57,000	51,69,393	3,29,26,393
(-) Permitted payments	-	-	-
(-) Amount deposited in Banks	2,80,18,500	50,35,143	3,30,53,643
Closing cash in hand as on 30 12.2016	-	3,32,533	3,32,533

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ORIX Leasing & Financial Services India Limited

Notes to the financial statements (Continued) for the year ended 31 March 2017

(Currency: Indian Rupees)

Note:- 23 (Continued)

23.12) 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.

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 2016
Bad debts recovered	Other Income	Other expenses	15,62,134
Payable to employees	Other current liabilities	Trade payables	1,34,92,216
Interest accrued but not due	Other current assets	Short-term loans and advances	68,76,938
Pre EMI	Other current liabilities	Short-term loans and advances	1,74,186
VAT Input Credit	Long-term loans and advances	Short-term loans and advances	25,21,093
Book Overdraft	Other current liabilities	Short term borrowings	69,43,680
Trade receivables	Short-term loans and advances	Trade receivables	7,61,34,585



ORIX Leasing & Financial Services India Limited

Notes to the financial statements (Continued)

for the year ended 31 March 2017

(Currency: Indian Rupees)

Note:- 24

24.1) Capital :

Particulars	31 March 2017	31 March 2016
i) CRAR (%)	27.07%	38.98%
ii) CRAR - Tier I Capital (%)	26.69%	38.69%
iii) CRAR - Tier II Capital (%)	0.38%	0.29%
iv) Amount of subordinated debt raised as Tier-II capital	-	-
v) Amount raised by issue of Perpetual Debt Instruments	-	-

24.2) 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	28,20,08,893	26,51,35,058	27,26,31,804	79,32,60,724	1,52,17,76,737	4,14,29,96,791	1,04,11,78,397	2,74,30,86,333	11,06,20,74,737
Investments	-	-	-	-	-	-	-	-	-
Borrowings	35,21,13,778	12,49,43,695	56,24,43,695	1,05,24,06,909	83,41,85,977	5,07,01,57,647	4,58,33,335	-	8,04,20,85,036
Foreign Currency assets	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-

24.3) Exposure to Real Estate Sector :

Category	31 March 2017	31 March 2016
Direct Exposure		
(i) Residential Mortgages - Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	-	-
(ii) Commercial Real Estate - Lending secured by mortgages on commercial real estates (office buildings, retail space, multi- purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based limits	15,96,35,574	8,13,27,355
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures - a. Residential b. Commercial Real Estate		
Total	15,96,35,574	8,13,27,355

24.4) 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.

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

The Company has received revised rating on 21.09.2016 from FITCH as follows :

Particulars	Current Rating	Previous Rating
Long Term	IND AAA	IND AA+
Short Term	IND A1+	IND A+



ORIX Leasing & Financial Services India Limited

Notes to the financial statements (Continued) for the year ended 31 March 2017

(Currency: Indian Rupees)

Note:- 24 (Continued)

24.6) 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 Notes to financial statements the following information:

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account	31 March 2017	31 March 2016
Provisions for depreciation on Investment	-	-
Provision towards NPA	78,08,562	56,61,761
Provision made towards Income tax	8,91,06,486	9,25,75,367
Other Provision and Contingencies (ref note no. 23.2)	96,33,467	(42,53,280)
Provision for Standard Assets	1,78,42,771	1,11,70,001

24.7) Concentration Advances :

Particulars	31 March 2017	31 March 2016
Total Advances to twenty largest borrowers	2,17,92,71,031	1,97,86,09,320
Percentage of Advances to twenty largest borrowers to Total Advances of the NBFC	19%	27%

24.8) Concentration of Exposures :

Particulars	31 March 2017	31 March 2016
Total exposure to twenty largest borrowers / customers	2,17,92,71,031	2,00,20,63,549
Percentage of exposures to twenty largest borrowers / customers to Total Exposure of the NBFC on borrowers / customers	19%	27%

24.9) Concentration of NPAs :

Particulars	31 March 2017	31 March 2016
Total exposure to top four NPA accounts	3,69,55,279	1,72,00,000

24.10) Sector-wise NPAs :

Sl. No.	Sector	Percentage of NPAs to Total Advances in that sector	
		31 March 2017	31 March 2016
1	Agriculture & allied activities	-	-
2	MSME	0.58%	-
3	Corporate borrowers	0.67%	0.89%
4	Services	-	-
5	Unsecured personal loans	-	-
6	Auto loans	1.42%	1.08%
7	Other personal loans	-	-





ORIX Leasing & Financial Services India Limited

Notes to the financial statements (Continued) for the year ended 31 March 2017

(Currency: Indian Rupees)

Note:- 24 (Continued)

24.11) Movement of NPAs :

