



THANK YOU



Arman Financial Services Limited

ANNUAL REPORT 2016-17

CORPORATE REVIEW

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FOR ALL OF THE

9,131 DAYS
1,304 WEEKS
300 MONTHS
25 YEARS

...we have said a number of things to a number of people. Some good, some not so good. Some aspirational, some critical. Some in approval, some to rebuke.

But there is one thing, which we think may not have been adequately communicated.

And this is one mistake we do not want to live with for the rest of our lives.

So here it is.



THANK YOU!

To all of you for your invaluable contribution in making Arman what it is today.



Teams like you make the job of leadership and management so much easier.

...for you bring your positive attitude to work every day
which is contagious

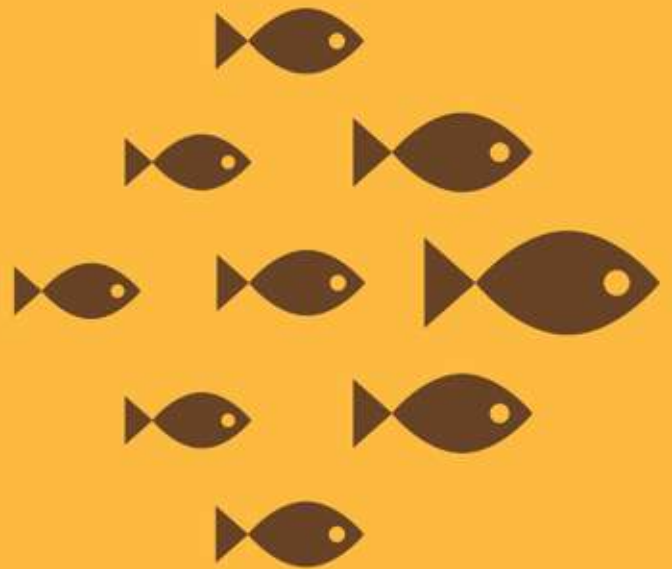
...for you consider the organisation's challenges as your
own, which minimises our anxieties

...for you put the institution ahead of yourself which
assures us that commitments will be met

...for you go beyond the call of duty which inspires us to
replicate your drive in an equal measure

...for you make the office-floor and the organisation a
better place which excites us to attend work everyday

...for you strengthen the office walls and our belief in the
team which pushes us to strive harder





The sweet taste of success would have remained a mystery if it weren't for customers like you.

...for your determination to improve your lives, strengthens our belief that every person deserves a fair chance to pursue happiness

...for your passion to succeed fires our resolution to give our very best

...for your real-life experiences guide us in improving our services every moment of the journey

...for your unfaltering strength fortifies our resolve in transforming challenges into opportunities

...for your patronage that has given us the opportunity to nurture and build a growing venture that was once a mere idea





Having dependable partners has enabled us to go that extra mile. Always!

... for you believed in our idea and invested in our vision
... for you taught us to look at the stars while planting our feet firmly on the ground
... for you hand-held us in making the right decisions and in making decisions right
... for you pushed us to go beyond our limits to discover new horizons
... for you always stood by us during every difficult winter



FROM THE MANAGING DIRECTOR'S DESK



"IT HAS BEEN INCREDIBLY GRATIFYING THAT THROUGH OUR JOURNEY WE HAVE POSITIVELY IMPACTED LIVES AND LIVELIHOODS OF LAKHS OF FELLOW INDIANS, WHICH IN TURN HAS RESULTED IN IMPROVING INTERNAL EFFICIENCIES AT ARMAN."

Mr. Jayendra Patel, Managing Director, reflects on the 25-year journey of Arman

Dear friends

It is my sincere desire to wish all of Arman's stakeholders a heartfelt congratulation on our 25-year anniversary. I had the pleasure of serving as the Managing Director and one of the promoters of the Company since inception. During my tenure, we penned down and institutionalised some of the most important rules of thumb that have ensured sustainable business growth despite economic, sectoral and regulatory challenges that could have brought our ship to a grinding halt:

- Customers write our pay cheques. Our loyalty is to customers and they are always entitled to first class treatment.
- You are who your people are. The Company functions as a result of its employees and not vice-versa.
- We can live with less profit, but capital erosion has no room.
- Humans have been lending money since the beginning of time. Don't over complicate things. Be conservative in your lending proposals.
- The only constant is change.
- Focus on niche products.
- Live within our means. Expense cutting is a continuous process.
- Challenge yourself constantly. Do not sell yourself short. 'Ask why?'
- Ownership and leadership do not necessarily follow each other.

It has been incredibly gratifying that through our journey we have positively impacted lives and livelihoods of lakhs of fellow Indians, which in turn has resulted in improving internal efficiencies at Arman. The next 25 years will bring new challenges and I am confident that Arman will continue to perform with the spirit that was embodied at its inception and strive to meet all our goals with the same passion and zeal that has empowered us through many ups and downs in the past 25 years.

Warm regards

Jayendra Patel
A fellow shareholder

HIGHLIGHTS OF OUR 25-YEAR JOURNEY

1992

Incorporated as Arman Lease & Finance Pvt. Ltd.

Commenced operations in Gujarat

1993

Launched industrial financing product

Acquired merchant banking license

1995

Initial Public Offering for Arman. Issue oversubscribed 22x. Listed on BSE

Launched bill discounting and machine leasing products

1996

Launched corporate ICD product.

Discontinued industrial finance.

1998

Acquired Category 'A' (deposit taking) NBFC license from RBI.

Launched Two-Wheeler Financing.

2001

Discontinued bill discounting and machine leasing.

2002

Discontinued corporate ICDs.

2006

Launched 3-wheeler financing. Pioneer in region for rickshaw finance.

2007

Launched personal and consumer durable loan product.

2009

Discontinued personal and consumer durable loan product.

Disbursement crosses ₹10 crore for the year

2010

Launched Microfinance business after pilot.

2011

Private Equity (PE) investment by Incofin.

Disbursement crosses ₹50 crore for the year

2013

Arman demerged MFI operations into Namra, a wholly-owned subsidiary

RBI awards the first NBFC-MFI license in India to Namra

Disbursement crosses ₹100 crore for the year

2014

Expanded operations into Madhya Pradesh

2015

Discontinued 3-Wheeler Operations

2016

Expanded operations into Maharashtra

Expanded operations into Uttar Pradesh

PE investor Incofin exits with open market sale

Listed on National Stock Exchange.

Launched Micro Enterprise (MSME) Loans Product

Disbursement almost reaches ₹250 crore for the year

2017

Crossed over 100 branches in 4 States and in 3 product divisions

ABOUT ARMAN

Arman Financial Services Limited, true to the meaning of its name ('Aspiration' or 'Wish'), bridges the gap between people's aspirations, wishes, and reality. A Reserve Bank of India (RBI) registered category 'A' Non-Banking Finance Company – Asset Finance Company (NBFC-AFC) with rural and semi-rural financing at the center of its business model, Arman provides affordable financing with simple, no-hassle loan products. Arman and its sister concerns offer two major financial services: Two-wheeler finance and Group-Based Microfinance, offered by Namra Finance Ltd – a wholly-owned subsidiary of Arman. Namra Finance is a RBI Registered NBFC-Microfinance Institution (MFI). A third division was recently opened to serve rural MSME clients. Headquartered in Ahmedabad, Arman's operations are spread across 4 states and managed by a team of 660 energetic and enthusiastic full-time professionals.

EQUITY SHARE INFORMATION

MARKET
CAPITALISATION OF
ORDINARY EQUITY
(MARCH 31, 2017):

₹107
CRORE

BOOK VALUE PER
SHARE (EXCLUDING
REDEEMABLE
PREFERENCE SHARES):

₹74

BSE CODE:

531179

NSE CODE:

ARMANFIN

VISION

To attain globally best standards and become a world-class financial services enterprise – guided by its purpose to move towards a greater degree of sophistication and maturity.

MISSION

To help those who are at the bottom of the pyramid. To work with vigour, dedication and innovation to achieve excellence in service, quality, reliability, safety and customer care as the ultimate goal. To earn the trust and confidence of all stakeholders, exceeding their expectations and making the Company a respected household name.

To consistently achieve high growth and the highest levels of productivity. To be a technology-driven, efficient and financially sound organisation. To contribute towards community development and nation-building. To be a responsible corporate citizen nurturing human values and concern for society, the environment and, above all, the people.

To promote a work culture that fosters individual growth, team spirit and creativity to overcome challenges and attain goals. To encourage ideas, talent and value systems. To uphold the guiding principles of trust, integrity and transparency in all aspects of interactions and dealings.

CORPORATE VALUES

We will adhere, individually and collectively, to our commitments, our values, and the ethical conduct of our business.

- To our customers, we are committed to providing quality products and services that consistently represent an exceptional value and result in high customer satisfaction.
- To the society, we are committed to improving the status of living for a large section of the population through our passion for financial inclusion.
- To our employees, we are committed to offering a rewarding workplace that encourages mutual respect, communication, openness to challenge, and the opportunity for both personal and professional growth.
- To our investors, we are committed to creating value and consistently delivering outstanding financial returns.





A NUMERICAL SNAPSHOT

93 Branches	1,31,054 Customers	34 Districts covered
191.64 Assets under management, March 31, 2017 (₹ crore)	151.97 Debt portfolio, March 31, 2017 (₹ crore)	56.00 Shareholders fund, March 31, 2017 (₹ crore)
247.29 Disbursements, 2016-17 (₹ crore)	53.59 Income from operation, 2016-17 (₹ crore)	6.32 Net profit, 2016-17 (₹ crore)
3.1 Return on total assets (average), 2016-17 (%)	13.1 Return on equity (average), 2016-17 (%)	3.45 Portfolio at risk > 60 – Namra (Microfinance), 2016-17 (%)
2.86 NPA – Arman (two-wheeler & MSME), 2016-17 (%)	38.49 Capital adequacy ratio - Arman, 2016-17 (%)	27.64 Capital adequacy ratio - Namra, 2016-17 (%)

PERFORMANCE, 2016-17

QUARTER 1 PERFORMANCE

	Q1/2016-17	Q1/2015-16	Growth (%)
Branches	61	45	
Avg. monthly disbursement (₹ crore)			
Microfinance	17.21	13.46	27.85
Asset finance	5.45	4.10	33.11
Assets under management (₹ crore)	187.22	127.70	46.62
Net revenue (₹ crore)	12.70	8.87	43.18
Net profit after tax (₹ crore)	2.87	2.04	40.69
Earnings per share (₹)	3.87	2.94	31.63
Net interest margin (Annualised)	18.16	18.39	(23) bps

HIGHLIGHTS

- Forayed into the new states of Maharashtra and Uttar Pradesh in this quarter. As on 30 June 2016, the Company had 4 branches operational in Maharashtra and 2 branches in Uttar Pradesh; it opened 2 branches in Madhya Pradesh, taking the branch network in that state to 18 as on June 30, 2017.
- Started a pilot for SME financing in the Godhra branch. These loans are in the range of ₹50,000-150,000 and are given to individuals, with a repayment period of 2 years. The Company aims to give these loans to customers with a good track record and long established small businesses, who're in need of higher sums of money.

QUARTER 2 PERFORMANCE

	Q2/2016-17	Q2/2015-16	Growth (%)
Branches	77	48	
Avg. monthly disbursement (₹ crore)			
Microfinance	20.68	15.11	36.89
Asset finance	6.05	5.00	21.11
Assets under management (₹ crore)	214.97	138.97	54.69
Net revenue (₹ crore)	14.17	9.61	47.45
Net profit after tax (₹ crore)	2.48	2.03	22.17
Earnings per share (₹)	3.59	2.93	22.53
Net interest margin (Annualised)	17.17%	18.18%	(101) bps

HIGHLIGHTS

- Received an upgrade (from BBB- to BBB) from CARE Ratings. As a result, with the start of the third quarter of 2016-17; the management reduced the interest rates by 100 bps for Microfinance and Two-Wheeler Finance customers.



PERFORMANCE, 2016-17

QUARTER 3

PERFORMANCE

	Q3/2016-17	Q3/2015-16	Growth (%)
Branches	85	59	
Avg. monthly disbursement (₹ crore)			
Microfinance	8.84	14.82	(40.35)
Asset finance	8.64	7.30	18.35
Assets under management (₹ crore)	199.33	155.50	28.19
Net revenue (₹ crore)	14.35	9.64	48.86
Net profit after tax (₹ crore)	1.72	1.39	23.74
Earnings per share (₹)	2.49	2.01	23.74
Net interest margin (Annualised)	18.19%	15.46%	273 bps

HIGHLIGHTS

- Raised additional capital worth ₹33.3 crore through NCDs – for the first time in the Company's history; this has opened another channel of long-term funding for the business at a reasonable cost.
- Consciously chose to stop disbursements in the Microfinance Segment post demonetisation of November 8, 2016, until cash liquidity returned to the rural markets. The Company created systems to start disbursements through bank transfers, including opening new accounts for customers that were unbanked; all disbursements in UP and Maharashtra portfolios happened via electronic transfer into customer's bank accounts.

QUARTER 4

PERFORMANCE

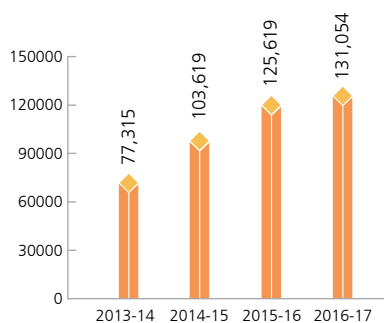
	Q4/2016-17	Q4/2015-16	Growth (%)
Branches	93	62	
Avg. monthly disbursement (₹ crore)			
Microfinance	6.1	17.7	(65.65)
Asset finance	9.07	4.65	95.05
Assets under management (₹ crore)	191.64	172.31	11.2
Net revenue (₹ crore)	12.35	13.55	(8.86)
Net profit after tax (₹ crore)	(0.74)	2.55	(129.02)
Earnings per share (₹)	(1.33)	3.68	-
Net interest margin (Annualised)	10.10	19.47	(937) bps

HIGHLIGHTS

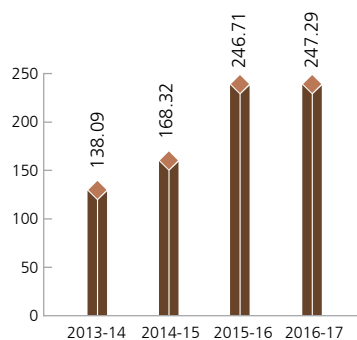
- Focused on repayment and maintaining the asset quality in the microfinance business segment.
- Disbursements in microfinance remained muted until March 2017 due to the impact of demonetisation on the sector.
- For the first time in history, the Company declares a loss in Q4 due to added provisioning as a result of the demonetisation impact on the microfinance sector.
- Made significant inroads in the MSME lending space.

PROGRESS MADE THIS FAR...

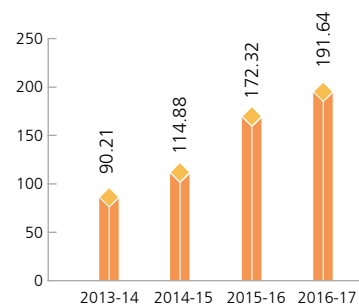
Active Borrowers



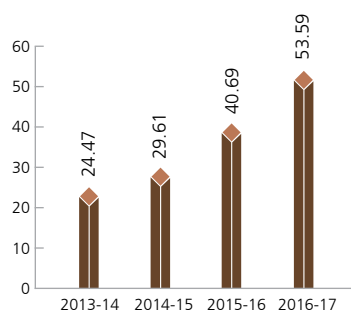
Disbursements (₹ Crore)



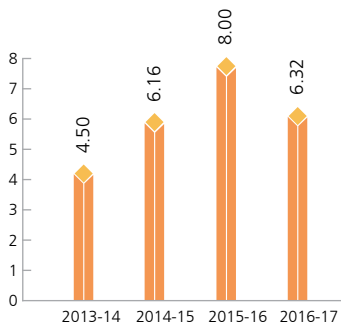
Assets Under Management (₹ Crore)



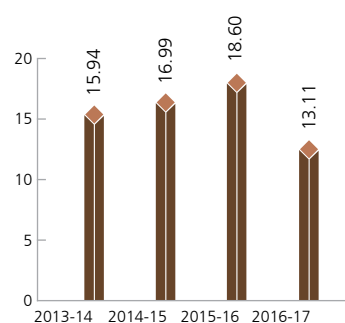
Income from operations (₹ crore)



Net Profit (₹ crore)



Return on average equity (%)





AN OPERATIONAL OVERVIEW

“ARMAN HAS NOT ONLY SURVIVED SECTORAL DISRUPTIONS IN OUR 25-YEAR HISTORY, BUT HAS ALSO COME OUT STRONGER EACH TIME. THE REASON FOR SUCH RESILIENCY IS OUR DEEP COMMITMENT TO ASSET QUALITY AS OPPOSED TO AGGRESSIVE GROWTH AND MAINTAINING A STRONG CONNECT WITH CUSTOMERS AND OUR FIELD FORCE.”

WERE YOU HAPPY WITH THE COMPANY'S PERFORMANCE IN FISCAL 2016-17?

For Arman, fiscal 2016-17 was exceptional. It also marks 25 years of an eventful journey which is only going to get more exciting as we go forward. There were two distinct periods within the year that we can divide – the first half where we surpassed estimates set at the year-start and the second half where caution, discipline, restraint, and intelligent conservatism was the order of the day. We believe that the Company performed exceedingly well in both these periods. Demonetisation was a black swan event, and the need of the hour was to focus on asset quality rather than book growth.

WHAT WERE THE KEY HIGHLIGHTS OF THE FIRST HALF OF 2016-17?

It was one of the most exciting phases in our corporate journey. For one, we forayed into new territories – namely Maharashtra and Uttar Pradesh - even as we entrenched our presence in existing geographies. As a result, our disbursements grew every month – from ₹16.90 crore in April 2016 to ₹26 crore in October 2016 without compromising on asset quality. We continued to maintain 99%-plus collection efficiency all through this period. Had we continued at this pace throughout the year, we would have easily surpassed our year-end targets. But this was not to be for reasons beyond our control.

HOW DID YOU RING-FENCE YOUR BUSINESS DURING THE DEMONETISATION PHASE?

The performance of the Company was significantly impacted due to challenges faced by the Microfinance segment post demonetisation. While this was completely unforeseen, Arman is no stranger to crisis. India's financial sector and the NBFC sector in particular have been plagued by a crisis every 5-10 years.

Arman has not only survived many such events in our 25-year history, but has also come out stronger each time. The reason for such resiliency is our deep commitment to asset quality as opposed to aggressive growth and maintaining a strong connect with customers and our field force.

When the decision to demonetise majority of the paper currency in India was announced, we stopped disbursements for four months and immediately shifted our focus to collections and sustaining asset quality. Our employees went above and beyond their duty and responded to the crisis admirably. In many rural areas, this proved to be a huge challenge due to cash liquidity crisis and severe disruption to the rural income generation. To accentuate matters, many pockets across India saw large political distractions, to gain favour among the masses.

Our conservative approach has yielded heartening dividends as our asset quality is far superior to our peers in the states most affected by this short-term disruption. From a long-run perspective, demonetisation will be considered only as speed bump to our overall growth story.

WHAT WERE THE FINANCIAL IMPLICATIONS OF THIS SHORT-TERM DISRUPTION?

Despite the great first half, our results for the full year reflect de-growth in profits and disbursements when compared with the previous year, and AUM decline in our microfinance portfolio. This is largely due to the following:

- 1) Loss in income due to negligible disbursements in the 4 months following demonetisation*
Since all our loans are short-term in nature, this led to a reduction in AUM and therefore, a reduction in our income base.
- 2) Increased operating expenses for repayments.*
Operating expenses remained largely fixed even though AUMs reduced in the Microfinance segment. Pre-demonetisation, we focused on expanding capacity by opening new branches and training new

staff to meet our FY17 target and had initiated working on the roll out plan for FY18. During the first 7 months of FY17, we opened 25 new branches (from a total of 55 to 80), mostly in our new geographies of Uttar Pradesh and Maharashtra. This put a sizeable load on our operating expenses post-demonetisation.

3) *Increased write-off for all segments.*

Consolidated write-offs increased from ₹73 lakhs to ₹3.2 crore in the past fiscal (Microfinance write-offs increased from ₹21 lakhs to ₹2.3 crore from FY16 to FY17, respectively), largely due to the effects of demonetisation. While the RBI provided a 90 NPA provisioning relief, we believed it was prudent to be proactive by writing-off all of the high-risk loans which did not start repayments post November 8th.

Currently, our collection efficiency for microfinance disbursements made post demonetisations is 99.9%. This gives us great confidence that asset quality deterioration during the demonetisation period was a black swan event, and the microfinance model is sound.

WHAT WERE SOME OF THE OTHER HIGHLIGHTS FOR 2016-17?

One of the most important highlights for the year was that we initiated a new business vertical – MSME loans. This new opportunity is an outcome of the knowledge gained about existing financing gaps in India's rural economy due to our entrenched presence in these locations.

We realised that the customer segment for 'less-than-50 thousand' loans were being serviced by the group-based model of the NBFC-MFIs, while the 'greater-than-5-lac' category was being served by banks and other NBFC. Interestingly, there existed a vacuum for loan products between this range especially for the non-salaried rural segments who do not have the paper work necessary to approach banks for a personal loan. Our MSME division promises to fill this vacuum.

The distinguishing factor for Arman's MSME loan is that we extend part of our microfinance operational model to this space; specifically, door-step collections. This ensures that we get to service the customer segment who are credit worthy, but lack the access to a bank or lack the discipline to deposit the EMI into their accounts. Moreover, we are able to nurture a strong bond with our customers, which is critical for sustainable business growth.

We have established 7 branches for this vertical, enrolled 1128 customers within the first few months of operations and disbursed loans cumulating ₹6.42 crore.

...ANY OTHER INITIATIVE WHICH PROMISES TO ENHANCE SHAREHOLDER VALUE?

Two important steps. First, our shares were listed on the National Stock Exchange, which means enhance visibility

and trading opportunity which can strengthen shareholder value going forward. Second, we successfully raised capital cumulating ₹33.3 crore through NCDs – for the first time in the Company's history; this has opened another channel of long-term funding for the business at a reasonable cost. In addition, we received an upgrade (from BBB- to BBB) from CARE Ratings which will help in securing funds at optimised coupon rates going forward. We are also continuing our transparency initiatives by providing quarterly press releases and holding investor conference calls.

WHAT IS THE LONG-TERM STRATEGY FOR THE COMPANY?

The broad contours of the long-term strategy of the Company are:

1) *To diversify our product line by considering new product segments or concentrating on existing segments besides Microfinance*

Arman has a robust two-wheeler segment and the new MSME segment is performing extremely well. Coupled with other products the Company is exploring currently, we target that the Microfinance segment should be no larger than 60% of the consolidated AUM of the Company in the next 2-3 years.

2) *Switch to non-cash based disbursements for the Microfinance segment in the short-term and non-cash based collections in the long-term*

To that end, the Company is making serious efforts to shift the cash-based disbursement model into a NEFT transfer based disbursement. We are happy to report that our software customisation has been completed and we managed 100% of all disbursements in Uttar Pradesh through NEFT in the last quarter of 2016-17. The roll out of this solution is expected to happen in other states shortly.

3) *Reduce concentration in any one state*

Our medium-term goal is to reduce concentration in Gujarat to below 50% of the total Microfinance AUM. To that end, our target will be to concentrate on strengthening our presence and increasing AUMs in other states.

4) *Upgrade our IT systems*

We plan to upgrade our technology backbone and invest in end-to-end IT solutions which will provide hand-held devices to our field staff and provide the customers with instant Aadhar-based loan approvals. This initiative will increase efficiency and reduce operating costs and TAT.

MANAGEMENT DISCUSSION AND ANALYSIS

ECONOMIC OVERVIEW

Favourable government reforms and a stringent fiscal regime in the recent past have supported the accelerated growth of the Indian economy since 2014. The Economic Survey 2017 describes India's stand in the world as the 'haven of stability' and positions it as 'an outpost of opportunity'.

And despite the short-term disruptive policy initiatives and geo-political issues in large global economies (important business partners of India), India's GDP grew by 7.1%, demonstrating the fact that India's economic fundamentals continue to be strong.

While emerging urban clusters are driving this growth, rural India is seeing a recovery after around 3-4 years. Such a scenario is likely to generate momentum for India Inc. The country's economic prospects appear

optimistic with policymakers creating enablers for strong and sustainable growth for the medium to long-term.

Growth catalysts

Infrastructure resurgence: The government is committed to ensure time-bound creation of world-class infrastructure in the country. It is targeting around ₹25 trillion (US\$ 376.53 billion) investment in infrastructure over a period of three years, which will include ₹8 trillion (US\$120.49 billion) for developing 27 industrial clusters; and an additional ₹5 trillion (US\$75.30 billion) for roads, railways and port connectivity projects.

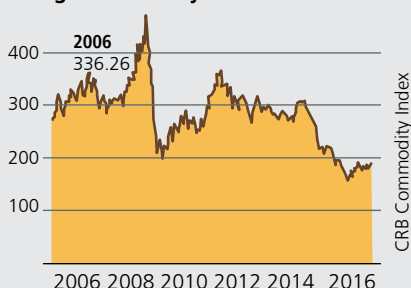
Rural thrust: The Union Budget for 2017-18 has allocated ₹3,960 billion for rural India. Of this corpus, rural roads alone will get ₹29 billion and the Government intends that by 2018 every village should be electrified,

and by 2019 each village should have road connectivity. Higher agricultural credit, enhanced allocation for irrigation projects, a crop insurance scheme for farmers and increased allocations for MGNREGA in the Union Budget will also help bolster rural income. In addition, the implementation of the Seventh Pay Commission Recommendations will also spur demand across semi-urban and rural India.

Institutional reforms: The FY2016-17 was marked by a variety of institutional reforms such as the implementation of the Insolvency and Bankruptcy Code, creation of Monetary Policy Committee, redesigning of the Fiscal Responsibility and Budget Management (FRBM) framework, passage of GST, and finally, the policy thrust towards a less-cash formal economy. In addition, the trend of benign inflation

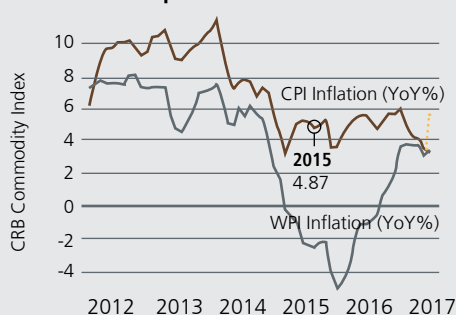
ECONOMY CATALYST

Benign Commodity Index



Source: Bloomberg

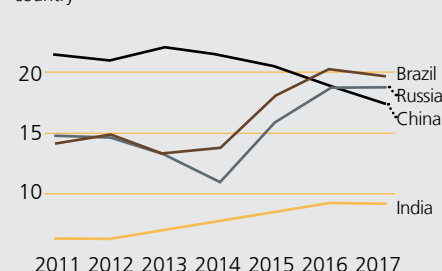
... Have helped tame inflation



Source: CMIE, MOSPI

... And have helped India tide over her external vulnerabilities

The lines depict the import Cover (IC) ratio of each country



Import Cover refers to the months of imports a country's forex reserves can finance when faced with a sudden shock that wipes out all sources of external financing

Source: IMF

and continued improvement in twin deficits further bolstered the country's macroeconomic parameters.

Challenges

A key concern for the country is the health of the banking system, which continues to battle with rising bad loans and heightened corporate vulnerabilities in certain key sectors of the economy. Besides, the firming up of crude oil prices, reduced commodity exports and almost stagnant non-commodity exports could impact trade and current account deficits.

Outlook

The growth momentum should rise, driven by the Government's policy initiatives in areas such as taxation (GST), foreign direct investment (FDI), and the ease of doing business, among others. Other major factors helping India stay as a bright spot

in the global economic landscape include the lower global oil price, with positive impact on the country's import bill, a well-regulated monetary policy by the Reserve Bank to stabilise prices, and an improving fiscal condition. The Government's endeavour to drive a bigger as well as a cleaner GDP is expected to augur well for the economy in the medium and long terms.

According to the IMF, India's GDP is expected to grow by 7.2% in 2017-18 and by 7.7% in 2018-19. The World Bank, in its bi-annual economic India Development Update, has indicated that India's GDP is expected to grow 7.2% in 2017-18.

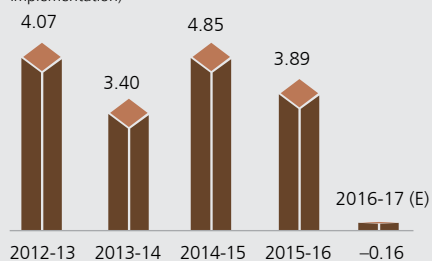
GST IS A RADICAL STEP FORWARD

- Provides a uniform tax framework for indirect taxes
- Unifies fragmented Indian market under uniform taxation
- Enhances ease of doing business with transparent taxation
- Removes cascading effects of taxes
- Saves government's cost in tax collection
- Diminishes raw material costs and thus, decreases prices of associated goods
- Reduces corruption with unified taxation

ECONOMY CHALLENGE

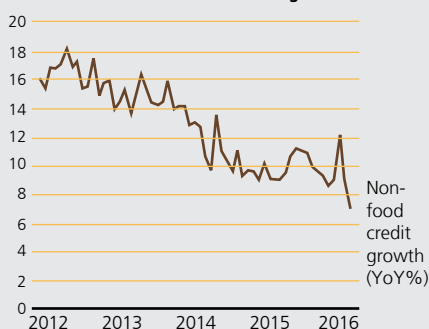
Investment growth has collapsed...

GFCF Growth(YoY%) Stalling rates (%projects under implementation)



Stalling rates for 2016-17 are based on Dec-end figures, for all other years, Mar-end figures have been considered GFCF refers to gross fixed capital formation.
Source: CMIE-MOSPI

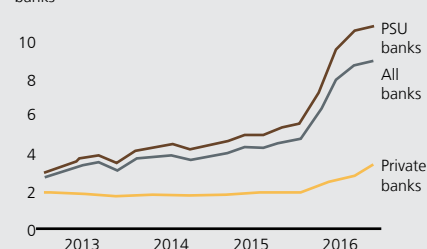
... And credit offtake has been falling



Source: CMIE, RBI

... As a pile of bad debt weighs on the India economy

The lines denote gross performing asset (NPA) ratios of banks



Gross NPA ratio has been calculated as a weighted average of bank level NPAs with total assets of banks used as weights.

Source: Bloomberg, Capitaline, Mint calculations



WOMEN: THE ESSENTIAL ECONOMIC CATALYST

Rural women are key agents for development. They play a catalytic role towards achievement of transformational economic, environmental and social changes required for sustainable development. But limited access to credit, health care and education are among the many challenges they face.

Given equal resources, women could contribute much more. FAO estimates that if women farmers (43% of the agricultural labour force in developing countries) had the same access as men, agricultural output in 34 developing countries would rise by an estimated average of up to 4%. This could reduce the number of undernourished people in those countries by as much as 17%, translating to up to 150 million fewer hungry people.

Though the rural Indian woman has seen socio economic developments,

she still isn't completely emancipated from stigmas and social hierarchical boundaries.

India's Female Labour Force Participation (FLFP) rate has remained visibly low and the International Labour Organisation ranked India's FLFP rate at 121 out of 131 countries in 2013, one of the lowest in the world.

Between 1990 and 2005, the percentage of working-age Indian women in the workforce rose from 35% to 37%. In the last decade, however, the country has reversed course, with female labour participation declining to just 27% by 2014.

Microfinance is also playing a significant role in empowering women to emerge as livelihood drivers, in addition to being homemakers, by providing financial literacy; funding their dream ventures and handholding them to transform their start-ups into sustained livelihood drivers.

WOMEN: DRIVING GROWTH

Indian women contributed just 17% of the national GDP, which is less than half the global average of 37%, according to a McKinsey study. Advancing women's equality can add US\$12 trillion to global growth by 2025 and India can increase its GDP by 16%, if it achieves gender parity in labour force.

(Source: Business Today, February 24, 2017)

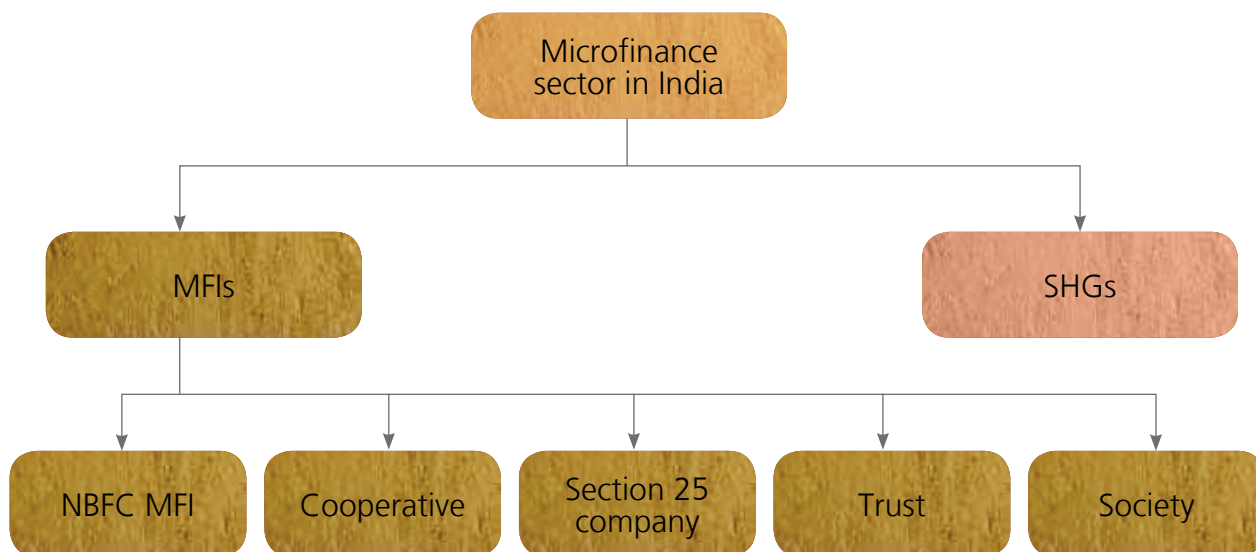
MICROFINANCE SECTOR

The microfinance industry in India came into existence as early as the 1980's with the formation of self-help groups, in response to the unequal distribution of formal credit sources for the low income population. The aim was to provide small loans to individuals who lacked access to formal banking services. The industry has used market oriented solutions which encourage self-reliance and entrepreneurship amongst its clients.

In recent years, MFIs in India have evolved into a vibrant segment of the financial sector, exhibiting a variety of business models. Lack of formalized regulations and isolated incidences of irresponsible actions of some MFIs had brought a setback to the sector in 2010-11, albeit temporarily. But the sector regained traction from 2012-13 onwards and is showing consistent growth. A spate of policy actions to strengthen the regulation of the microfinance sector, including

RBI guidelines on NBFC-MFIs and inclusion of loans to MFIs by banks under the priority sector, benefited the sector considerably.

Furthermore, a refined model of micro-credit delivery has been evolved lately, that emphasizes the combined delivery of financial services along with financial literacy and technical assistance.





Demonetisation

Indian Microfinance industry was growing at a very fast pace over the past 2-3 years period due to low penetration of formal banking system among majority of population. Being an entirely cash-based business, the Government's demonetisation initiative dealt a body-blow to this sector - decelerating growth due to the non-availability of cash.

The average collection efficiency of the Microfinance Industry declined from ~99% in October 2016 to ~70% during Nov 2016 thru the last quarter of the fiscal year 2016-17, primarily

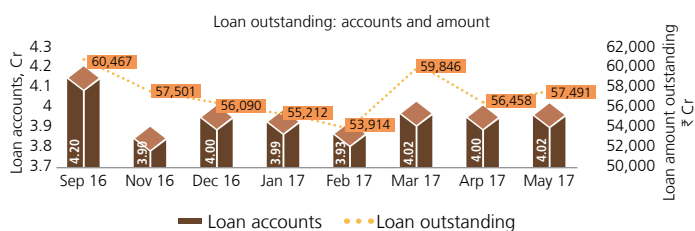
due to limited supply of new currency post demonetization, disruption in borrower's cash flow due to decline in demand and elongation of working capital cycle in few cash-based industries and interference of local influential individuals with mala fide intention in selective states and areas.

However, microfinance's biggest strength can be seen in the adverse situations affecting the sector. Despite the cash crunch that plagued rural India acutely, women from this part of India remained undeterred from gradually making timely loan repayments. As a result, barring a few districts, the microfinance

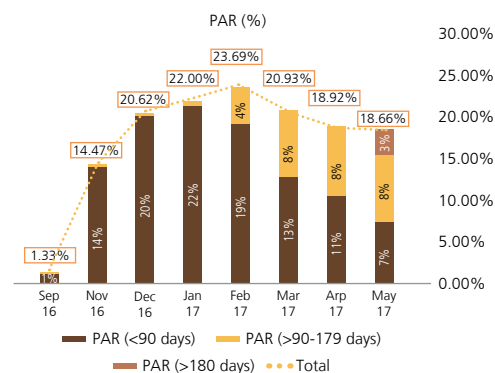
industry bounced back to over 90% repayments by March 2017.

Despite the issues surrounding demonetization, the industry has bounced back in the first quarter of Fiscal Year 2017-18. Repayment rates for all disbursements made post demonetization have resumed at their earlier level of 99%+. Leading players in the microfinance industry have leveraged technology and invested in IT solutions for making business operations faster – which comes as an important positive for the end-customer – disbursements through the electronic route is a case in point.

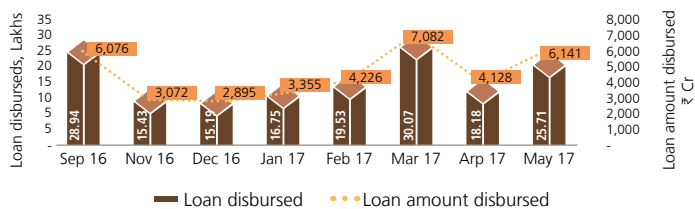
Impact of demonetization: a snapshot



(Source: Demonetisation: impact on NBFC-MFIs (updated till end May 2017) by mfin)



(Source: Demonetisation: impact on NBFC-MFIs (updated till end May 2017) by mfin)



(Source: Demonetisation: impact on NBFC-MFIs (updated till end May 2017) by mfin)

BACK ON TRACK

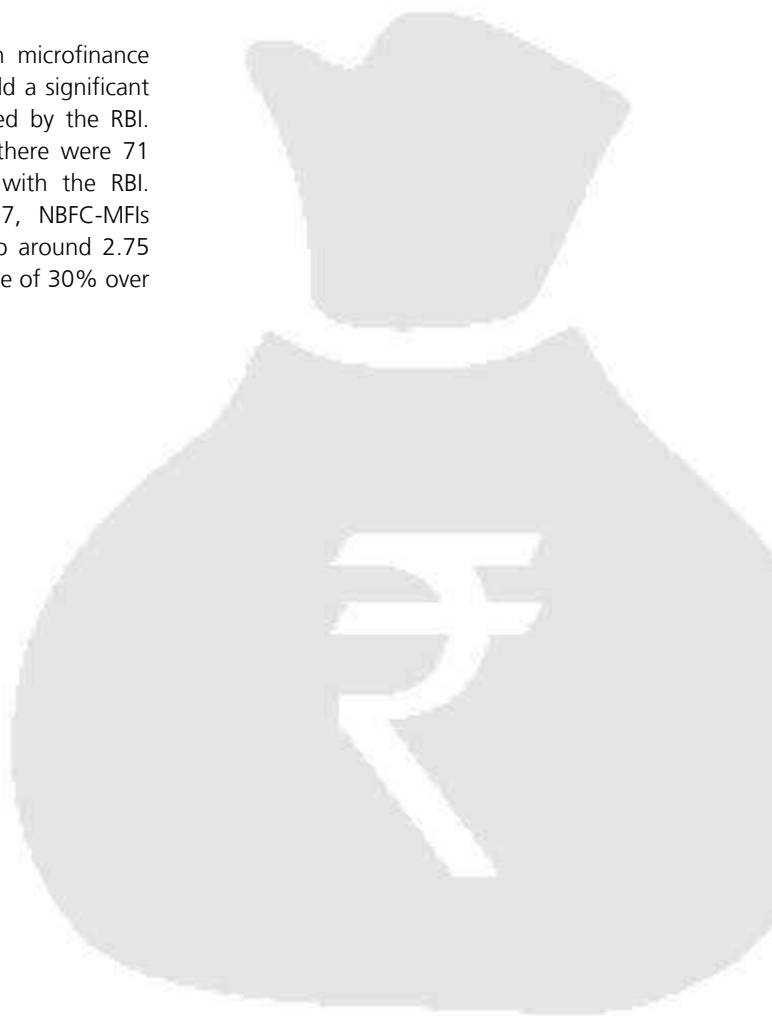
Despite the issues surrounding demonetization, the industry has bounced back in the first quarter of Fiscal Year 2017-18. Repayment rates for all disbursements made post demonetization have resumed at their earlier level of 99%+

Performance, 2016-17

As of 31st March 2017, the Indian microfinance industry's total loan portfolio (that is the outstanding loan amount) amount stood at ₹1,06,916 crore, which reflected a growth of ~ 26% over the last fiscal. It is estimated that this gross loan portfolio number roughly represents > 90% of the total industry portfolio, excluding Self Help Groups. However, this progression is still < 25% of the demand across India, indicating future growth potential.

With > 45 million end clients at its disposal, including private Joint Liability Groups and public Self Help Groups, the micro-finance industry employs > 120,000 people across 10,000 branches in 28 states of India and has become a key force for financial inclusion in the country today. The main reasons for this growth of microfinance have been adaptability to change, resilience in the face of challenges and the ability to maintain high repayment rates of ~ 99.5%. The USPs of the sector is microloans, door step delivery and frequent installment repayments.

Presently in the Indian microfinance industry NBFC-MFIs hold a significant share and are regulated by the RBI. As on January 2017, there were 71 NBFC-MFIs registered with the RBI. As of 31st Mar 2017, NBFC-MFIs provided microcredit to around 2.75 crore clients, an increase of 30% over FY 2015-2016.