Particulars	31 March 2017	31 March 2016
(i) Net NPAs to Net Advances (%)	0.52%	0.49%
(ii) Movement of NPAs (Gross)		
a) Opening balance	6,31,89,707	5,96,37,163
b) Additions during the year	5,97,99,451	2,92,24,018
c) Reductions during the year	(2,03,67,588)	(2,56,71,474)
d) Closing balance	10,26,21,570	6,31,89,707
(iii) Movement of Net NPAs		
a) Opening balance	3,09,67,559	3,37,70,140
b) Additions during the year	4,24,60,623	2,04,67,129
c) Reductions during the year	(1,58,00,900)	(2,32,69,710)
d) Closing balance	5,76,27,282	3,09,67,559
(iv) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	3,22,22,148	2,58,67,023
b) Provisions made during the year	1,73,38,828	87,56,889
c) Write-off / write-back of excess provisions	(45,66,688)	(24,01,764)
d) Closing balance	4,49,94,288	3,22,22,148

24.12) Disclosure of Customers Complaints :

Particulars	31 March 2017	31 March 2016
a No. of complaints pending at the beginning of the year	-	-
b No. of complaints received during the year	4	6
c No. of complaints redressed during the year	4	6
d No. of complaints pending at the end of the year	-	-

24.13) Details of Off Balance Sheet Assets :

The Company has provided bank guarantees amounting to ₹ 6,157,188 to various VAT authorities.

24.14) Encumbrances of fixed deposits held by Company :

The Company has lien marked fixed deposits with Bank amounting to ₹ 6,145,954 for obtaining above guarantees.

24.15) Registration obtained from other financial sector regulators

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

24.16) Penalties imposed by RBI and other regulators

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

24.17) Financing of parent company product

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

24.18) Investments

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

24.19) Derivative

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



ORIX Leasing & Financial Services India Limited

Notes to the financial statements (Continued) for the year ended 31 March 2017

(Currency: Indian Rupees)

Note:- 24 (Continued)

24.20) Securitisation

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

24.21) Purchasing or selling of Non Performing assets

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

24.22) Exposure to capital market

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

24.23) Overseas assets

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

24.24) 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 **B S R & Co. LLP**
Chartered Accountants
Firm's registration No. 101248W/W-100022



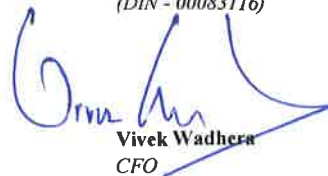
Milind Ranade
Partner
Membership No: 100564

Mumbai
18 May 2017

For and on behalf of the Board of Directors
ORIX Leasing & Financial Services India Limited
CIN : U74900MH2006PLC163937



Sandeep Gambhir
Managing Director
(DIN - 00083116)



Vivek Wadhwa
CFO



Kiyokazu Ishinabe
Director
(DIN - 07763966)



Shuchi Singhvi
Company Secretary

ORIX Leasing & Financial Services India Limited

Notes to the financial statements (continued)

for the year ended 31 March 2017

(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	Amount
		outstanding	overdue
(1)	Loans and advances availed by the nonbanking financial company inclusive of financial interest accrued thereon but not paid :		
	(a) Debentures : Secured	22,000	
	: Unsecured		
	(other than falling within the meaning of public deposits*)		
	(b) Deferred Credits		
	(c) Term Loans	45,844	
	(d) Inter-corporate loans and borrowing	148	
	(e) Commercial Paper		
	(f) Other Loans (specify nature) Cash Credit & Subordinate Debt pursuant to scheme of reorgan	-	-
	-Cash Credit & short term loans	12,493	
	-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)	34,313
	(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)	76,863

or



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	1,11,176
	Total	1,11,176

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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	-		-

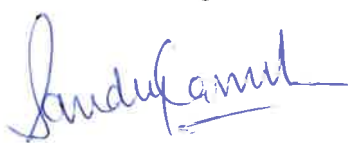
** As per Accounting Standard of ICAI (Please see note 3)

(7) Other information		
Particulars	Amount	
Gross Non-Performing Assets		
(a) Related parties		
(i) (b) Other than related parties	1,026	
Net Non-Performing Assets		
(a) Related parties		
(ii) (b) Other than related parties	576	
(iii) Assets acquired in satisfaction of debt		

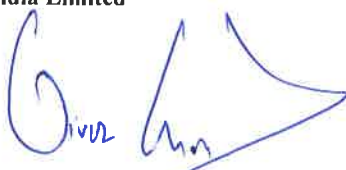
Note :

- 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



Sandeep Gambhir
Managing Director
(DIN - 00083116)
Mumbai
18 May 2016



Vivek Wadhwa
CFO



Kiyokazu Ishinabe
Director
(DIN - 07763966)