Microfinance sector (NBFC-MFI) – over the previous year

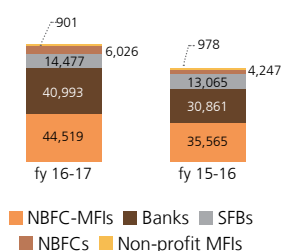
Indicator	2016-17	2015-16	Y-o-y change (%)
Branches	9012	6867	31
Employees	86,440	58,038	49
Clients~ (crore)	2.75	2.12	30
Loan accounts (crore)	3.07	2.48	24
Gross loan portfolio (₹ crore)	46,847	37,469	25
Loans disbursed (crore)	2.83	2.49	13
Loan amount disbursed (₹ crore)	50,266	44,324	13

(Source: MFIN, MicroMeter, March 2017)

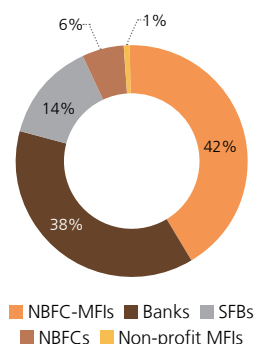


Y-o-Y growth on loan portfolio

microfinance universe
(loan amount outstanding, ₹ Cr)

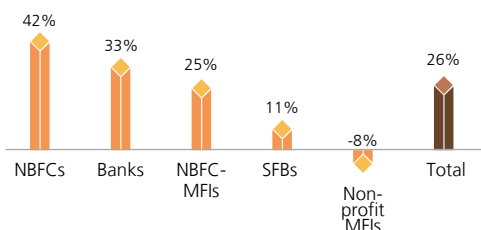


Share of various lenders in loan amount outstanding (FY 2016-2017)



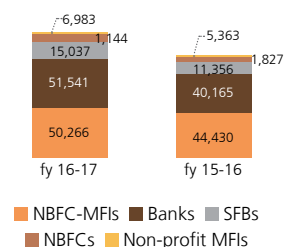
Y-o-Y growth on outstanding loan amount

growth in loan amount o/s
(yoy in FY 16-17 over FY 15-16)



Y-o-Y growth on loan disbursed

(loan disbursed, ₹ Cr)



(Source: MFIN, MicroMeter, March 2017)

Long-term growth drivers

- There is a huge demand/supply gap for microfinance and both the RBI and Ministry of Finance acknowledge micro-finance as a key component of financial inclusion, and MFIs are an integral part of the Central Government's financial inclusion and poverty alleviation agenda.
- Entry barriers and supervisory standards are significantly enhanced, thus thwarting future competition. RBI's comprehensive regulatory framework mitigates political and regulatory risks
- Priority Sector Lending requirement of banks to enhance fund

availability and value of the franchise

Positives for the current year

Rural India is showing signs of recovery from the demonetization challenge, boosting the optimism that increased spending will help the broader economy regain its vigor. The signs of recovery are reflected in the important realities

- The plunge in inflation has helped boost annual real income growth to just under 4% from contracting levels a year ago while rural unemployment has sunk from about 9% last September to around 4%

- Normal rains so far in 2017 and a bumper crop in 2016 after a two-year drought have generated more jobs for rural Indians who work the land

(Source: LiveMint, July 18, 2017)

LATENT OPPORTUNITY

MFI activity is set to grow, especially because only 8% of adults have loans from formal financial institutions.

BUSINESS IN 2016-17: AN INSIGHT

Arman is a Non-Banking Finance Company with rural and semi-rural financing at the center of its business model, provides affordable financing with simple, no-hassle loan products. With more than two decades of lending experience in Western India, the Company is making an important contribution in the India's financial inclusion drive spearheaded by a dynamic Central Government.

The Company is a category 'A' Non-Banking Finance Company (NBFC). It operates primarily in unorganized and underserved segment of the economy and mostly serves niche markets. It does this by developing a business model characterized by very close customer interaction and relationships and a deep understanding of customer needs. What separates Arman from banks and other NBFCs is the last mile credit delivery system.

The Company serves areas and clients where it is simply not possible for banks to provide financial services. Arman has been able to bring in high operating efficiencies within the system based on an understanding and strength of its superior knowledge of local markets and its efficient, proactive and conservative origination systems.

From a single branch in Ahmedabad in 1992 financing two- and three-wheelers, Arman has graduated to two business verticals – asset finance and micro-finance (operated through its wholly-owned subsidiary Namra Finance Ltd.). In 2016-17, the Company created its third business vertical - MSME (Micro-Enterprise) loans.

BUSINESS SEGMENT 1

MICROFINANCE

PRESENCE

States: 4

Districts: 33

Branches: 80

BUSINESS

Active customers:
1,02,716

Disbursement:
₹159 crore

PERFORMANCE

Net income from
operation: ₹37 crore

Profit before tax:
₹6.09 crore

PORTFOLIO

Assets under
management:
₹123.88 crore

Portfolio at risk > 60:
3.45%

OVERVIEW

Arman provides loans exclusively for income-generating activities to customers, largely comprising economically poor and socially neglected communities in the states of its presence. The Company prefers in establishing a business presence in small rural pockets that are largely uncluttered with an MFI presence, but which enjoy a culture of financial discipline. The Company's institutionalized process discipline and robust credit filters facilitate in maintaining asset quality. In addition, the Company's stringent disbursement discipline helps in avoiding over-leverage to any particular client – enabling superior collection efficiency.

PERFORMANCE, 2016-17

The year started on a strong note with disbursements increasing every month. Even as the Company strengthened its presence in Gujarat and Madhya Pradesh, it forayed into the new states of Maharashtra & Uttar Pradesh. The Company opened 25 new branches, mostly in UP and Maharashtra, with a few in MP, which helped add 50,525 new (first cycle) customers to its growing customer base.

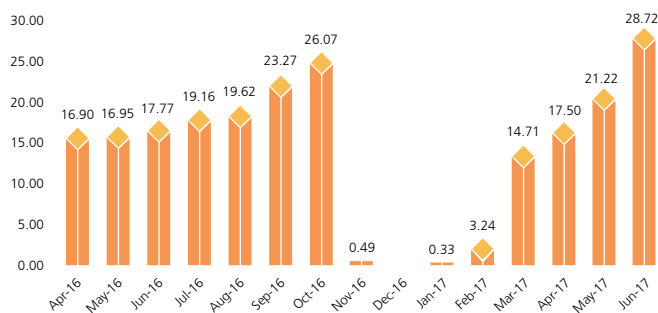
A major part of the business in the second half was adversely impacted by the Government's demonitisation drive. The Company prudently and consciously chose to stop disbursements in the Microfinance Segment in November & December

of 2016, until cash liquidity returned to the rural markets. Significant disbursements did not resume until March 2017. On the other hand, the team focused on working closely with customers to ensure minimal disruption to their liquidity and secure collections for the Company.

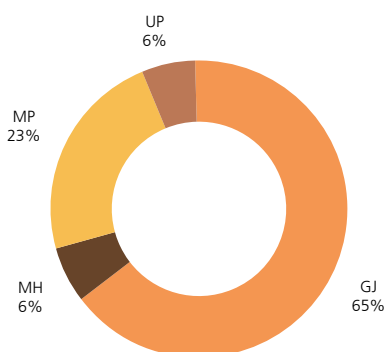
In addition, the Company invested in IT-based systems to initiate disbursements through bank transfers, including opening new accounts for customers who were unbanked with considerable success. The Company achieved 100% cashless disbursements to customers in UP and Maharashtra portfolios. The patient hardwork of the entire team paid off - repayment rates of 99.9% have resumed for any new disbursement made post January 1, 2017.



Monthly Disbursement - Microfinance ₹ Crore



Microfinance AUM Distribution, March 31, 2017

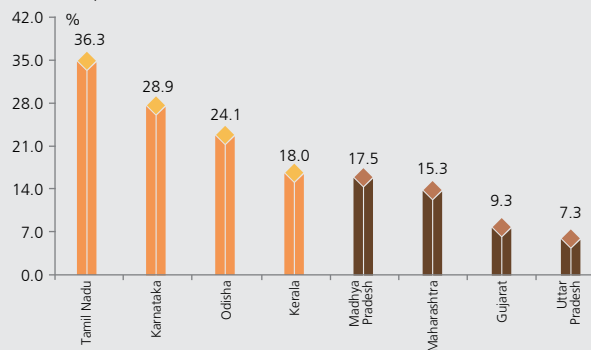


PRIORITIES, 2017-18

The Company is working towards achieving at least 80% cashless-disbursements to all customers by the end of fiscal year 2017-18. In addition, the Company is focused on leveraging technology for improving operational speed and accuracy. An important step in this direction will be the installation of a system which will determine the eligibility of an applicant for a loan in minutes. This system will have all the credit filters built into its algorithm. Checks with the Credit Bureau will also be a part of this IT-enabled system. This would facilitate a significant reduction in the disbursement cycle time going forward – a key USP for customer acquisition.

Arman: Operates in relatively underpenetrated MFI markets

Microfinance penetration in various states of India



Source: MFN, Population -<http://www.indiaonlinepages.com>

ASSET FINANCE

PRESENCE

States: 1
Districts: 12
Branches: 6

BUSINESS

Active customers:
27,586
Disbursement:
₹76.73 crore

PERFORMANCE

Net income from
operation:
₹16.58 crore
Profit before taxes:
₹3.78 crore

PORTFOLIO

Assets under
management:
₹73.77 crore
NPA: 2.86%

OVERVIEW

Arman entered this business of providing two- and three-wheeler loans to residents of Ahmedabad. Over the years, the Company established its competence through a growing presence in a number of towns and cities in Gujarat.

The Company's USP was its flexibility in terms of loan tenure, initial down payment, processing fees, installments and service speed. Over the years, growing competition, especially from vehicle manufacturers who offer vehicles and financing, have slowed growth.

In recent times, the Company discontinued financing three-wheeler

assets owing to quality concerns due to influx of shared taxi services and increased competition amongst the three-wheeler operators. The Company continues to grow its two-wheeler financing business faster than the two-wheeler industry sales growth.

PERFORMANCE, 2016-17

The Company's entrenched presence in this space for over two decades and its resilient and robust operational model has positioned it as a financier of choice in Gujarat. As a result, disbursements have increased at a healthy pace. Moreover, the business remained largely unhindered during the short-term disruption

in the second-half of the financial year. Streamlined business systems and processes facilitated superior people efficiency as the assets under management increased by 25% during the last fiscal year without opening any new branches.

PRIORITIES, 2017-18

The Company will continue to strengthen its presence by delving deeper into the underserved pockets in Gujarat. Being a largely regional business, the Company does not envisage spreading its footprint into other states in the short term; however, the business continues to strengthen and enhance its dealer network and spread.

MSME (MICRO ENTERPRISE) LOANS



PRESENCE

States: 2

Districts: 5

Branches: 7

BUSINESS

Active customers:
1,128

Disbursement:
₹6.42 crore

PORTFOLIO

Assets under
management:
₹6.11 crore

NPA: 0%

OVERVIEW

Arman launched the MSME division in August 2016 to service the underserved Non-Group Micro-Enterprise segment of the Indian markets. Having gained deep knowledge in the financing options in rural areas, the management realized that there existed a segment - ₹50,000 and ₹500,000 category, especially within the non-salaried rural segments who remained deprived of a formal funding option as they did not have the necessary documents to approach the banks for a personal/enterprise loan. Arman is stepping in to partially fill this void and hopes to have considerable success with the 3rd segment of the Company. The

Company has institutionalized robust operational systems with multi-level checks and balances to ensure good quality assets and will serve customers in the 50,000 to 1,50,000 loan size range. The Company was in the pilot stage for most of fiscal 2016-17, and has recently started cautiously expanding this segment.

PERFORMANCE, 2016-17

The Company set up 7 new branches in Gujarat and Madhya Pradesh and enlisted 1,128 customers in the very first year of operations, most of which was in the pilot phase. The Company disbursed loans totaling ₹6.42 crore.

PRIORITIES, 2017-18

The Company remains focused on positioning this business vertical as an important business driver. For this, the Company will expand its presence deeper into all the states of its presence and will engage in various awareness programmes facilitating client acquisition and business growth. The Company hopes that by the end of fiscal 2017-18, the MSME segment will add considerable income and be a significant portion of the overall consolidated AUM of Arman.

RISK MANAGEMENT

MANAGING BUSINESS UNCERTAINTIES

The Company's risk management framework encompasses strategy and operations and seeks to proactively identify, address and mitigate existing and emerging risks. The risk management framework goes far beyond traditional boundaries and seeks to involve all key managers of the Company.

The Company has a robust risk management framework to identify and mitigate risks arising out of internal as well as external factors. There is a formal monitoring process at unit and company level, wherein new risks are identified, categorised as per impact and probability, mapped to key responsibilities of select managers and managed with appropriate mitigation plans. The risk management framework is reviewed annually by the Audit Committee on behalf of the Board.

Growth risk: Will the Company continue to grow the business?

Mitigation: The microfinance space is the flagship division catalyzing growth for the Company and the opportunities of scaling up in this business space are immense, despite the rapid growth of the microfinance space in the past decade. Consider this: Of India's nearly 244 million households, more than 179 million are rural. At least 56% of those rural households do not own any land and depend on manual labour. Nearly 107 million rural households are what the government terms as "deprived," meaning they either live in a single room made of mud and straw, have no earning adult male, or no literate adult member – and hence, have no steady source of income. Against this universe, microfinance has reached only 30 million of the Indian rural households.

Dependence risk: Overdependence on the microfinance business could be detrimental to the Company's fortunes.

Mitigation: Rural upliftment is a priority agenda for the dynamic and proactive Central Government, hence financial inclusion, a key pillar towards this goal, has been accorded utmost priority. As a result, robust growth of the microfinance space over the medium term is an accepted corollary. As a proactive corporate, the Company has leveraged its experience and expertise in working in rural India and has unearthed a new business opportunity – the MSME Loans for the unbanked small and medium enterprises with considerable success. The Company created a customer base of more than 1100 loanees, most of it in the last 2 months of the year. Additionally, Arman also has almost 20 years of experience in the two-wheeler financing business, and is a very strong regional player. The three divisions and the geographic spread together provide sufficient risk mitigation and diversification.

Geographic concentration risk: Will the Company's growth be stifled due to business concentration in few states?

Mitigation: The Company has continued to expand its geographic presence catalyzing robust business growth. Even as the Company deepened its penetration in existing geographies – Gujarat and Madhya Pradesh – the Company expanded its footprint into new states – Maharashtra and Uttar Pradesh. This footprint expansion has widened the opportunity matrix – facilitating robust business growth over the medium term. On March 31, 2016, over 82% of the Company's microfinance portfolio was concentrated in Gujarat. This changed to less than 65% in Gujarat by March 31, 2017, and is expected to go below 50% by the end of fiscal year 2017-18.

Quality risk: Focus on business growth could compromise asset quality.

Mitigation: Since inception, the Company has relentlessly focused on building quality assets which facilitates in growing business sustainably. This relentless pursuit of quality assets is reflected in a lesser-than industry net NPA since inception and sustained growth in profits – net profit has grown at a 30% CAGR over the last decade. A case in point is the recent post-demonetization period during which the Company halted disbursements for almost four months to strengthen its asset quality. Going forward, the Company is leveraging technology solutions to strengthen its credit filters and credit efficiency. This would help in further strengthening asset quality, even as the Company grows its business.

Cost risk: Will the Company be able to optimize costs to improve business profitability?

Mitigation: The Company's growing business volumes provide economies of scale and allow for better absorption of fixed costs. Moreover, the Company is seeking for low-cost financing options which hold the potential to shore operating margins – the successful issue of NCDs is a case in point. Besides, the Company is investing in IT solutions for improving people productivity and minimising operational costs. 25 of the Company's 80 microfinance branches and 7 of the new MSME branches have opened in the current year. This will put a burden on the operating costs until the new branches increase clients and portfolio. As these new branches continues to acquire new clients, economies of scale will continue to reduce operating expenses.

Political risk: Flippant statements made by politicians could adverse impact collection efficiency and business growth.

Mitigation: As an institutionalized practice, the senior management of the Company engage with people-influencers at all levels through various forums (financial literacy programs, seminars and workshops) for showcasing the criticality of microfinance in uplifting the lives of rural masses and being a catalyst for rural development. The Company is a member of MFIN, which is a SRO and provides important advocacy in all levels of the government. Additionally, the central government has considered the long-term financial inclusion agenda critical to their overall plans to uplift the poor and advance India. We provide a valuable service towards that goal. Additionally, the Reserve Bank of India has made it clear that NBFC-MFIs are to be governed by them. These factors have helped in sustaining strong collection efficiency across years.



COMMITMENT TO COMMUNITY



At Arman, we believe that an island of joy cannot sustain its existence in a matrix of misery. In keeping with this belief, the Company has demonstrated its commitment to spread the happiness quotient to surrounding areas through its continued efforts in improving the lives and livelihood of the rural masses

As part of our commitment to the community, we conducted 3 district wide eye camps by tying up with local hospitals and NGOs. The eye camp was open to all residents in every village in those districts. A team of expert ophthalmologists conducting free eye checks, and where required, provided free spectacles (via courier), medicines/eye drops, transportation

to and from hospital (if required), cataract surgeries and follow-up appointments and other surgeries for eye related ailments.

Overall, these eye camps saw an overwhelming response, with a little under 1000 participants and 302 cataract and other miscellaneous surgeries.



BOARD OF DIRECTORS

Shri Chinubhai R. Shah
Chairman

Shri Jayendra B. Patel
Vice Chairman & Managing Director
(Chief Executive Officer)

Shri Aalok J. Patel
Executive Director
(Chief Finance Officer)

Shri Amit R. Manakiwala (upto 31.08.2017)
Whole Time Director

Shri Kaushikbhai D. Shah
Independent Director

Smt. Ritaben J. Patel
Director

Shri Aakash J. Patel
Director

Shri Ramakant D. Nagpal
Independent Director

BOARD COMMITTEES

Audit Committee

Shri Kaushikbhai D. Shah
Chairman

Shri Chinubhai R. Shah
Member

Smt. Ritaben J. Patel
Member

Stakeholders Relationship Committee

Shri Chinubhai R. Shah
Chairman

Shri Kaushikbhai D. Shah
Member

Shri Jayendra B. Patel
Member

Nomination and Remuneration Committee

Shri Ramakant D. Nagpal
Chairman

Shri Chinubhai R. Shah
Member

Shri Kaushikbhai D. Shah
Member

COMPANY SECRETARY

Mr. Jaimish G. Patel

STATUTORY AUDITOR

M/s J. T. Shah & Co.

SECRETARIAL AUDITOR

M/s Pinakin Shah & Co.

INTERNAL AUDITOR

M/s Dharmesh Parikh & Co.

REGISTERED OFFICE

502-503, Sakar-III,
Opp. Old High Court,
Off. Ashram Road,
Ahmedabad-380014, Gujarat
Ph.: 079-40507000; 27541989
E-Mail: finance@armanindia.com
Website: www.armanindia.com

REGISTRAR & TRANSFER AGENTS

Bigshare Services Private Limited

A/802 Samudra Complex,
Nr. Klassic Gold Hotel,
Girish Cold Drink, Off. C. G. Road,
Ahmedabad-380009, Gujarat
Ph.: 079-40024135; 40092570

BANKERS

IDBI Bank Ltd
State Bank of India
State Bank of Patiala
Dena Bank

DIRECTOR'S REPORT

Dear members

Your Directors have pleasure in presenting the 25th Director's Report of your Company together with the Audited Financial Statement for the year ended on 31st March, 2017.

You are our valued partners in the Company and we are happy to share our vision of growth with you. Our guiding principles are a blend of optimism and conservatism, which has been and will be the guiding force of all our future endeavors.

The summary of operating results for the year is given below:

1. FINANCIAL PERFORMANCE:

(Amount in ₹)

Particulars	Consolidated		Standalone	
	2016-17	2015-16	2016-17	2015-16
Total Revenue	53,59,44,111	40,69,23,839	16,57,75,976	15,91,74,647
Profit Before Interest and Depreciation	32,68,70,879	27,66,91,643	8,69,19,162	9,53,81,452
Finance Charges	22,52,46,065	15,38,31,667	4,80,01,495	5,67,15,827
Provision for Depreciation	29,42,396	17,92,862	11,06,664	13,27,368
Net Profit Before Tax	9,86,82,417	12,10,67,113	3,78,11,003	3,73,38,257
Provision for Tax	3,62,10,000	4,25,20,000	1,31,10,000	1,24,20,000
Deferred Tax Asset/(Liability)	7,64,020	14,29,526	2,77,859	13,607
Net Profit After Tax	6,32,36,437	7,99,76,639	2,49,78,862	2,49,31,863

2. OPERATIONS:

Your Company is engaged in the business of Asset Finance, MSME and Microfinance. The Parent Company, Arman Financial Services Limited, is engaged in Asset Finance viz. two-wheeler finance and MSME; while the Microfinance business is managed through Arman's wholly owned subsidiary, Namra Finance Limited. The financial statements of both Arman and Namra, as well as the consolidated financials of Arman are included within the Annual Report. The performance of the Company was marginally impacted due to challenges in Microfinance segment post demonetization since it is highly depended upon cash currency. However Asset finance segment and the new MSME segment were not materially impacted by the demonetization. During the year 2016-17 Company has started its operation of micro finance in the state of Uttar Pradesh and Maharashtra. As on 31.03.2017 the Company has total 80 branches in micro finance division compared to 55 branches in last year.

Net interest income from operations during the year under review was ₹53.59 crores against ₹40.69 crores for the previous year, resulting in increase of 31.70%. Earnings before Interest & Taxes (EBIT) for the current year is ₹32.39 crores (₹27.49 crores in previous year) thereby resulting in increased of 17.84%. Net Profit after Taxes amounted to ₹6.32 crores (₹8.00 crores in previous year) thereby resulting decrease of 20.93% in the fiscal year ended. The fourth quarter result was the primary reason for decrease in net profits due to the effects of demonetization on the Microfinance segment.

3. CHANGE IN NATURE OF BUSINESS:

During the financial year 2016-17, your Company has started new pilot project of MSME to provide business loans of ₹50,000 to ₹1,50,000 to small business owners. By 31st March, 2017 Company has already opened up 7 branches of MSME and this segment has been performing extremely well. Other than that your Company continues to operate the same business segment as that of previous year and there is no change in the nature of the business.



4. DIVIDEND:

Your Directors are pleased to recommend a Dividend of ₹1.00/- (Previous Year ₹1.40) per equity share of ₹10/- each (i.e. 10%) for the year ended 31st March, 2017, subject to approval by the members at the ensuing Annual General Meeting.

5. AMOUNTS TRANSFERRED TO RESERVES:

The Board of the Company has transferred the amounts to reserve as under:

- Transfer to special reserve as required by section 45-IC of the Reserve Bank of India Act, 1934: ₹51,00,000/-
- Transfer to general reserve: ₹10,00,000/-

6. SUBSIDIARY, ASSOCIATE AND JOINT VENTURE COMPANIES:

The Company has one wholly owned subsidiary, named Namra Finance Limited as on date. During the year no changes took place in the group corporate structure of your Company. The Company has formulated a policy for determining 'material' subsidiaries pursuant to the provisions of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. The said policy is available at the Company website at the link http://armanindia.com/pdf/CorporateGovernancePDF/material_subsidary.pdf

The consolidated financial statements presented by the Company include financial information of its subsidiary prepared in compliance with applicable accounting standards. The salient features of Namra Finance Limited in Form AOC-1 is attached hereunder as per "Annexure-1" as required under section 129 (3) of the Companies Act, 2013.

7. UNCLAIMED DIVIDEND AS ON 31st MARCH, 2017:

The unclaimed dividend as on 31st March, 2017 was ₹19,62,913.40. No transfer of unclaimed / unpaid dividend was required to be made to the Investor Education and Protection Fund during the year.

8. MATERIAL CHANGES AND COMMITMENTS:

No material changes and commitments have occurred after the close of the financial year till the date of this report, which affect the financial position of the Company.

9. LOANS, GUARANTEES AND INVESTMENTS:

Except the loans, guarantees and investments made in subsidiary Company, there were no loans, guarantees or investments made by the Company under Section 186 of the Companies Act, 2013 during the year under review and hence the said provision is not applicable.

10. PUBLIC DEPOSITS:

During the year under review, your Company has not accepted or renewed any Deposit within the meaning of Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014. Hence, the requirement of furnishing details of deposits which are not in compliance with Chapter V of the Companies Act, 2013 is not applicable.

11. DIRECTORS AND KMP:

The Board of Directors consists of 8 members, of which 3 are Independent Directors. The Board also comprises of one women Director. In accordance with the Articles of Association of the Company and pursuant to the provisions of Section 152 of the Companies Act, 2013, Shri Aakash Patel [DIN: 02778878] and Shri Jayendra Patel [DIN: 00011814] will retire by rotation at the ensuing AGM and being eligible, offer themselves for reappointment.

As approved by the shareholders at 24th Annual General Meeting held on 22.09.2016, Mr. Jayendra Patel (DIN: 00011814) was appointed as Managing Director of the Company for a period of five years, with effect from 01.09.2016.

During the year, Shri Aditya Bhandari, Nominee Director of RIF NorthWest-2, has resigned from the Board of Director of the Company as RIF NorthWest-2 had sold its shares of the Company in the open market. The Board has accepted his resignation in its meeting held on 11.08.2016.

The Present term of Shri Amit Manakiwala as Whole Time Director has expired on 30.06.2017. As Shri Amit Manakiwala is approaching retirement age, he has expressed his desire not to renew his term for a further period and therefore he has given his resignation from the post of his Directorship w.e.f. 31.08.2017. The Board of Director has accepted his resignation in its Board Meeting held on 05.08.2017. Your Directors place on record their appreciation for the valuable service, advice and guidance rendered by Shri Amit Manakiwala as a member of core management team for last 25 years.

The Board has identified the following officials as Key Managerial Personnel pursuant to Section 203 of the Companies Act, 2013:

1. Jayendra Patel – Managing Director and C.E.O.
2. Amit Manakiwala- Whole Time Director (upto 31.08.2017)
3. Aalok Patel – Executive Director and C.F.O.
4. Jaimish Patel – Company Secretary

12. MEETING OF THE BOARD & AUDIT COMMITTEE:

The Board during the financial year 2016-17 met five times and Audit Committee met four times. All the recommendations made by the Audit Committee during the year were accepted by the Board. The details of the constitution and meetings of the Board and the Committees held during the year are provided in the Corporate Governance Report which forms part of this Annual Report.

13. NOMINATION AND REMUNERATION COMMITTEE:

As per the Section 178(1) of the Companies Act, 2013 the Company has constituted Nomination and Remuneration Committee, details of which are provided in the Corporate Governance Report which forms part of this Annual Report.

14. REMUNERATION POLICY:

Remuneration to Executive Directors:

The remuneration paid to Executive Directors is recommended by the Nomination and Remuneration Committee and approved by Board in the Board meeting, subject to the subsequent approval of the shareholders at the ensuing Annual General Meeting and such other authorities, as may be required. The remuneration is decided after considering various factors such as qualification, experience, performance, responsibilities shouldered, industry standards as well as financial position of the Company.

Remuneration to Non Executive Directors:

Non-Executive Directors are paid sitting fees for each meeting of the Board and Committee of Directors attended by them.

15. PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES:

The information required pursuant to Section 197(12) read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is furnished hereunder as per "Annexure-2".

However, the information required pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(2) and 5(3) of The Companies (Appointment and Remuneration of

Managerial Personnel) Rules, 2014 in respect of employees of the Company, will be provided upon request. In terms of Section 136(1) of the Companies Act, 2013, the Report and Accounts are being sent to the Members and others entitled thereto, excluding the information on employees' particulars which is available for inspection by the Members at the Registered office of the Company during business hours on working days of the Company up to the date of the ensuing Annual General Meeting. If any Member is interested in obtaining a copy thereof, such Member may write to the Company Secretary in this regard.

16. DISCLOSURES AS PER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:

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 no complaint has been received on sexual harassment during the financial year 2016-17.

17. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 134(5) of the Companies Act, 2013 the Board of Directors of the Company confirms that-

- a) In the preparation of the annual accounts for the year ended on 31st March, 2017, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2017 and of the profit and loss of the Company for the year ended on that date;
- c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The Directors have prepared the annual accounts on a going concern basis;
- e) That the Directors have laid down internal financial controls to be followed by the Company and that the financial controls are adequate and are operating effectively; and
- f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.



18. DECLARATION BY INDEPENDENT DIRECTORS:

A declaration of independence in compliance with Section 149(6) of the Companies Act, 2013, has been taken on record from all the independent directors of the Company.

19. STATUTORY AUDITORS:

As per the provisions of Section 139 of the Companies Act 2013, the term of office of M/s J. T. Shah & Co., Chartered Accountants, Ahmedabad (FRN No: 109616W), as Statutory Auditors of the Company will conclude from the close of the forthcoming Annual General Meeting of the Company. The Board of Directors places on record its appreciation for the services rendered by M/s J. T. Shah & Co. as the Statutory Auditors of the Company.

Subject to the approval of the Members, the Board of Directors of the Company has recommended the appointment of M/s Samir M. Shah & Associates, Chartered Accountants (FRN: 122377W) as the Statutory Auditors of the Company pursuant to Section 139 of the Companies Act, 2013. Member's attention is drawn to a Resolution proposing the appointment of M/s Samir M. Shah & Associates, Chartered Accountants, as Statutory Auditors of the Company which is included at Item No. 5 of the Notice convening the Annual General Meeting. Further, the report of M/s J. T. Shah & Co., the Statutory Auditors, along with notes to Financial Statements is enclosed to this annual report.

20. SECRETARIAL AUDITORS:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s Pinakin Shah & Co., a firm of Company Secretaries in practice, to conduct the Secretarial Audit of the Company for the financial year 2016-17. The Secretarial Audit Report is annexed herewith as "Annexure-3". The Secretarial Audit Report does not contain any qualification, reservation or adverse remarks.

21. RELATED PARTY TRANSACTIONS:

All the related party transactions are entered on arm's length basis, in the ordinary course of business and are in compliance with the applicable provisions of the Companies Act, 2013 and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. There are no materially significant related party transactions made by the Company with Promoters, Directors or Key Managerial Personnel etc. which may have potential conflict with the interest of the Company at large or which warrants the approval of the shareholders. Accordingly, no transactions are being reported in Form AOC-2 in terms of Section 134 of the

Act read with Rule 8 of the Companies (Accounts) Rules, 2014. However, the details of the transactions with Related Party are provided in the Company's financial statements in accordance with the Accounting Standards.

All Related Party Transactions are presented to the Audit Committee and the Board. Omnibus approval is obtained for the transactions which are foreseen and repetitive in nature. A statement of all related party transactions is presented before the Audit Committee on a quarterly basis, specifying the nature, value and terms and conditions of the transactions.

The Policy on materiality of related party transactions and dealing with related party transactions as approved by the Board, may be accessed on the Company's website at the link http://armanindia.com/pdf/CorporateGovernancePDF/related_party_transaction.PDF

22. RISK MANAGEMENT:

Periodic assessments to identify the risk areas are carried out and management is briefed on the risks in advance to enable the Company to control risk through a properly defined plan. The risks are classified as financial risks, operational risks and market risks. The risks are taken into account while preparing the annual business plan for the year. The Board is also periodically informed of the business risks and the actions taken to manage them. The Company has formulated a policy for Risk management with the following objectives:

- Provide an overview of the principles of risk management
- Explain approach adopted by the Company for risk management
- Define the organizational structure for effective risk management
- Develop a "risk" culture that encourages all employees to identify risks and associated opportunities and to respond to them with effective actions.
- Identify access and manage existing and new risks in a planned and coordinated manner with minimum disruption and cost, to protect and preserve Company's human, physical and financial asset.

23. INTERNAL CONTROL SYSTEM:

The Company has in place, adequate systems of Internal Control to ensure compliance with policies and procedures. It is being constantly assessed and strengthened with new / revised standard operating procedures and tighter information technology controls. Internal audits of the Company are regularly carried out to review the internal control systems. The Audit Reports of Internal Auditor along with their recommendations and implementation contained therein are regularly reviewed by the Audit Committee of the

Board. Internal Auditor has verified the key internal financial control by reviewing key controls impacting financial reporting and overall risk management procedures of the Company and found the same satisfactory. It was placed before the Audit Committee of the Company.

24. INTERNAL FINANCIAL CONTROL:

The Company has laid down certain guidelines, processes and structure, which enables implementation of appropriate internal financial controls across the organisation. Such internal financial controls encompass policies and procedures adopted by the Company for ensuring the orderly and efficient conduct of business, including adherence to its policies, safeguarding of its assets, prevention and detection of frauds and errors, the accuracy and completeness of accounting records and the timely preparation of reliable financial information. Appropriate review and control mechanisms are built in place to ensure that such control systems are adequate and are operating effectively. Because of the inherent limitations of internal financial controls, including the possibility of collusion or improper management override of controls, material misstatements in financial reporting due to error or fraud may occur and not be detected. Also, evaluation of the internal financial controls is subject to the risk that the internal financial control may become inadequate because of changes in conditions, or that the compliance with the policies or procedures may deteriorate.

The Company has, in all material respects, an adequate internal financial controls system and such internal financial controls were operating effectively based on the internal control criteria established by the Company considering the essential components of internal control, stated in the Guidance Note on Audit of Internal Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

25. CORPORATE SOCIAL RESPONSIBILITY:

The Company does not meet the criteria of Section 135 of Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 so there is no requirement to constitute Corporate Social Responsibility Committee. However Namra Finance Limited, wholly owned subsidiary has conducted the CSR program at modasa in collaboration with 'BLIND PEOPLE'S ASSOCIATION (INDIA)', a charitable association, for Cataract operation and eye check-up for senior citizens. The Company hopes to continue such events in the years to come.

26. ANNUAL EVALUATION:

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of its Audit Committee & Nomination & Remuneration Committee.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution and independence of judgment to safeguard the interest of the Company and its minority shareholders. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors.

27. CORPORATE GOVERNANCE:

We strive to maintain high standards of Corporate Governance in all our interactions with our stakeholders. The Company has conformed to the Corporate Governance code as stipulated under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. A separate section on Corporate Governance along with a certificate from the M/s Pinakin Shah & Co., Practicing Company Secretary, confirming the level of compliance is attached and forms a part of the Board's Report.

28. WHISTLE BLOWER POLICY / VIGIL MECHANISM:

The Company has implemented a Whistle Blower Policy, whereby employees and other stakeholders can report matters such as generic grievances, corruption, misconduct, illegality and wastage / misappropriation of assets to the Company. The policy safeguards the whistle blowers to report concerns or grievances and also provides direct access to the Chairman of the Audit Committee. The details of the Whistle Blower Policy are available on Company's website at the link: http://www.armanindia.com/pdf/CorporateGovernancePDF/whistle_blower_policy.pdf

29. GREEN INITIATIVE:

In accordance with the 'Green Initiative', the Company has been sending the Annual Report / Notice of AGM in electronic mode to those shareholders whose Email ids are registered with the Company and / or the Depository Participants. Your Directors are thankful to the shareholders for actively participating in the Green Initiative.



30. EXTRACT OF ANNUAL RETURN:

The Extract of Annual Return as required under section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, in Form MGT-9 is annexed herewith as "Annexure-5" for your kind perusal and information.

31. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO:

A. Conservation of energy and technology absorption:

Since the Company does not carry out any manufacturing activity, the particulars regarding conservation of energy, technology absorption and other particulars as required by the Companies (Accounts) Rules, 2014 are not applicable.

B. Foreign exchange earnings and outgo:

There were no foreign exchange earnings and outgo during the year under review.

32. SHARES:

Buy Back of Securities:

The Company has not bought back any of its securities during the year under review.

Sweat Equity:

The Company has not issued any Sweat Equity Shares during the year under review.

Bonus Shares:

No Bonus Shares were issued during the year under review.

Employees Stock Option Plan:

The Company has not provided any Stock Option Scheme to the employees during the financial year 2016-17. However during the current financial year 2017-18, the Company has granted 97,500 stock options to the eligible employees of the Company / Subsidiary Company on 26.05.2017.

33. CHANGES IN SHARE CAPITAL:

There is no change in the share capital of the Company during the Year.

34. CODE OF CONDUCT:

The Code of Conduct for all Board members and Senior Management of the Company have been laid down and are being complied with in words and spirit. The compliance on declaration of code of Conduct signed by Managing Director & CEO of the Company is included as a part of this Annual Report.

35. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

Management's discussion and analysis forms a part of this annual report and is annexed to the Board's report.

36. ANY SIGNIFICANT AND MATERIAL ORDER PASSED BY REGULATORS OR COURTS OR TRIBUNALS:

There is no significant material order passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations.

37. ACKNOWLEDGEMENT:

The Board expresses its sincere thanks to all the employees, customers, suppliers, investors, lenders, regulatory / government authorities and stock exchanges for their co-operation and support and look forward to their continued support in future.

For, and on behalf of the Board

Date: 05.08.2017

Place: Ahmedabad

Chinubhai R. Shah

Chairman

DIN: 00558310

ANNEXURE-1
FORM NO. AOC-1
STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENTS OF SUBSIDIARIES

Pursuant to first provision of Section 129(3) of the Companies Act, 2013, read with Rule 5 of the Companies (Accounts) Rules, 2014
Details of Transaction are as follows:

		(₹ in Lakh)
SRN	Particulars	
1	Name of the Subsidiary Company	Namra Finance Limited
2	Reporting period of the Subsidiary Company	31 st March, 2017
3	Reporting Currency of the Subsidiary Company	INR
4	Share Capital	1,737.50
5	Reserves & Surplus	1,588.11
6	Total Assets	15,342.59
7	Total Liability	12,016.98
8	Investment	240.16
9	Turnover	3,701.68
10	Profit Before Tax	608.71
11	Provision for Tax	226.14
12	Profit after Tax	382.58
13	Dividend	Nil
14	Extent of shareholding (in percentage)	100%

1. There is no subsidiary which is yet to commence operation
2. No Subsidiary is liquidated or sold during the year.

ANNEXURE-2
PARTICULARS OF REMUNERATION

Information in terms of Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

- i. The ratio of the remuneration of each director to the median remuneration of the employees for the financial year 2016-17:

Name of Director	Designation	Remuneration of the Directors for 2016-17 (₹ in lakhs)	Ratio of remuneration of the directors to the median remuneration of the employees
Chinubhai R. Shah	Chairman & Independent Director	1.23	0.81:1
Jayendra Patel	Vice Chairman & Managing Director	17.26	11.43:1
Amit Manakiwala	Whole Time Director	11.72	7.76:1
Aalok Patel	Executive Director	7.81	5.17:1
Kaushikbhai Shah	Independent Director	1.23	0.81:1
Ramakant Nagpal	Independent Director	0.33	0.22:1
Ritaben Patel	Non Executive Director	0.63	0.42:1
Aakash Patel	Non Executive Director	Nil	N.A

Note: Sitting Fees paid to Independent Director is classified as remuneration to Directors.

- ii. The percentage increase in remuneration of each Director, CFO, CEO, CS in the financial year:

Name of Director	Designation	Percentage increase in remuneration
Chinubhai R. Shah	Chairman & Independent Director	44.70
Jayendra Patel	Vice Chairman & Managing Director	(0.11)
Amit Manakiwala	Whole Time Director	9.53
Aalok Patel	Executive Director	61.70
Kaushikbhai Shah	Independent Director	75.71
Ramakant Nagpal	Independent Director	N.A.
Ritaben Patel	Non Executive Director	70.27
Aakash Patel	Non Executive Director	N.A.
Jaimish Patel	Company Secretary	10.53

- iii. The percentage increase in the median remuneration of employees in the financial year 2016-17: 23.53%
- iv. There were 226 employees on the rolls of Company as on 31st March, 2017.
- v. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:
Average KMP Salary Increase: 12.03%, while Average Employees Salary Increase: 23.53%
- vi. Affirmation that the remuneration is as per the remuneration policy of the Company:
It is affirmed that the remuneration is as per the Remuneration Policy of the Company.



ANNEXURE-3

FORM NO. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED ON 31st MARCH, 2017

(Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014)

To,
The Members,

Arman Financial Services Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Arman Financial Services Limited (hereinafter called the company). 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 Company's 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 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:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Company for the financial year ended on 31st March, 2017 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. 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;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client – (not applicable)
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

Based on our verification, we have observed that the SEBI regulations mentioned at (c), (e), (g) and (h) are not applicable to the Company during the year as it has not:

 - i. Issued further share capital;
 - ii. Listed debt capital;
 - iii. Proposed to delist its equity shares; and
 - iv. Proposed to buy back any of its securities.
6. Specifically applicable Laws to the Company, as identified and confirmed by the Management:
 - i. The Reserve Bank of India Act, 1934,
 - ii. Prevention of Money Laundering Act, 2002,

7. Labor Laws applicable to the Employees of the Company:

- i. Provident Fund Act, 1952;
- ii. Employees State Insurance Act, 1948;
- iii. Profession Tax Act, 1975;
- iv. The Payment of Gratuity Act, 1972

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

- a) Secretarial Standards issued by the Institute of Company Secretaries of India on Meetings of the Board of Directors and General Meeting.
- b) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We further report that:

During the period under review the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines etc mentioned above.

We further report that:

We have not examined compliance with applicable Financial Laws, like Direct and Indirect Tax Laws, since the same have been subject to review by statutory auditor and other designated professionals.

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:

Based on our review of Compliance Mechanism established by the Company and on the basis of Compliance Certificate(s) issued by the MD/CEO and taken on record by the Board of Directors at their meeting(s), we are of opinion that, there are adequate systems and processes in place in the Company, which is commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

As informed, the Company has responded appropriately to the notices received from various statutory/regulatory authorities including initiating action for corrective measures, wherever focused necessary.

We further report that:

During the audit period there are no events/actions having a major bearing on the Company's affairs in pursuance of the above referred Laws, Rules, Regulations, Guidelines etc referred above.

Date: 26.05.2017
Place: Ahmedabad

Pinakin Shah & Co.
Company Secretary

Pinakin Shah
Proprietor
FCS: 2562; COP: 2932

Note: This report is to be read with our letter of even date which is annexed as **Annexure-4** and forms an integral part of this report.



ANNEXURE-4

To,
The Members,

Arman Financial Services Limited

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

Management Responsibility:

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.

Auditors Responsibility:

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 or verified compliances of Laws other than those mentioned above. Wherever required, we have obtained the management representation about the Compliance of laws, rules and regulations and happening of events etc.
4. 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.

Date: 26.05.2017
Place: Ahmedabad

Pinakin Shah & Co.
Company Secretary

Pinakin Shah
Proprietor
FCS: 2562; COP: 2932

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
As on financial year ended on 31st March, 2017

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

I. REGISTRATION & COMPANY DETAILS

1.	CIN	L55910GJ1992PLC018623
2.	Registration Date	26.11.1992
3.	Name of the Company	Arman Financial Services Limited
4.	Category/Sub-category of the Company	Category: Company Limited by Shares Sub Category: Indian Non-Government Company
5.	Address of the Registered office & contact details	502-503, Sakar III, Opp. Old High Court, Off. Ashram Road, Ahmedabad-380014, Gujarat, India Ph: +91-79-40507000, 27541989 Fax: +91-79-27543666 Email: finance@armanindia.com; Website: www.armanindia.com
6.	Whether listed Company	Yes
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Bigshare Services Private Limited A/802, Samudra Complex, Nr. Klassic Gold Hotel, Girish Cold Drink, Off. C. G. Road, Ahmedabad-380009, Gujarat. Ph.: 079-40024135; 40392570 Email: bssahd@bigshareonline.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10% or more of the total turnover of the company shall be stated)

SRN	Name and Description of main products / services	NIC Code of the Product/ Service	% to total turnover of the Company
1	Other financial service activities (Vehicle Finance & MSME)	64990	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

SRN	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/ Associate	% of shares held	Applicable Section
1	Namra Finance Limited 502-503, Sakar III, Opp. Old High Court, Off. Ashram Road, Ahmedabad-380014, Gujarat	U65999GJ2012PLC069596	Subsidiary	100%z	Section 2(87)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)
a. Category wise Share Holding

Code	Category of Shareholder	No. of Shares Held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A	Promoters									
(1)	Indian									
A	Individual / HUF	14,82,512	-	14,82,512	25.92	14,02,866	-	14,02,866	24.53	-1.39
B	Central /State Govt (s)	-	-	-	-	-	-	-	-	-
C	Bodies Corporate	1,65,400	-	1,65,400	2.89	1,65,400	-	1,65,400	2.89	-
D	Banks/ FIs	-	-	-	-	-	-	-	-	-
E	Any Other	-	-	-	-	-	-	-	-	-
	Sub-total (A1):-	16,47,912	-	16,47,912	28.81	15,68,266	-	15,68,266	27.42	-1.39


IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity) (Contd...)

Code	Category of Shareholder	No. of Shares Held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2)	Foreign									
A	Individuals (NRIs/ Foreign Individuals)	-	-	-	-	-	-	-	-	-
B	Bodies Corporate	-	-	-	-	-	-	-	-	-
C	Institutions	-	-	-	-	-	-	-	-	-
D	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
E	Others	-	-	-	-	-	-	-	-	-
	Sub-Total (A2)	-	-	-	-	-	-	-	-	-
	Total A=(A1)+(A2)	16,47,912	-	16,47,912	28.81	15,68,266	-	15,68,266	27.42	-1.39
B	Public Shareholding									
(1)	Institutions									
A	Mutual Funds	-	-	-	-	3,94,798	-	3,94,798	6.90	6.90
B	Financial Institutions/Banks	-	-	-	-	7,408	-	7,408	0.13	0.13
C	Central /State Government(s)	-	-	-	-	-	-	-	-	-
D	Venture Capital Funds	-	-	-	-	-	-	-	-	-
E	Insurance Companies	-	-	-	-	-	-	-	-	-
F	Foreign Institutional Investors	14,29,415	-	14,29,415	24.99	-	-	-	-	-24.99
G	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
H	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
I	Others	-	-	-	-	-	-	-	-	-
	Sub-Total (B1)	14,29,415	-	14,29,415	24.99	4,02,206	-	4,02,206	7.03	-17.96
(2)	Non Institution									
A	Bodies Corporate	81,570	44,200	1,25,770	2.20	2,36,473	34,000	2,70,473	4.73	2.53
B	Individuals									
	(i) Individuals holding nominal share capital upto 1lakh	7,70,447	4,26,940	11,97,387	20.93	14,55,501	406,040	18,61,541	32.54	11.61
	(ii) Individuals holding nominal share capital in excess of 1 lakh	12,71,589	-	12,71,589	22.23	13,18,430	-	13,18,430	23.05	0.82
C	Others	-	-	-	-	-	-	-	-	-
D	Non-Resident Repatriates	26,123	19,000	45,123	0.79	4,396	-	4,396	0.08	-0.71
E	Non Resident Non Repatriates	1,475	-	1,475	0.03	39,678	-	39,678	0.69	0.66
F	Clearing Members	1,508	-	1,508	0.03	1,25,424	-	1,25,424	2.19	2.16
G	Others (Non Resident Indians)	-	-	-	-	1,10,765	19,000	1,29,765	2.27	2.27
	Sub-Total (B2)	21,52,712	4,90,140	26,42,852	46.20	32,90,667	4,59,040	37,49,707	65.55	19.35
	Total B=(B1)+(B2)	35,82,127	4,90,140	40,72,267	71.19	36,92,873	4,59,040	41,51,913	72.58	1.39
	Total (A+B) :	52,30,039	4,90,140	57,20,179	100.00	52,61,139	4,59,040	57,20,179	100	-

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity) (Contd...)
b. Shareholding of Promoter

SRN	Promoter'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 Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares	% of Shares Pledged / encumbered to total shares	
1	Jayendra Patel	2,85,911	5.00	-	2,88,522	5.04	-	0.4
2	Aakash Patel	2,78,830	4.87	-	2,78,830	4.87	-	-
3	Aalok Patel	2,47,809	4.33	-	2,47,809	4.33	-	-
4	Jayendra Patel -HUF	1,96,000	3.43	-	1,96,000	3.43	-	-
5	Namra Holdings & Consultancy Services LLP	1,65,400	2.89	-	1,65,400	2.89	-	-
6	Rita Patel	2,96,674	5.19	-	2,96,674	5.19	-	-
7	Amit Manakiwala	1,26,817	2.22	-	44,231	0.77	-	-1.45
8	Himani Manakiwala	50,000	0.87	-	50,000	0.87	-	-
9	Maulik Manakiwala	800	0.01	-	800	0.01	-	-

c. Change in Promoters' Shareholding

SRN	Name of Promoter	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	Jayendra Patel				
	At the Beginning of the year	2,85,911	5.00	2,85,911	5.00
	Purchase -21.04.2016	100	0.00	2,86,011	5.00
	Purchase -17.11.2016	1,000	0.02	2,87,011	5.02
	Purchase -23.11.2016	1,000	0.01	2,88,011	5.03
	Purchase -20.12.2016	511	0.01	2,88,522	5.04
	At the end of the year	-	-	2,88,522	5.04
2	Amit Manakiwala				
	At the Beginning of the year	1,26,817	2.22	1,26,817	2.22
	Sale-23.05.2016	4,285	0.08	1,22,532	2.14
	Sale-25.05.2016	5,370	0.09	1,17,162	2.05
	Sale-26.05.2016	20,745	0.36	96,417	1.69
	Sale-30.05.2016	10,100	0.18	86,317	1.51
	Sale-16.08.2016	791	0.01	85,526	1.50
	Sale-17.08.2016	5,000	0.09	80,526	1.41
	Sale-18.08.2016	14,637	0.26	65,889	1.15
	Sale-26.08.2016	2,500	0.04	63,389	1.11
	Sale-31.08.2016	1,036	0.02	62,353	1.09
	Sale-01.09.2016	2,111	0.04	60,242	1.05
	Sale-15.02.2017	3,908	0.07	56,334	0.98
	Sale-17.02.2017	7,094	0.12	49,240	0.86
	Sale-02.03.2017	5,009	0.09	44,231	0.77
	At the end of the year	-	-	44,231	0.77

d. Shareholding Pattern of top ten Shareholders: (Other than Directors, Promoters and Holders of GDRs and ADRs):

SRN	Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year		% of total Shares
		Particulars	No. of Shares	% of total Shares	No. of Shares	
1	RIF Northwest 2	FII	14,29,415	24.99	-	-
2	Babulal Dugar	Public	1,46,108	2.55	25,292	0.44
3	Babulal Dugar	Public	1,35,815	2.37	1,35,815	2.37
4	Girish Gulati (HUF)	Public	1,18,676	2.07	-	-
5	Vinod Kumar Dugar	Public	91,730	1.60	91,730	1.60



IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity) (Contd...)

SRN	Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year		% of total Shares
		Particulars	No. of Shares	% of total Shares	No. of Shares	
6	Avinash P Wadhwa	Public	90,099	1.58	90,099	1.58
7	Amrav Babulal Dugar	Public	63,117	1.10	4,746	0.08
8	Gaurav Sud	Public	60,000	1.05	-	-
9	Maheshkumar K Shah	Public	52,160	0.91	-	-
10	Pragati Dugar	Public	50,000	0.87	49,997	0.87
11	Chetan Jayantilal Shah	Public	50,000	0.87	50,000	0.87

e. Shareholding of Directors and Key Managerial Personnel:

SRN	Promoter's Name	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of Shares	% of total Shares	No. of Shares	% of total Shares
1	Jayendra Patel	2,85,911	5.00	2,88,522	5.04
2	Aakash Patel	2,78,830	4.87	2,78,830	4.87
3	Aalok Patel	2,47,809	4.33	2,47,809	4.33
4	Rita Patel	2,96,674	5.19	2,96,674	5.19
5	Amit Manakiwala	1,26,817	2.22	44,231	0.77
6	C. R. Shah	200	0.00	200	0.00
7	K. D. Shah	-	-	-	-
8	R. K. Nagpal	-	-	-	-
9	Jaimish Patel	-	-	-	-

V. INDEBTEDNESS - Indebtedness of the Company including interest outstanding/accrued but not due for payment.

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i. Principal Amount	37,96,42,920	8,70,317	0	38,05,13,237
ii. Interest due but not paid	0	0	0	0
iii. Interest accrued but not due	5,79,715	0	0	5,79,715
Total (i + ii + iii)	38,02,22,635	8,70,317	0	38,10,92,952
Change in Indebtedness during the financial year				
Addition	0	9,72,41,779	0	9,72,41,779
(Reduction)	(1,14,98,476)	0	0	(1,14,98,476)
Net Change	(1,14,98,476)	9,72,41,779	0	8,57,43,303
Indebtedness at the end of the financial year				
i. Principal Amount	36,86,10,964	9,81,12,096	0	46,67,23,060
ii. Interest due but not paid	0	0	0	0
iii. Interest accrued but not due	1,13,195	0	0	1,13,195
Total (i + ii + iii)	36,87,24,159	9,81,12,096	0	46,68,36,255

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

SRN	Particulars of Remuneration	Name of MD/WT/ Director			Total Amount
		Jayendra Patel (Managing Director & CEO)	Amit Manakiwala (Whole Time Director)	Aalok Patel (Exe. Director & CFO)	
1	Gross salary				
	a) Salary as per provisions contained in section 17(1) of the Income tax Act, 1961	15,28,946/-	11,72,600/-	7,81,200/-	34,82,746/-

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL (Contd...)

SRN	Particulars of Remuneration	Name of MD/WTD/ Manager/Director			Total Amount
		Jayendra Patel (Managing Director & CEO)	Amit Manakiwala (Whole Time Director)	Aalok Patel (Exe. Director & CFO)	
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	1,97,356/-	-	-	1,97,356/-
	c) Profits in lieu of salary under Section 17(3) Income- tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
5	Total (A)	17,26,302/-	11,72,600/-	7,81,200/-	36,80,102/-
	Ceiling as per the Act	₹37,81,100/- (Being 10% of the profit of ₹3,78,11,003/- of the Company) calculated as per section 198 of the Act.			

B. Remuneration to other Directors

Particulars of Remuneration	Name of Directors				
Director	C. R. Shah	K. D. Shah	R. K. Nagpal	Ritaben Patel	Total
-Fees for attending Board/ Committee Meetings	1,23,000/-	1,23,000/-	32,500/-	63,000/-	3,41,500/-
-Commission	-	-	-	-	-
-Others, Please specify	-	-	-	-	-
Total (B)	1,23,000/-	1,23,000/-	32,500/-	63,000/-	3,41,500/-
Total Managerial Remuneration (A) + (B)					40,21,602/-

C. Remuneration to key managerial personnel other than MD/Manager/WTD:

SRN	Particulars of Remuneration	Key Managerial Personnel	
		Jaimish Patel (Company Secretary)	Total Amount
1	Gross salary		
	a) Salary as per provisions contained in section 17(1) of the Income tax Act, 1961	2,52,000/-	2,52,000/-
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	c) Profits in lieu of salary under Section 17(3) Income- tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission	-	-
	Total	2,52,000/-	2,52,000/-

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

There were no material penalties/punishment/compounding of offences for the year ended on 31st March, 2017.



CORPORATE GOVERNANCE REPORT

This section on Corporate Governance forms part of the Annual Report to the shareholders. This report is given in reference of relevant provisions of Securities and Exchange Board of India ('SEBI') (Listing Obligations and Disclosure Requirements) Regulations, 2015.

COMPANY'S PHILOSOPHY & CODE OF GOVERNANCE

Corporate Governance at Arman has been framed with the aim of adopting the best management practices, compliance of law and adherence to ethical standards to achieve the Company's objectives. Arman also believes that sound corporate governance is critical to enhance and retain investor trust. Hence Arman's business policies are based on ethical conduct, transparency, professionalism, independency and a commitment to building long term sustainable relationships with relevant stakeholders. The Company continues to strengthen its governance principles to generate long term value for its stakeholders on sustainable basis thus ensuring ethical and responsible leadership both at the Board and Management levels.

At Arman, we also consider it as our inherent responsibility to disclose timely and accurate information regarding our financials and performance, as well as the leadership and governance of the Company. We are committed to a balanced corporate governance system which provides the framework for attaining the Company's objectives encompassing practically every sphere of management from action plans and internal controls to corporate disclosure.

Your Company is not only in compliance with the requirements stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with regard to corporate governance but is also committed to sound corporate governance principles & practices and constantly strives to adopt emerging best corporate governance practices being followed.

CODE OF CONDUCT AND ETHICS

The Code of Conduct ("the Code") for Board members and senior management personnel as adopted by the Board is a comprehensive Code applicable to Directors and senior management personnel. The Code lays down in detail, the standards of business conduct, ethics and strict governance norms for the Board and senior management personnel. The Code has been circulated to Directors and senior management personnel and its compliance is affirmed by them annually. A declaration signed by the Company's Chief Executive Officer to this effect is published in this report

CEO / CFO CERTIFICATION

The Vice Chairman & Managing Director cum CEO and the Executive Director cum CFO have issued certificate pursuant to Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 certifying that the financial statements do not contain any untrue statement and these statements represent a true and fair view of the Company's affairs. The said certificate is annexed and forms part of the Annual Report.

1. BOARD OF DIRECTORS

• COMPOSITION OF THE BOARD OF DIRECTORS

The Company is fully compliant with the Corporate Governance norms in terms of constitution of the Board of Directors ("the Board"). The Board acts with autonomy and independence in exercising its strategic supervision, discharging its fiduciary responsibilities and ensuring that the management observes the highest standards of ethics, transparency and disclosure. Every member of the Board, including the Non-Executive Directors, has full access to any information related to the Company.

As on 31st March, 2017 the strength of the Board was eight Directors comprising of Vice Chairman and Managing Director, Whole Time Director and Executive Director, two Non-Executive Directors and three Independent Directors. Independent Directors are free from any business or other relationship that could materially influence their judgment.

Details of Directors as on 31st March, 2017 and their attendance at the Board meetings and Annual General Meeting (“AGM”) during the financial year ended 31st March, 2017 are given below:

Name of the Director	Category	Attendance Particular		Total Number of Directorships, Committee Chairmanships and Memberships including Arman #		
		Board Meeting	Last AGM	Directorship	Committee Chairmanships	Committee Memberships
C. R. Shah	C-ID	4	Yes	11	3	6
Jayendra Patel	VC-MD	5	Yes	2	-	1
Amit Manakiwala*	WTD	5	Yes	2	-	-
Aalok Patel	ED	4	Yes	2	-	1
Aakash Patel	NED	1	No	1	-	-
Ritaben Patel	NED	4	Yes	2	-	1
K. D. Shah	ID	4	Yes	8	4	4
R. K. Nagpal	ID	3	No	3	1	-
Aditya Bhandari**	ND	1	No	-	-	-

{C-Chairman, VC-MD-Vice Chairman & Managing Director, ED-Executive Director, NED-Non Executive Director, ID-Independent Director, WTD-Whole Time Director, ND- Nominee Director}

* Upto 31.08.2017;

** Vacated on 11.08.2016;

Excludes private limited companies and as per Regulation 26(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Membership/Chairmanship of the Audit Committee and Stakeholders Relationship Committee in Indian public companies have been reported.

• BOARD MEETINGS

The Company held one Board Meeting in each quarter and the gap between two Board meetings was in compliance with the provisions contained in Regulation 17(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Board met 5 (Five) times in financial year and details of which are summarized as below:

SRN	Date of Meeting	Board Strength	No of Director Present
1	20.05.2016	9	8
2	08.07.2016	9	3
3	11.08.2016	9	6
4	14.11.2016	8	6
5	10.02.2017	8	8

• MEETING OF INDEPENDENT DIRECTORS

The Independent Directors of your Company met once during the year without the presence of Non-Independent Directors and members of the management. The meeting was conducted in an informal and flexible manner to enable the Independent Directors to, inter alia, discuss matters pertaining to review of performance of Non- Independent Directors and the Board as a whole, review the performance of the Chairperson of the Company after taking into account the views of the Executive and Non-Executive Directors, assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

2. AUDIT COMMITTEE

• BRIEF DESCRIPTION OF TERMS OF REFERENCE

The powers, role and terms of reference of the Audit Committee are in line with the provisions of Section 177 of the Companies Act, 2013 and part C of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Audit Committee discharges such duties and functions generally indicated under regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; Companies Act, 2013 and such other functions as may be specifically assigned to it by the Board from time to time.

• COMPOSITION

The Audit Committee was reconstituted on 11.08.2016, which comprise following Directors:

1. Shri K. D. Shah, Chairman
2. Shri C. R. Shah
3. Smt. Ritaben Patel

The Committee members possess sound knowledge of accounts, finance, audit, governance and legal matters. The Chairman of the Audit Committee, Shri K. D. Shah was present at the last Annual General Meeting held on 22.09.2016.



• MEETING AND ATTENDANCE DURING THE YEAR

During the period under review, the Audit Committee met four times on 26.05.2016, 11.08.2016, 14.11.2016 and 10.02.2017. The attendance at the meetings is as under:

Name	No. of meetings Held	No. of Meetings attended
Shri K. D. Shah	4	4
Shri C. R. Shah	4	4
Smt. Ritaben Patel	4	3

3. NOMINATION AND REMUNERATION COMMITTEE

• BRIEF DESCRIPTION OF TERMS OF REFERENCE

The terms of reference of the Nomination and Remuneration Committee are in line with the provisions of Section 178 of the Companies Act, 2013 and part D of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Nomination and Remuneration Committee has been vested with the authority to, inter alia, recommend nominations for Board membership, develop and recommend policies with respect to composition of the Board commensurate with the size, nature of the business and operations of the Company, establish criteria for selection of Board members with respect to competencies, qualifications, experience, track record, integrity, devise appropriate succession plans and determine overall compensation policies of the Company.

The scope of the Committee also includes review & decides on remuneration packages to the Executive Director(s), lay down performance parameters for the Chairperson & Managing Director, the Executive Director(s), senior management, Key Managerial Personnel etc. and review the same.

In addition to the above, the Committee's role includes identifying persons who may be appointed in senior management in accordance with the criteria laid down, recommending to the Board their appointment and removal. The Committee also formulates the criteria for determining qualifications, positive attributes and independence of a Director and recommends to the Board periodically, policies relating to the remuneration of the Directors, Key Managerial Personnel and other Employees.

• COMPOSITION

The following Directors are the members of the Committee:

1. Shri R. K. Nagpal, Chairman
2. Shri C. R. Shah
3. Shri K. D. Shah

All the members of the Committee are Independent Directors

• MEETING AND ATTENDANCE DURING THE YEAR

Name	No. of meetings Held	No. of Meetings attended
Shri R. K. Nagpal	1	1
Shri C. R. Shah	1	1
Shri K. D. Shah	1	1

• REMUNERATION TO DIRECTORS

The Vice Chairman and Managing Director, Executive Director and Whole Time Director get salary including perquisites. Remuneration paid for the year ended 31st March, 2017 was as under:

Name of the Director	Remuneration	Period of appointment	Approving Authority
Jayendra Patel	17,26,302/-	Five years w.e.f. 01.09.2016	24th AGM
Amit Manakiwala	11,72,600/-	Five years w.e.f. 01.07.2012	20th AGM
Aalok Patel	7,81,200/-	Five years w.e.f. 01.07.2015	23rd AGM
Total	36,80,102/-		

The criteria for making payments to the Vice Chairman and Managing Director, Executive Director and Whole Time Director were:

- Salary, as recommended by the nomination and Remuneration Committee and approved by the Board and the shareholders of the Company. Perquisites and performance pay are also paid/ provided in accordance with the Company's compensation policies, as applicable to all employees and the relevant legal provisions.
- Remuneration is determined keeping in view the industry benchmarks.

The Non-Executive Directors were paid sitting fees for attending the meetings of the Board and Committees. The sitting fees paid to the Directors is given below:

Name of the Director	Sitting Fees Paid	No. of Equity Shares held
Shri C. R. Shah	1,23,000/-	200
Shri K. D. Shah	1,23,000/-	-
Shri R. K. Nagpal	32,500/-	-
Smt. Rita Patel	63,000/-	296674

4. STAKEHOLDERS' RELATIONSHIP COMMITTEE

• BRIEF DESCRIPTION OF TERMS OF REFERENCE

The terms of reference of the Stakeholders' Relationship Committee are in line with the provisions of Section 178 of the Act and part D of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Stakeholders' Relationship Committee is primarily responsible for redressal of shareholders' / investors' / security holders' grievances including complaints related to transfer of shares, non-receipt of declared dividends, annual reports etc.

• COMPOSITION

The following Directors are the members of the Committee.

1. Shri C. R. Shah, Chairman
2. Shri K. D. Shah
3. Shri Jayendra Patel

• MEETING AND ATTENDANCE DURING THE YEAR

Name	No. of meetings Held	No. of Meetings attended
Shri C. R. Shah	4	4
Shri K. D. Shah	4	4
Shri Jayendra Patel	4	4

• SHARE TRANSFER COMMITTEE

The Stakeholder Relationship Committee has delegated power of approving transfer of securities to Share Transfer Committee comprising of Shri Jayendra Patel and Shri Amit Manakiwala. The Committee reviews and approves the transfer/ transmission/ D-mat of equity shares as submitted by Bigshare Services Private Limited, the Registrar & Transfer Agent of the Company.

It met 25 times during the year to approve transfer/ transmission/ demat of equity shares. It transferred 12,08,674 equity shares submitted through physical transfer deed.

During the year, 2 complaints were received and resolved to the satisfaction of investors. As on 31.03.2017, there are no outstanding complaints from the investors. The quarterly statement on investor complaints received and disposed off are filed with stock exchanges within 21 days from the end of each quarter and the statement filed is also placed before the subsequent meeting of Board of Directors.

5. FINANCE & INVESTMENT COMMITTEE

• BRIEF DESCRIPTION OF TERMS OF REFERENCE

The Board of Director in its meeting held on 14.11.2016, has constituted the Finance & Investment Committee to:

- i. Reviewing business strategies;
- ii. Approving capital expenditure proposals;
- iii. Recommending to the Board for approval capital expenditure proposals;
- iv. Reviewing progress of the approved projects; and
- v. Obtaining secured/unsecured loan not exceeding ₹ two hundred crores (including present outstanding) from time to time as may be required for the purposes of the business of the Company.

• COMPOSITION

The following Directors are the members of the Committee:

1. Shri Aalok Patel, Chairman
2. Shri Jayendra Patel
3. Shri Amit Manakiwala



6. RISK MANAGEMENT COMMITTEE

The terms of reference of the Risk Management Committee include identification, monitoring and measurement of the risk profile of the Company. All the members of the Audit Committee are the members of Risk Management Committee.

7. SPECIAL RESOLUTIONS PASSED AT THE LAST 3 ANNUAL GENERAL MEETINGS

Year	Venue of A.G.M	Day, Date & Time	No. of Special Resolutions
2013-14	ATMA Hall, Ahmedabad	Wednesday, 24.09.2014, 12.00 p.m.	1
2014-15	ATMA Hall, Ahmedabad	Tuesday, 29.09.2015, 3:30 p.m.	0
2015-16	ATMA Hall, Ahmedabad	Thursday, 22.09.2016, 12.00 p.m.	2

• SPECIAL RESOLUTIONS PASSED THROUGH POSTAL BALLOT

Special resolutions as proposed in the Postal Ballot notice dated 08.07.2016 were passed on 16.08.2016 with requisite majority, for the following purposes:

1) Private Placement of Non-Convertible Debentures to the extent of ₹100 Crores:

Voting Pattern:

Particulars	Number of Members voted	Number of votes cast in favour of the resolution	Percentage of votes
Total Number of Valid Votes received	118	18,97,451	-
Votes in favour of the Resolution	117	18,97,416	99.999 %
Votes against the Resolution	1	35	0.001 %

2) To Increase Borrowing Limits up to ₹200 Crores:

Voting Pattern:

Particulars	Number of Members voted	Number of votes cast in favour of the resolution	Percentage of votes
Total Number of Valid Votes received	118	18,97,451	-
Votes in favour of the Resolution	117	18,97,416	99.999 %
Votes against the Resolution	1	35	0.001 %

3) Creation of charge on all or any of the movable and / or immovable properties of the Company up to ₹200 Crores

Voting Pattern:

Particulars	Number of Members voted	Number of votes cast in favour of the resolution	Percentage of votes
Total Number of Valid Votes received	118	18,97,451	-
Votes in favour of the Resolution	116	18,97,406	99.999 %
Votes against the Resolution	2	45	0.001 %

Mr. Ishan P. Shah, Practicing Advocate, was appointed as a Scrutinizer for conducting the postal ballot process in a fair and transparent manner.

8. FAMILIARIZATION PROGRAMME

Regulation 25(7) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Schedule IV of the Companies Act, 2013 mandates the Company to familiarize the Independent Directors with the Company by conducting training programmes. During the year, the Board members were regularly apprised with the overview of the Company and its operations by the Management. Further, the CFO made presentation to the Board during the Board meeting on a quarterly basis pertaining to the performance and future strategy for their respective business goals. The Board was also regularly apprised of all regulatory and policy changes.

Since all independence Directors, except Shri R. K. Nagpal who were appointed on 24th August, 2015 are associated and familiar with the Company since many years and hence Company has not conducted a structured familiarization training programme.

9. DISCLOSURE ON MATERIAL SIGNIFICANT RELATED PARTY TRANSACTIONS

During the year, there have been no materially significant related party transactions undertaken by the Company under Section 188 of the Companies Act, 2013 and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 that may have potential conflict with the interest of the Company at large. All related party transactions are placed on quarterly basis before the Audit Committee and also before the Board for approval. Register under Section 188 of the Companies Act, 2013 is maintained and particulars of transactions are entered in the Register, wherever applicable.

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business.

The Board has laid down a policy on dealing with related party transactions and it is posted on the Company's website at the link http://armanindia.com/pdf/CorporateGovernancePDF/related_party_transaction.PDF

10. STRICTURES AND PENALTIES

The Company has complied with requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters relating to capital markets during the last three years and they have not imposed any penalties on, or passed any strictures against the Company.

11. MEANS OF COMMUNICATION

The quarterly, half-yearly and yearly financial results are sent to the Stock Exchanges immediately after the Board approves the same. Thereafter, the same were published in The Economic Times - English and Gujarati language editions in Ahmedabad. Disclosures pursuant to various Regulations of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 were promptly communicated to the Stock Exchanges. Press Release on quarterly result was made at the end of each quarter for the benefit of the investors and analysts the said press release was available on the website of Stock Exchanges as well as the Company's website. Senior Management of the Company interacts with the interested stakeholders via Conference call to discuss on financial performance of the Company after declaring the results on every quarter. The transcripts of the Conference call are also available on the website of the Company at www.armanindia.com.

Management Discussion and Analysis forms Part of the Annual Report, which is being sent to the Shareholders of the Company.

12. GENERAL SHAREHOLDER INFORMATION

a) Exclusive E-Mail id for investor grievances

Pursuant to SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the following Email id has been exclusively designated for communicating investor grievances: secretarial@armanindia.com

Compliance Officer: Jaimish G. Patel

b) Toll Free Number For Investor Grievances

Exclusive toll free number 18001027626 i.e. (1800-10-ARMAN) has been established for the Shareholders for communicating any grievances without any phone charges (charges are borne by the Company).

c) Annual General Meeting

The 25th Annual General Meeting will be held on Thursday, 28th Day of September, 2017, at 12.00 noon at Ahmedabad Textile Mills' Association (ATMA) Hall, Opp. City Gold Cinema, Ashram Road, Ahmedabad-380009

d) Financial Calendar

First quarter results: July/August 2017

Second quarter results: October/November 2017

Third quarter results: January/February 2018

Annual results: April/May 2018

Annual General Meeting: August/September 2018

e) Book Closure

The Register of Members and Share Transfer Books of the Company will remain closed from Friday, 22nd September, 2017, to Thursday, 28th September, 2017 (both days inclusive) for determining the name of members eligible to receive dividend on equity shares.

f) Dividend Payment Date

Dividend for the year ended 31st March, 2017, if declared, at the Annual General Meeting shall be paid to:

- (i) Beneficial owners in respect of shares held in electronic form as per the data made available by CDSL/NSDL, as of the close of the business hours on 21st September, 2017; and
- (ii) To all members in respect of shares held in physical form, after giving effect to valid transfers, in respect of transfer request lodged with the Company on or before the close of business hours on 21st September, 2017.

It shall be paid within five working days from the date of the Annual General Meeting. Dividend shall be remitted through National Electronic Clearing Service (NECS), wherever bank details including MICR No are available with the Company, and in other cases, through warrants, payable at par.



g) Transfer of Unclaimed amounts to Investor Education and Protection Fund

The Investors are advised to claim the un-encashed dividends lying in the unpaid dividend accounts of the Company before the due date (as indicated in notes to the notice) before the entire amount of unclaimed dividend amount is transferred to central governments' investor education and protection fund.

h) Shares Listed At

The BSE Limited

National Stock Exchange of India Limited*

Annual Listing fee for the year 2017-18 has been paid to BSE and NSE. The Company has also paid the Annual Custodial fees to both the depositories.

*The Company got listed on the National Stock Exchange of India Limited w.e.f. 14.06.2016

i) Stock Codes

The script code of the Company at BSE is - 531179

The trading symbol of the Company at NSE is - ARMANFIN

j) International Securities Identification Number (ISIN)

The ISIN of the equity shares of the Company is - INE109C01017.

k) Corporate Identity Number (CIN)

CIN of the Company, allotted by the Ministry of Corporate Affairs, Government of India: L55910GJ1992PLC018623.

l) High/Low of monthly Market Price of the Company's Equity Shares Traded on the BSE Limited and National Stock Exchange of India Limited during the financial year 2016-17 is furnished below:

Months	Share price BSE		Share price NSE*	
	High (in ₹)	Low (in ₹)	High (in ₹)	Low (in ₹)
April, 2016	159.90	137.00	-	-
May, 2016	264.50	140.00	-	-
June, 2016	290.00	195.00	291.00	198.30
July, 2016	325.00	250.95	325.00	250.55
August, 2016	299.00	250.00	298.00	250.00
September, 2016	281.70	239.00	281.05	231.55
October, 2016	300.00	232.20	297.00	254.00
November, 2016	288.60	165.00	291.85	163.35
December, 2016	237.00	165.00	226.60	165.30
January, 2017	202.95	171.00	202.95	171.70
February, 2017	260.55	181.90	261.90	181.10
March, 2017	232.00	180.25	232.00	184.30

*NSE listing w.e.f. 14.06.2016

m) Share transfer system

Company's shares in dematerialised form are transferrable through depositories. Shares in physical form are transferred by the Registrar & Transfer Agent and placed before the Share Transfer Committee for its approval. The Share Transfer Committee meets at a regular interval to consider and approve the transfer, transmission, issuance of duplicate/ consolidated/ sub-divided share certificates and requests for dematerialization/ rematerialisation of Company's shares.

In terms of Regulation 40(9) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 every six months, a qualified Practicing Company Secretary undertakes audit of the share transfer related activities carried out by the Department and issues a compliance certificate, which is submitted to the Stock Exchange.

n) Distribution of Shareholding as on 31st March, 2017

• On the basis of Share held:

SRN	Category (Shares)	Electronic			Physical			Total		
		Holders	Shares	% to total shares	Holders	Shares	% to total shares	Holders	Shares	% to total shares
1	1-500	3,674	4,82,685	8.44	2,805	3,32,040	5.80	6,479	8,14,725	14.24
2	501-1000	336	2,70,938	4.74	45	38,400	0.67	381	3,09,338	5.41
3	1001-2000	192	2,90,283	5.08	17	25,400	0.44	209	3,15,683	5.52
4	2001-3000	57	1,41,362	2.47	4	9,700	0.17	61	1,51,062	2.64
5	3001-4000	31	1,13,088	1.98	1	3,500	0.06	32	1,16,588	2.04
6	4001-5000	31	1,43,825	2.51	1	4,500	0.08	32	1,48,325	2.59

SRN	Category (Shares)	Electronic			Physical			Total		
		Holders	Shares	% to total shares	Holders	Shares	% to total shares	Holders	Shares	% to total shares
7	5,001-10,000	47	3,29,573	5.76	1	5,100	0.09	48	3,34,673	5.85
8	Above 10,000	55	34,89,385	61.00	3	40,400	0.71	58	35,29,785	61.71
TOTAL		4,423	52,61,139	91.98	2,877	4,59,040	8.02	7,300	57,20,179	100.00

• **On the basis of Category:**

Category	No of Shares Held	% to Total Shares Held
Promoters	15,68,266	27.42
Mutual Funds	3,94,798	6.90
Financial Institutions/ Banks	7,408	0.13
Individual	31,79,971	55.59
Bodies Corporate	2,70,473	4.73
NRIs & Foreign Nationals	1,73,839	3.04
Clearing Members	1,25,424	2.19
TOTAL	57,20,179	100.00

o) Dematerialization of shares and liquidity

Shares of the Company are available for dematerialisation with NSDL & CDSL with whom the Company has established direct connectivity. The demat requests are continually monitored to expedite the process of dematerialization. The demat requests are confirmed to the depositories within five working days of receipt.

During the year, the Company has electronically confirmed demat requests for 31,100 equity shares. As on 31st March, 2017, 91.98% of the total shares issued by the Company were held in dematerialised form. The Company requesting to those shareholders who have their shares in physical form to convert it in Dmate form.

Liquidity: The Company's Shares are actively traded on BSE Limited and National Stock Exchange of India.

p) Code of conduct for prevention of insider trading

The Company has adopted a Code of Conduct for Prevention of Insider Trading in accordance with the requirements of SEBI (Prohibition of Insider Trading) Regulations, 2015 and the Companies Act, 2013 with a view to regulate trading in securities by the Directors and designated employees of the Company. The Code requires pre-clearance for dealing in the Company's shares beyond threshold limits. Further, it prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Code has been disseminated through the Company's website for easy access to the employees and is updated from time to time.

q) Reconciliation of share capital audit report

Pursuant to the provisions of the SEBI (Depositories & Participants) Regulations, 1996, quarterly audit is being undertaken by a Practising Company Secretary for reconciliation of share capital of the Company.

The audit report inter alia covers and certifies that the total shares held in CDSL, NSDL and those in physical form tally with the issued and paid-up capital of the Company, the Register of Members is duly updated, demat requests are confirmed within stipulated time etc. The Reconciliation of Share Capital Audit Report is submitted to the stock exchanges and is also placed before the meetings of the Board of Directors and the Stakeholder Relationship Committee.

r) Outstanding GDRs/ADRs/Warrants or any convertible instrument as on 31st March, 2017

There were no outstanding GDRs/ADRs/Warrants or any convertible instrument as on 31st March, 2017.

s) Plant Locations

The Company is in the business of providing financial services and therefore Company has no plant.

t) Address for Correspondence

All enquiries, clarification and correspondence should be addressed to the compliance officer at the following Addresses.

(1) Arman's Address

502-503, Sakar III, Opp. Old High Court, Off Ashram Road, Ahmedabad 380014, Gujarat
Phone: +91-79-40507000; 27541989, Fax: +91-79-27543666, E-mail: finance@armanindia.com

(2) Bigshare Services Private Limited

A/802- Samudra Complex, Nr. Klassic Gold Hotel, Grish Cold Drink, Off C.G. Road, Ahmedabad- 380009, Gujarat.
Phone: +91-79-40024135 E-mail: bssahd@bigshareonline.com



Auditors' Certificate regarding compliance of conditions of Corporate Governance

To,
The Members,
Arman Financial Services Limited,
Ahmedabad

I have examined the compliance of regulations of Corporate Governance by Arman Financial Services Limited for the year ended on 31st March, 2017, as stipulated in Regulations Part C of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

The compliance of regulations of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied with the regulations of Corporate Governance as stipulated in the above mentioned Listing Regulations.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Place: Ahmedabad
Date: 05.08.2017

Pinakin Shah & Co.
Company Secretary

Pinakin Shah
Proprietor
FCS: 2562; COP: 2932

Declaration on adherence to the code of conduct under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

All the Board Members of Board of Directors and senior management personnel have affirmed compliance with the code of conduct of Board of Directors and senior management of Arman Financial Services Limited for the financial year ended 31st March, 2017.

Place: Ahmedabad
Date: 05.08.2017

For, and on behalf of the Board

Jayendra Patel
Chief Executive Officer
DIN: 00011814

CEO-CFO CERTIFICATION

Pursuant to Regulation 17(8) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

We, Jayendra Patel, Vice Chairman and Managing Director (CEO) and Aalok Patel, Executive Director (CFO) do hereby certify to the Board that:

- A. We have reviewed financial statements and the cash flow statement for the financial year ending 31st March, 2017 and that to the best of our knowledge and belief:
 - a. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b. These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit committee:
 - a. Significant changes in internal control over financial reporting during the year;
 - b. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - c. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

For, Arman Financial Services Limited

Jayendra Patel (CEO)

DIN: 00011814

Date: 05.08.2017

Place: Ahmedabad

For, Arman Financial Services Limited

Aalok Patel (CFO)

DIN: 02482747



INDEPENDENT AUDITOR'S REPORT

To,

The Members of

ARMAN FINANCIAL SERVICES LIMITED

Ahmedabad

1. Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of ARMAN FINANCIAL SERVICES LIMITED (hereinafter referred to as "Holding Company") and its one subsidiary (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at 31st March, 2017, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

2. Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group 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. The respective Board of Directors of the companies included in the group are responsible for maintenance of adequate accounting records in accordance with the provisions of the act for safeguarding the assets of the group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

3. Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the act and the rules made there under.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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:-

- i. In the case of the Consolidated Balance Sheet, of the state of affairs of the group as at 31st March, 2017;
- ii. In the case of the Consolidated Statement of Profit & Loss, of the profit for the year ended on that date; and
- iii. In the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

5. Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report, to the extent applicable 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 of the aforesaid consolidated financial statements.
- b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appear from our examination of those books and the reports of the other auditors.
- c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act.
- e. On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2017 taken on record by the Board of Directors

of Holding Company and the Reports of the Statutory Auditors of its subsidiary companies, none of the directors of the group companies, is disqualified as on 31st 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 group and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- 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 Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. (Refer Note-23 to the consolidated financial statements).
 - ii. The group did not have any material foreseeable losses on long-term contracts including derivative contracts.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its Subsidiary Company incorporated in India.
 - iv. The Company has not 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 (Refer Note-28 to the consolidated financial statements).

For, **J. T. SHAH & CO.**
Chartered Accountants
[FRN No- 109616W]

J. J. SHAH
Partner
[M. No. 45669]

Place: Ahmedabad
Date: 26.05.2017



Annexure “A” To The Consolidated Auditor’s Report

Referred to in paragraph 5(f) of our Report of even date to the Members of **ARMAN FINANCIAL SERVICES LIMITED** for the year ended 31st March, 2017.

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31st March, 2017, We have audited the internal financial controls over financial reporting of ARMAN FINANCIAL SERVICES LIMITED (hereinafter referred to as “Holding Company”) and its one Subsidiary Company, which is a Company incorporated in India, as of that date.

Management’s Responsibility for Internal Financial Controls

The respective Board of Directors of the of the Holding Company, its Subsidiary Company, which is a Company incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the guidance note on audit of internal financial controls over financial reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective 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.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the guidance note on audit of internal financial controls over financial reporting (the “Guidance Note”) issued by the ICAI 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 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 and understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

A Company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company’s internal financial control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with 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 Holding Company, its Subsidiary Company, which is a Company incorporated in India, have, 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 31st 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, **J. T. SHAH & CO.**
Chartered Accountants
[FRN No- 109616W]

J. J. SHAH
Partner
[M. No. 45669]

Place: Ahmedabad
Date: 26.05.2017

Consolidated Balance Sheet

as at 31st March, 2017

(Amounts in ₹)

Particulars	Note No.	As at 31.03.2017	As at 31.03.2016
EQUITY AND LIABILITIES			
[1] Shareholder's Funds			
[a] Share Capital	1	11,92,46,530	11,92,46,530
[b] Reserves & Surplus	2	44,07,71,467	38,53,58,432
		56,00,17,997	50,46,04,962
[2] Money received against Share Warrants	3	Nil	Nil
[3] Non-Current Liabilities			
[a] Long Term Borrowings	4	48,16,55,414	45,77,05,399
[b] Deferred Tax Liabilities (Net)	5	Nil	Nil
[c] Long Term Provisions	6	26,08,561	29,37,029
		48,42,63,975	46,06,42,428
[4] Current Liabilities			
[a] Short-Term Borrowings	7	42,27,77,051	33,38,73,482
[b] Other Current Liabilities	8	65,60,52,338	61,86,50,557
[c] Short Term Provisions	9	2,96,86,377	3,47,56,683
		1,10,85,15,766	98,72,80,722
Total		2,15,27,97,739	1,95,25,28,112
ASSETS			
[1] Non-Current Assets			
[a] Property, Plant & Equipment	10	2,33,18,748	1,79,02,941
[b] Intangible Assets	10	19,53,789	15,10,251
		2,52,72,537	1,94,13,192
[c] Long Term Investments	11	2,40,15,995	1,40,00,000
[d] Deferred Tax Assets (Net)	5	44,11,789	36,47,770
[e] Long-term Loans and Advances	12	26,85,96,811	26,25,58,996
[f] Other Non-Current Assets	13	6,17,46,908	6,75,41,249
		38,40,44,039	36,71,61,207
[2] Current Assets			
[a] Trade Receivables	14	5,54,31,850	1,97,21,979
[b] Cash & Bank Balance	15	21,38,31,136	10,69,91,834
[c] Short term Loans and Advances	12	1,49,94,90,713	1,45,86,53,093
[d] Other Current Assets		Nil	Nil
		1,76,87,53,700	1,58,53,66,905
Total		2,15,27,97,739	1,95,25,28,112
Significant Accounting Policies and Notes on Financial Statements	1 to 29		

As per our report of even date attached herewith

For, J. T. Shah & Co.
Chartered Accountants
Firm Regn. No. 109616W

[J. J. Shah]
Partner
[M.No.45669]

Place: Ahmedabad
Date: 26.05.2017

For **Arman Financial Services Limited**

Jayendra Patel
Vice Chairman & Managing Director
DIN: 00011814

Jaimish Patel
Company Secretary
M. No. A42244

Aalok Patel
Director
DIN: 02482747



Consolidated Statement Of Profit & Loss for the year ended 31st March, 2017

(Amounts in ₹)

Particulars	Note No.	2016-17	2015-16
INCOME			
Revenue from Operations	16	53,57,11,798	40,69,08,284
Other Income	17	2,32,313	15,555
Total Revenue		53,59,44,111	40,69,23,839
EXPENDITURE			
Employee Benefits Expenses	18	10,18,65,477	6,28,07,035
Finance Costs	19	22,52,46,066	15,38,31,667
Depreciation and Amortisation expense	20	29,42,396	17,92,862
Other Expenses	21	10,72,07,755	6,74,25,161
Total Expenses		43,72,61,694	28,58,56,726
Profit before Tax		9,86,82,417	12,10,67,113
Less : Tax expense:			
- Current Tax		3,62,10,000	4,25,20,000
- Short Provision of Income Tax of earlier years		Nil	Nil
- Deferred Tax Liability/(Asset)	22	(7,64,020)	(14,29,526)
Profit for the year		6,32,36,437	7,99,76,639
Basic Earnings Per Share of ₹10 each	25	8.00	11.55
Diluted Earnings Per share of ₹10 each	25	8.00	11.55
Significant Accounting Policies and Notes on Financial Statements	1 to 29		

As per our report of even date attached herewith

For, J. T. Shah & Co.
Chartered Accountants
Firm Regn. No. 109616W

[J. J. Shah]
Partner
[M.No.45669]

Place: Ahmedabad
Date: 26.05.2017

For **Arman Financial Services Limited**

Jayendra Patel
Vice Chairman & Managing Director
DIN: 00011814

Jaimish Patel
Company Secretary
M. No. A42244

Aalok Patel
Director
DIN: 02482747

Consolidated Cash Flow Statement

For The Year Ended 31st March, 2017

(Amounts in ₹)

PARTICULARS	2016-17	2015-16
A Cash from Operating Activities:		
Net profit before taxation	9,86,82,417	12,10,67,114
Adjustment For:		
Depreciation & Amortization expense	29,42,396	17,92,862
NPA provisions (Net)	5,01,619	8,36,763
Contingent provision on standard assets	16,60,000	58,56,000
Interest expenses	21,89,91,159	13,86,32,820
Loss/(Profit) on sale of Property, Plant & Equipment	(93,678)	16,939
Loss/(Profit) on sale of investments	(15,995)	-
Bad debts w/off	3,20,20,626	52,63,456
Short fall on interest on advance tax payment	16,80,000	13,20,000
	25,76,86,127	15,37,18,840
Operating profit before working capital changes:	35,63,68,545	27,47,85,954
Adjustment For:		
Increase/(Decrease) In long-term provision	(1,30,568)	(41,85,525)
Increase/(Decrease) In short-term provision	6,08,898	72,72,323
Increase/(Decrease) In other current liability	62,30,352	33,16,80,072
Decrease/(Increase) In trade receivables	(6,77,30,497)	(1,26,76,985)
Decrease/(Increase) In long term loans and advances	(60,37,815)	(12,15,13,094)
Decrease/(Increase) In short term loans and advances	(4,08,37,621)	(44,19,52,939)
	(10,78,97,250)	(24,13,76,148)
Cash Generated From Operations	24,84,71,294	3,34,09,806
Income tax paid	(3,42,60,634)	(4,36,72,145)
	(3,42,60,634)	(4,36,72,145)
Net Cash From Operating Activities:	21,42,10,660	(1,02,62,339)
B: Cash Flow From Investment Activities:		
Purchase of Property, Plant & Equipment	(1,04,30,663)	(50,93,851)
Sale of Property, Plant & Equipment	17,22,600	21,000
(Increase) /Decrease in bank deposits	18,94,526	(5,00,15,254)
Purchase of investments	(1,00,00,000)	(1,50,00,000)
Sale of investments	-	995,861
Net Cash from Investment Activities:	(1,68,13,537)	(6,90,92,244)



Consolidated Cash Flow Statement

For The Year Ended 31st March, 2017

(Amounts in ₹)

PARTICULARS	2016-17	2015-16
C: Cash Flow From Financing Activities:		
Proceeds from issue of preference share capital	-	5,00,00,000
Redemption of share warrant	-	(42,18,750)
Refund from share application money-CCD	-	(30,00,000)
Proceeds from debentures issue	33,30,00,000	-
Preference dividend paid	(65,00,000)	-
Dividend tax paid on above preference shares	(13,23,400)	-
Proceeds from long term borrowing	6,74,46,502	44,14,90,823
Repayment of long term borrowings	(34,94,37,549)	(20,72,74,598)
Proceeds from short term borrowings	8,89,03,568	6,19,36,230
Repayment of short term borrowings	-	(17,76,87,830)
Interest paid	(21,53,15,039)	(13,89,15,715)
Dividend paid	(1,12,31,718)	(97,03,327)
Net Cash from Financing Activities:	(9,44,57,636)	1,26,26,833
Net Increase in Cash & Cash Equivalents:	10,29,39,487	(6,67,27,750)
Cash & cash equivalents at the beginning	7,29,70,179	13,96,97,929
Cash & cash equivalents at the end	17,59,09,666	7,29,70,179

As per our report of even date attached.

Notes :

- (1) The above cash flow statement has been prepared under the "Indirect Method" set out in Accounting Standard - 3 issued by the Institute of Chartered Accountants of India.
- (2) Cash and cash equivalents at the end includes ₹15,26,543/- (Prev. Year ₹ 12,28,651/-) in respect of unclaimed dividends which are not available for use by the Company.

For, J. T. Shah & Co.
Chartered Accountants
Firm Regn. No. 109616W

[J. J. Shah]
Partner
[M.No.45669]

Place: Ahmedabad
Date: 26.05.2017

For **Arman Financial Services Limited**

Jayendra Patel
Vice Chairman & Managing Director
DIN: 00011814

Jaimish Patel
Company Secretary
M. No. A42244

Aalok Patel
Director
DIN: 02482747

Notes on Consolidated Financial Statements

For The Year Ended 31st March, 2017

1. Share Capital

	(Amounts in ₹)	
	As at 31.03.2017	As at 31.03.2016
A. Authorised:		
1,12,50,000 (Previous Year 1,12,50,000) Ordinary Equity shares of par value of ₹10/- each	11,25,00,000	11,25,00,000
37,50,000 (Previous Year 37,50,000) Class "A" Ordinary Equity shares of par value of ₹10/- each	3,75,00,000	3,75,00,000
1,00,00,000 (Previous Year 50,00,000) Preference Shares of par value of ₹10/- each	10,00,00,000	5,00,00,000
	25,00,00,000	20,00,00,000
B. Issued, Subscribed & Paid-up Capital:		
57,20,179 (Previous Year 57,20,179) Ordinary Equity Shares of par value of ₹10/- each fully paid up	5,72,01,790	5,72,01,790
12,04,474 (Previous Year 12,04,474) Class "A" Ordinary Equity Shares of par value of ₹10/- each fully paid up	1,20,44,740	1,20,44,740
50,00,000 (Previous Year 50,00,000) Cumulative Non - Convertible Compulsorily Redeemable Preference shares of par value of ₹10/- each fully paid up	5,00,00,000	5,00,00,000
Total	11,92,46,530	11,92,46,530

- 1.1 The Company has two classes of shares referred to as i) Ordinary Equity shares having face value of ₹10/-. Each Holder of Equity Share is entitled to 1 vote per share and ii) Class "A" Ordinary Shares having face value of ₹10/-. Each Holder of Class "A" Ordinary Shares is Entitled to one Vote for one lakh Shares.
- 1.2 In the event of liquidation of the Company, the holders of both type of Equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of Equity shares held by shareholders.
- 1.3 The holder(s) of Cumulative Non - Convertible Compulsorily Redeemable Preference shares (CNCCRPS) shall have no voting rights other than in respect of matters directly affecting the rights attached to the CNCCRPS. In the event of any due and payable dividends on the CNCCRPS remaining unpaid, the holder(s) of CNCCRPS shall gain voting rights in respect of all matters placed at a General Meeting of its Equity Shareholders in accordance with the provisions of the Companies Act, 2013.
- 1.4 Cumulative Non -Convertible Compulsorily Redeemable Preference shares are redeemable after 18 Months from date of issue i.e. 31.12.2015 at par. The Preference Share holders are not entitled to any voting rights except under the circumstances as mentioned in para 1.3 above.
- 1.5 During the year ended 31st March, 2017, dividend recognized as distribution to Cumulative Non - Convertible Compulsorily Redeemable Preference Share holders @ 13% (P.Y. @13% on prorata basis) ₹65,00,000/- (P.Y. ₹16,25,000/-) excluding corporate dividend tax of ₹13,23,400/- (P.Y. ₹3,30,812/-).
- 1.6 The Company declares and pays dividends in Indian Rupees. The Dividend proposed by the Board of Director is subject to the approval of the shareholders in the ensuing Annual General Meeting.
- 1.7 During the year ended 31st March, 2017, the amount of per share dividend recognised as distribution to equity shareholders was ₹1.00/- (P.Y. ₹1.40/-). The Total dividend appropriation for the year ended 31st March, 2017 amounted ₹69,24,653/- (P.Y. ₹96,94,514/-) excluding corporate dividend tax of ₹14,09,721/- (P.Y. 19,73,575/-).
- 1.8 Details of Shareholder holding more than 5% of Ordinary Shares of the company are as follows:

Name of Shareholder	As at 31.03.2017		As at 31.03.2016	
	%	Shares	%	Shares
RIF North West - 2	Nil	Nil	24.99	14,29,415
Jayendrabhai Patel	5.04	2,88,522	5.00	2,85,911
Ritaben Patel	5.19	2,96,674	5.19	2,96,674
Reliance Capital Trustee Co. Ltd.	6.90	3,94,798	Nil	Nil

- 1.9 Details of Shareholder holding more than 5% of Class "A" Ordinary Shares of the Company are as follows:

Name of Shareholder	As at 31.03.2017		As at 31.03.2016	
	%	Shares	%	Shares
RIF North West - 2	Nil	Nil	100	12,04,474
Namra Holdings & Consultancy Services LLP	100	12,04,474	Nil	Nil



Notes on Consolidated Financial Statements

For The Year Ended 31st March, 2017

1.10 Details of Preference Shareholder holding more than 5% of Preference Shares of the Company are as follows:

Name of Shareholder	As at 31.03.2017		As at 31.03.2016	
	%	Shares	%	Shares
UNIFI AIF	100.00	50,00,000	100.00	50,00,000

1.11 The Reconciliation of the number of shares outstanding and the amount of ordinary Equity Share capital as at 31.03.2017 & 31.03.2016 is set out below:

Ordinary Equity Shares

Particulars	As at 31.03.2017		As at 31.03.2016	
	No. of Shares	Amounts in ₹	No. of Shares	Amounts in ₹
Shares at the beginning	57,20,179	5,72,01,790	57,20,179	5,72,01,790
Addition - Subscription during the year	Nil	Nil	Nil	Nil
Deletion	Nil	Nil	Nil	Nil
Shares at the end	57,20,179	5,72,01,790	57,20,179	5,72,01,790

Class "A" Ordinary Equity Share

Particulars	As at 31.03.2017		As at 31.03.2016	
	No. of Shares	Amounts in ₹	No. of Shares	Amounts in ₹
Shares at the beginning	12,04,474	1,20,44,740	12,04,474	1,20,44,740
Addition - Subscription during the year	Nil	Nil	Nil	Nil
Deletion	Nil	Nil	Nil	Nil
Shares at the end	12,04,474	1,20,44,740	12,04,474	1,20,44,740

Preference Shares

Particulars	As at 31.03.2017		As at 31.03.2016	
	No. of Shares	Amounts in ₹	No. of Shares	Amounts in ₹
Shares at the beginning	50,00,000	5,00,00,000	Nil	Nil
Addition - Subscription during the year	Nil	Nil	50,00,000	5,00,00,000
Deletion	Nil	Nil	Nil	Nil
Shares at the end	50,00,000	5,00,00,000	50,00,000	5,00,00,000

2. Reserves & Surplus

	(Amounts in ₹)	
	As at 31.03.2017	As at 31.03.2016
General Reserve		
Balance as per last financial Statement	85,35,376	74,35,377
Add: Transfer from Statement of Profit and Loss (Refer Note 2.1)	11,00,000	11,00,000
Closing Balance	96,35,376	85,35,377
Special Reserve u/s 45-IC of the RBI Act, 1934		
Balance as per last financial Statement	6,36,50,000	4,73,75,000
Add: Transfer from Statement of Profit and Loss (Refer Note 2.1)	1,32,00,000	1,62,75,000
Closing Balance	7,68,50,000	6,36,50,000
Securities Premium Reserve	12,24,99,306	12,24,99,306
Surplus in the Statement of Profit and Loss		
Balance as per last financial Statement	19,06,73,748	14,16,96,010
Add : Profit for the year	6,32,36,437	7,99,76,640
Less: Appropriations		
Amount transfer to General Reserve (Refer Note 2.1)	11,00,000	11,00,000
Amount transfer to Special Reserve u/s 45-IC of RBI Act, 1934 (Refer Note 2.1)	1,32,00,000	1,62,75,000
Dividend paid on Cumulative Non - Convertible Compulsorily Redeemable Preference shares	48,75,000	Nil
Tax on Distributed Profit on Dividend Paid	9,92,588	Nil
Proposed Dividend On Cumulative Non - Convertible Compulsorily Redeemable Preference shares	16,25,000	16,25,000
Tax on Distributed Profit on Proposed Dividend	3,30,812	3,30,812
Proposed Dividend	Nil	96,94,514
Provision for Tax on Dividend proposed	Nil	19,73,575
Closing Balance	23,17,86,786	19,06,73,749
Total	44,07,71,467	38,53,58,432

Notes on Consolidated Financial Statements For The Year Ended 31st March, 2017

2.1

Particulars	Nature and purpose
General Reserve	The reserve is created out of profit in accordance with Companies (Transfer of Profit to Reserve) Rule, 1975 and is distributable in accordance with Companies (Distribution of dividend out of Reserve) Rules 1975.
Special Reserve u/s 45-IC of the RBI Act, 1934	The reserve is created out of profit in accordance with RBI Act, 1934.
Securities Premium Reserve	The reserve is created out of profit in accordance with Companies (Transfer of Profit to Reserve) Rule, 1975 and is distributable in accordance with Companies (Distribution of dividend out of Reserve) Rules, 1975.

3. Money received against share warrants

	(Amounts in ₹)	
	As at 31.03.2017	As at 31.03.2016
Balance as per last financial Statement	Nil	42,18,750
Add: Addition during the year	Nil	Nil
Less: Shares Issued during the year	Nil	42,18,750
Total	Nil	Nil

4. Long Term Borrowings

	As at 31.03.2017		As at 31.03.2016	
	Non Current	Current	Non Current	Current
Secured				
Loans				
From Financial Institutions				
-- Term Loans @@	9,87,56,610	42,65,46,027	19,11,28,825	27,18,19,215
From Banks				
-- Term Loans @@	4,98,98,804	18,07,54,153	26,65,76,574	31,35,13,932
Debentures				
From Financial Institutions				
Redeemable Non-Convertible Debenture	33,30,00,000	Nil	Nil	Nil
Unsecured				
Others				
From Directors and their Relatives	Nil	10,16,074	Nil	8,70,317
Inter Corporate Deposit	Nil	70,00,000	Nil	20,53,852
Total	48,16,55,414	61,53,16,254	45,77,05,399	58,82,57,316
Less : Amount disclosed under head Other Current Liabilities (Note - 8)	Nil	61,53,16,254	Nil	58,82,57,316
Total	48,16,55,414	Nil	45,77,05,399	Nil

@@ Security:

Term Loans are secured under hypothecation of specific assets portfolio & personal guarantee of some of the Directors. The same are further secured by cash collateral security in the form of fixed deposit & investments in mutual funds which are shown under "Other Bank Balance" & "Investments" respectively.



Notes on Consolidated Financial Statements For The Year Ended 31st March, 2017

4. Long Term Borrowings (Contd...)

Interest:

Term Loan carries an interest rate ranging from 12.00 % to 15.75 % p.a.

Redeemable Non-Convertible Debentures carries an interest rate of 14% p.a.

Loans from Directors and their relatives carries interest rate @ 16 % p.a.

Inter Corporate Deposits carries interest rate @ 12 % to 13% p.a.

Repayment:

Term Loan Facilities are repayable in following schedule in monthly / half yearly installments as follows:

Particulars	(Amounts in ₹)	
	Upto 1 year	2 to 3 Years
Term Loan Repayment	60,73,00,180	14,86,55,414
Inter Corporate Deposits	70,00,000	Nil
From Directors and their Relatives	10,16,074	Nil
Debenture	Nil	33,30,00,000

5. Deferred Tax Liabilities (Net)

	(Amounts in ₹)	
	As at 31.03.2017	As at 31.03.2016
Deferred Tax Assets arising out of timing difference relating to:		
Provision for Gratuity that are allowable for tax purpose in the year of payment	6,42,693	5,15,226
Shares issue expenses that are allowable for tax purpose on deferred basis	3,39,910	36,38,037
Provision for NPA that are allowable for tax purpose in the year of actual loss	53,40,362	13,51,666
Total Deferred Tax Assets	63,22,965	55,04,929
Deferred Tax Liability arising out of timing difference relating to:		
Difference of Depreciation as per Tax Provision and Company Law	19,11,175	18,57,159
Total Deferred Tax Liability	19,11,175	18,57,159
Net Deferred Tax Liability / (Assets)	(44,11,789)	(36,47,770)

6. Long Term Provisions

	As at 31.03.2017		As at 31.03.2016	
	Non Current	Current	Non Current	Current
Provision for Employee Benefit- Gratuity	11,26,461	8,17,383	12,57,029	2,08,485
Provision for Dividend Cumulative Non - Convertible Compulsorily Redeemable Preference shares	Nil	16,25,000	Nil	16,25,000
Provision for tax on distributed profits	Nil	3,30,812	Nil	3,30,812
Contingent provision against standard assets	14,82,100	1,32,27,900	16,80,000	1,13,70,000
NPA provisions		23,04,179	Nil	18,02,560
	26,08,561	1,83,05,274	29,37,029	1,53,36,857
Less : Amount disclosed under head short term provisions - (Note-9)	Nil	1,83,05,274	Nil	1,53,36,857
Total	26,08,561	Nil	29,37,029	Nil

Notes on Consolidated Financial Statements

For The Year Ended 31st March, 2017

7. Short-Term Borrowings

(Amounts in ₹)

	Current	
	As at 31.03.2017	As at 31.03.2016
Loans Repayable on Demand:		
Working Capital Loans from Banks -Secured @	42,27,77,051	33,38,73,482
Total	42,27,77,051	33,38,73,482

@ Security:

working capital are secured under hypothecation of specific assets portfolio & personal guarantee of some of the Directors. The same are further secured by cash collateral security in the form of fixed deposit & investments in mutual funds which are shown under "Other Bank Balance" & "Investments" respectively.

8. Other Current Liabilities

(Amounts in ₹)

	As at 31.03.2017	As at 31.03.2016
Current maturity of long term borrowings (Note 4)	61,53,16,254	58,82,57,316
Salary & wages payable	92,10,671	47,30,796
Other statutory dues	12,71,538	7,31,465
TDS payable	22,43,047	14,74,889
Sundry creditors for expense	17,70,489	95,96,609
Security deposit	24,49,365	25,14,170
Interest accrued but not due on term loans	60,06,188	23,30,068
Micro insurance payable	89,01,143	48,61,777
Unpaid dividend	19,62,913	15,26,543
Unpaid expenses	69,20,730	26,26,925
Total	65,60,52,338	61,86,50,557

9. Short Term Provisions

(Amounts in ₹)

	Current	
	As at 31.03.2017	As at 31.03.2016
Provisions for employee benefits - Gratuity (Note - 6)	8,17,383	2,08,485
Contingent provision against standard asset (Note - 6)	1,32,27,900	1,13,70,000
NPA provisions (Note- 6)	23,04,179	18,02,560
Provision for tax	17,77,10,000	13,98,20,000
Less : Advance tax & TDS	(16,63,28,897)	(13,20,68,263)
Net (Note - 6)	1,13,81,103	77,51,737
Provision for dividend on Cumulative Non - Convertible Compulsorily Redeemable Preference shares (Note -5)	16,25,000	16,25,000
Provision for tax on distribution profit (Note - 6)	3,30,812	3,30,812
Proposed dividend	Nil	96,94,514
Provision for tax on proposed dividend	Nil	19,73,575
Total	2,96,86,377	3,47,56,683

9.1 Contingent provision against standard assets:

As per master circular - 'Non Banking Financial Company-Micro Finance Institutions' (NBFC-MFIs)-Directions dated July'1, 2015 vide reference no. RBI/2015-16/20, DNBR (PD) CC.No.047/03.10.119/2015-16, provisioning for the non-AP portfolio would be as per the December 02, 2011 Directions with effect from April 1, 2013 is "The aggregate loan provision to be maintained by NBFC-MFIs at any point of time shall not be less than the higher of a) 1% of the outstanding loan portfolio or b) 50% of the aggregate loan instalments which are overdue for more than 90 days and less than 180 days and 100% of the aggregate loan instalments which are overdue for 180 days or more" and in case of Non Banking Finance Company -AFC provision of 0.35% of the outstanding loan portfolio is made as per provisions required by Non Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 and as per RBI circular RBI/2015-16/22 DNBR (PD) CC.No.045/03.10.119/2015-16 dated July 01, 2015 (updated as on April 11,2016).



Notes on Consolidated Financial Statements For The Year Ended 31st March, 2017

10. Property, Plant & Equipment

Property, Plant & Equipment						Total Property, Plant & Equipment	Intangible Assets	Total Assets
Carrying Value	Buildings	Furniture & Fixtures	Office Equipment	Vehicles	Computer			
01.04.2015	1,30,98,150	40,55,009	10,56,505	27,24,002	37,45,377	2,46,79,043	3,65,170	2,50,44,213
Addition	-	14,90,514	8,20,615	-	14,82,022	37,93,151	13,00,700	50,93,851
Disposal	-	(1,89,403)	(2,27,066)	(1,550)	(2,58,126)	(6,76,145)	-	(6,76,145)
At 31.03.2016	1,30,98,150	53,56,120	16,50,054	27,22,452	49,69,273	2,77,96,049	16,65,870	2,94,61,919
Addition	-	11,38,191	4,73,947	64,54,300	15,33,725	96,00,163	8,30,500	1,04,30,663
Disposal	-	-	-	(35,46,852)	-	(35,46,852)	-	(35,46,852)
Other Adjustment	-	-	-	-	-	-	-	-
At 31.03.2017	1,30,98,150	64,94,311	21,24,001	56,29,900	65,02,998	3,38,49,360	24,96,370	3,63,45,730

Accumulated Depreciation	Buildings	Furniture & Fixtures	Office Equipment	Vehicles	Computer	Total Property, Plant & Equipment	Intangible Assets	Total Assets
01.04.2015	14,11,756	24,55,090	7,46,205	16,33,157	26,31,369	88,77,577	20,632	88,98,209
Change for the year	2,07,517	3,02,970	1,53,101	3,20,632	6,73,655	16,57,875	1,34,987	17,92,862
Disposal	-	(1,79,931)	(2,15,717)	(1,473)	(2,45,223)	(6,42,344)	-	(6,42,344)
Other Adjustment (Transfer to Gen. Reserve)	-	-	-	-	-	-	-	-
At 31.03.2016	16,19,273	25,78,129	6,83,589	19,52,316	30,59,801	98,93,108	1,55,619	1,00,48,727
Change for the year	2,06,951	4,12,562	5,26,118	6,14,062	7,95,741	25,55,434	3,86,962	29,42,396
Disposal	-	-	-	(19,17,930)	-	(19,17,930)	-	(19,17,930)
At 31.03.2017	18,26,224	29,90,691	12,09,707	6,48,448	38,55,542	1,05,30,612	5,42,581	1,10,73,193
Net Carrying Value								
AS AT 31.03.2016	1,14,78,877	27,77,991	9,66,465	7,70,136	19,09,472	1,79,02,941	15,10,251	1,94,13,192
AS AT 31.03.2017	1,12,71,926	35,03,620	9,14,294	49,81,452	26,47,456	2,33,18,748	19,53,789	2,52,72,537

11. Investment

(Amounts in ₹)

	As at 31.03.2017		As at 31.03.2016	
	Non Current	Current	Non Current	Current
Un quoted investments - Investments in units of mutual funds (Valued at cost unless stated otherwise)				
a) 4,00,000 Units (P.Y. 400000) of SBI debt fund series - B- 34 - Regular Growth	40,00,000	Nil	40,00,000	Nil
b) 5,00,975 Units (P.Y. Nil) of SBI debt fund series B-36 (1131 Days)	50,09,755	Nil	Nil	Nil
c) 6,24,507 (P.Y. 210758 Units) of SBI corporate bond fund - Regular Plan - Growth	1,50,06,240	Nil	50,00,000	Nil
d) Nil (P.Y. 2112 Units) of SBI premier liquid fund - regular plan - Growth	Nil	Nil	50,00,000	Nil
Total	2,40,15,995	Nil	1,40,00,000	Nil
Aggregate market value of unquoted investment	2,62,17,588	Nil	1,40,73,381	Nil
Aggregate cost	2,40,15,995	Nil	1,40,00,000	Nil

11.1 Investments represents investments given as cash collateral security against working capital and term loans.

12. Loans and Advances (Considered good unless otherwise stated)

(Amounts in ₹)

	As at 31.03.2017		As at 31.03.2016	
	Non Current	Current	Non Current	Current
A Secured				
Loans secured by hypothecation of assets	16,92,93,256	44,09,70,431	12,28,96,531	40,19,85,420
B Unsecured				
Loans to Companies, Firms and Individuals	3,46,50,693	94,92,75,181	12,75,26,255	1,03,30,31,403
Deposits	70,75,449	55,81,313	1,21,36,210	76,66,964
Other loans and advances	5,75,77,413	10,23,53,096	Nil	1,46,90,061

Notes on Consolidated Financial Statements For The Year Ended 31st March, 2017

12.Loans and Advance (Contd...)

	As at 31.03.2017		As at 31.03.2016	
	Non Current	Current	Non Current	Current
Advances to staff	Nil	11,48,350	Nil	11,09,931
Balance with government authority	Nil	1,62,342	Nil	1,69,314
Total	26,85,96,811	1,49,94,90,713	26,25,58,996	1,45,86,53,093

(Amounts in ₹)

12.1 Loans secured by hypothecation of assets (vehicles) are secured by hypothecation of the assets (vehicles) under finance. In the opinion of the Board, the market value of the hypothecated assets (vehicle) as on Balance Sheet date is more than the amount of loan outstanding.

12.2 Loans secured by hypothecation of vehicle includes ₹91,63,625/- (P.Y. ₹56,99,855/-) outstanding portfolio on which NPA provision of ₹9,23,699/- (P.Y. ₹5,72,535/-) has been made.

12.3 Deposits includes security deposits given as collateral security against term loans and working capital.

13.Other Non Current Assets

	As at 31.03.2017	As at 31.03.2016
Deposits with original maturity for more than 12 months (Note 15)	6,17,46,908	6,75,41,249
Total	6,17,46,908	6,75,41,249

(Amounts in ₹)

13.1 Deposits includes deposits given as cash collateral security against bank loans.

14.Trade Receivables

	As at 31.03.2017	As at 31.03.2016
A Outstanding for a period exceeding six months from the date they are due for payment (unsecured, considered good)		
Secured	1,37,24,801	1,23,00,249
Unsecured	Nil	Nil
	1,37,24,801	1,23,00,249
B Other Trade receivables (unsecured, considered good)		
Secured	72,10,849	40,23,099
Unsecured	3,44,96,200	33,98,631
	4,17,07,049	74,21,730
Total	5,54,31,850	1,97,21,979

(Amounts in ₹)

14.1 Sundry debtors includes ₹1,37,24,801/- (P.Y. ₹1,23,00,249/-) outstanding portfolio on which NPA provision of ₹13,80,480/- (P.Y. ₹12,30,025/-) has been made.

15.Cash and Bank Balance

	As at 31.03.2017		As at 31.03.2016	
	Non Current	Current	Non Current	Current
A Cash and cash equivalents				
Cash on hand	Nil	1,06,14,739	Nil	16,01,846
Balance with banks	Nil	16,52,94,927	Nil	7,13,68,333
Total	Nil	17,59,09,666	Nil	7,29,70,179
B Other Bank Balance				
Deposits with original maturity for more than 12 months	6,17,46,908	3,79,21,471	6,75,41,249	3,40,21,655
	6,17,46,908	3,79,21,471	6,75,41,249	3,40,21,655
Less Amount disclosed under non current assets (Note 13)	6,17,46,908	Nil	6,75,41,249	Nil
Total	Nil	21,38,31,136	Nil	10,69,91,834

(Amounts in ₹)

15.1 Current account with banks includes ₹19,62,913/- (P.Y. ₹15,26,543/-) in unpaid dividend account.

15.2 Other bank balance includes deposits given as cash collateral security against term loans and working capital loans.



Notes on Consolidated Financial Statements For The Year Ended 31st March, 2017

16.Revenue from operation

	(Amounts in ₹)	
	2016-17	2015-16
Interest income	49,74,71,459	38,05,29,695
Other interest income	2,17,30,061	75,20,916
Other financial services	Nil	Nil
Processing fees	1,58,43,516	1,83,76,363
Other charges in respect of loans	6,66,762	4,81,310
Total	53,57,11,798	40,69,08,284

17.Other Income

	(Amounts in ₹)	
	2016-17	2015-16
Profit on sale of Property, Plant & Equipment	93,678	Nil
Profit on sale of investments	15,995	Nil
Misc. income	1,22,640	15,555
Total	2,32,313	15,555

18.Employee Benefit Expenses

	(Amounts in ₹)	
	2016-17	2015-16
Salary, wages & bonus	9,28,98,765	5,74,01,603
Contribution to provident fund & other funds	68,80,401	34,67,312
Welfare expenses	20,86,311	19,38,120
Total	10,18,65,477	6,28,07,035

18.1 The disclosure in respect of employee benefit as defined in the accounting standard-15 is given below:

A. The amounts (in ₹) recognized in the balance sheet are as follows:

	(Amounts in ₹)	
Particulars	Gratuity Defined Benefit Obligation (2016-17)	Gratuity Defined Benefit Obligation (2015-16)
Present value of funded obligations	Nil	Nil
Fair value of plan assets	Nil	Nil
Present value of unfunded obligations	23,75,694	14,65,514
Unrecognized past service cost	Nil	Nil
Net liability	23,75,694	14,65,514
Amounts in the balance sheet:	Nil	Nil
Liabilities	23,75,694	14,65,514
Assets	4,31,850	Nil
Net liability	19,43,844	14,65,514

B. The amounts (in ₹) recognized in the statement of profit and loss are as follows:

	(Amounts in ₹)	
Particulars	Gratuity Defined Benefit Obligation (2016-17)	Gratuity Defined Benefit Obligation (2015-16)
Current service cost	4,67,390	5,26,058
Interest on obligation	1,09,582	90,834
Expected return on plan assets	(10,421)	Nil
Net actuarial losses (gains) recognized in year	3,80,338	(3,25,699)
Past service cost	Nil	Nil
Losses (gains) on curtailments and settlement	Nil	Nil
Total, included in 'employee benefit expense'	9,46,889	2,91,193
Actual return on plan assets	Nil	Nil

Notes on Consolidated Financial Statements

For The Year Ended 31st March, 2017

18. Employee Benefit Expenses (Contd...)

C. Changes in the present value of the defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:

Particulars	(Amounts in ₹)	
	Gratuity Defined Benefit Obligation (2016-17)	Gratuity Defined Benefit Obligation (2015-16)
Opening defined benefit obligation	14,65,514	11,74,321
Transfer out liability	Nil	Nil
Service cost	4,67,390	5,26,058
Interest cost	1,09,582	90,834
Actuarial losses (gains)	3,33,208	(3,25,699)
Losses (gains) on curtailments	Nil	Nil
Liabilities extinguished on settlement	Nil	Nil
Liabilities assumed in an amalgamation in the nature of purchase	Nil	Nil
Exchange differences on foreign plans	Nil	Nil
Benefits paid	Nil	Nil
Closing defined benefit obligation	23,75,694	14,65,514

D. Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows:

Particulars	(Amounts in ₹)	
	Gratuity Defined Benefit Obligation (2016-17)	Gratuity Defined Benefit Obligation (2015-16)
Opening fair value of plan assets	Nil	Nil
Expected return	10,421	Nil
Actuarial gains and (losses)	(47,130)	Nil
Assets distributed on settlements	Nil	Nil
Contributions by employer	4,68,559	Nil
Assets acquired in an amalgamation in the nature of purchase	Nil	Nil
Exchange differences on foreign plans	Nil	Nil
Benefits paid	Nil	Nil
Closing balance of fair value of plan assets	4,31,850	Nil

E. Reconciliation of gratuity provision account

Particulars	(Amounts in ₹)	
	Gratuity Defined Benefit Obligation (2016-17)	Gratuity Defined Benefit Obligation (2015-16)
Net opening provision in books of accounts	14,65,514	11,74,321
Employee benefit expense as per Annexure II	9,46,889	2,91,193
Transfer in liability from Arman Financial Services Ltd	Nil	Nil
	24,12,403	14,65,514
Benefits paid by the Company	(2,22,566)	Nil
Amounts transferred to 'Payable Account'	Nil	Nil
Contributions to plan assets	(2,45,993)	Nil
Closing provision in books of accounts	19,43,844	14,65,514

F. The major categories of plan assets as a percentage of total plan assets are as follows:

Particulars	(Amounts in ₹)	
	Gratuity Defined Benefit Obligation (2016-17)	Gratuity Defined Benefit Obligation (2015-16)
Government of india securities	0%	0%
High quality corporate bonds	0%	0%
Equity shares of listed companies	0%	0%
Property	0%	0%
Insurance Company	0%	0%



Notes on Consolidated Financial Statements For The Year Ended 31st March, 2017

18. Employee Benefit Expenses (Contd...)

G. Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

Particulars	(Amounts in ₹)	
	Gratuity Defined Benefit Obligation (2016-17)	Gratuity Defined Benefit Obligation (2015-16)
Discount rate	6.80%	8.05%
Expected return on plan assets	-	-
Proportion of employees opting for early retirement	-	-
Annual increase in salary costs	6.00%	6.00%
Future changes in maximum state health care benefits	-	-

H. Gratuity benefit amount for the current period are as follow:

Particulars	(Amounts in ₹)	
	(2016-17)	(2015-16)
Defined benefit obligation	19,43,844	14,65,514
Plan assets	Nil	Nil
Surplus / (deficit)	(19,43,844)	(14,65,514)
Experience adjustments on plan liabilities	2,00,316	(1,80,476)
Experience adjustments on plan assets	Nil	Nil
Actuarial Loss/(Gain) due to change in assumption	Nil	(1,38,018)
Actuarial Loss/(Gain) due to participant experience	Nil	Nil
Actuarial Loss/(Gain) due to change in financial assumption	1,32,892	(7,205)
Actuarial Loss/(Gain) on liabilities	3,33,208	(3,25,699)
Net Actuarial Loss/(Gain) on liabilities	3,33,208	(3,25,699)

Particulars	(Amounts in ₹)				
	31.03.17	31.03.16	31.03.2015	31.03.2014	31.03.2013
Defined benefit obligation	19,43,844	14,65,514	16,54,475	8,65,614	5,72,705
Plan assets	Nil	Nil	Nil	Nil	Nil
Unrecognised past service cost	Nil	Nil	Nil	Nil	Nil
Deficit	Nil	Nil	Nil	Nil	Nil
Experience adjustments on plan liabilities	19,43,844	14,65,514	16,54,475	8,65,614	5,72,705
Experience adjustments on plan assets	Nil	Nil	Nil	Nil	Nil

19. Finance Cost

	(Amounts in ₹)	
	2016-17	2015-16
Interest expenses	22,06,71,159	13,98,32,820
Other borrowing cost	45,74,907	1,39,98,847
Total	22,52,46,066	15,38,31,667

20. Depreciation And Amortisation Expense

	(Amounts in ₹)	
	2016-17	2015-16
Depreciation of Property, Plant & Equipment	25,55,434	16,57,875
Amortization of intangible assets	3,86,962	1,34,987
Total	29,42,396	17,92,862

21. Other Costs

	(Amounts in ₹)	
	2016-17	2015-16
Electricity & fuel charges	12,03,409	9,63,080
Repairs To:		
Building	7,50,220	2,57,660
Other	Nil	4,93,671
Sub Total	7,50,220	7,51,331
Insurance	3,39,380	3,07,058

Notes on Consolidated Financial Statements For The Year Ended 31st March, 2017

21. Other Costs (Contd...)

	(Amounts in ₹)	
	2016-17	2015-16
Rent	84,17,869	57,99,418
Rates & taxes	4,06,642	2,36,816
Stationery & printing	30,40,728	28,35,580
Advertisement expenses	2,20,409	4,56,192
Communication	51,98,640	37,72,227
Traveling & conveyance expenses	1,08,73,463	63,24,375
Professional fees	1,54,37,333	1,10,24,598
Auditor's Remuneration:		
Audit fees	4,77,250	4,75,175
For tax audit	1,15,000	1,14,500
For certification	6,900	18,795
For income tax consultancy fee	Nil	16,854
Sub Total	5,99,150	6,25,324
Corporate social responsibility activities	2,25,750	1,00,000
Director sitting fees	3,80,000	2,30,646
Marketing & incentive expenses	1,46,78,659	1,05,83,134
Bad debts written off	3,20,20,626	73,16,249
Provision for NPA	5,01,619	8,36,763
Contingent provision against standard assets (Net)	16,60,000	58,56,000
Share issue expenditure	7,56,900	5,41,745
Loss on sale of Property, Plant & Equipment	Nil	12,800
Loss/ (Profit) on sale of investments	Nil	4,139
Sundry balance written off	1,46,714	2,11,304
General charges (including bank charges, security charges & membership fees etc.)	1,03,50,244	86,36,382
Total	10,72,07,755	6,74,25,161

21.1 Bad debts & irrecoverable w/off are shown net off bad debts recovery during the year amounting to ₹6,95,821/- (P.Y. ₹9,52,470/).

21.2 NPA provisions are shown net off NPA provision written back during the year amounting to ₹ Nil (P.Y. ₹ Nil).

22. Deferred Tax Liabilities / (Assets)

	(Amounts in ₹)	
	2016-17	2015-16
Opening balance of Deferred Tax Liability / (Assets)	(36,47,769)	(22,18,244)
Closing balance of deferred tax liability / (Assets)	(44,11,789)	(36,47,770)
Deferred Tax Liabilities / (Assets) for the year	(7,64,020)	(14,29,526)

23. Contingent liabilities not provided for

- (a) Disputed demand of Income Tax ₹792.51 lakhs (Previous year ₹764.04 lakhs) (Against which the Company has paid ₹8.79 lakhs [Previous year ₹3.20 Lakhs] under protest which are shown as advances).

24. Related Party Disclosures

List of Related Parties with whom transactions have taken place during the year:

A) Key Managerial Personnel

Mr. Jayendra Patel
Mr. Aalok Patel
Mr. Amit Manakiwala

B) Directors and Relatives of Key Managerial Personnel

Name of party	Related party relationship
Mrs. Ritaben Patel	Director
Mr. Kaushikbhai Shah	Director
Mr. Ramakant Nagpal	Director



Notes on Consolidated Financial Statements For The Year Ended 31st March, 2017

24. Related Party Disclosures (Contd...)

Name of party	Related party relationship
Mr. Chinubhai Shah	Director
Mr. Aakash Patel	Director
Jayendra Patel (HUF)	Key Managerial personnel is Karta
Raj Enterprise	Key Managerial personnel is Proprietor
Mrs. Himani Manakiwala	Relative of Key Managerial Personnel
J. B. Patel & Co.	Key Managerial personnel is co-owner
Mrs. Sachi Patel	Relative of Director
Mrs. Sajni Patel	Relative of Key Managerial Personnel
Aalok Patel (HUF)	Key Managerial personnel is Karta
Amit Manakiwala (HUF)	Key Managerial personnel is Karta
Aakash Patel (HUF)	Director is Karta

C) Relative of Key Managerial Personnel and their enterprise with whom transaction have taken place during the year

Namra Holdings & Consultancy Services LLP Key Managerial Personnel is Partner

Details of transactions are as follows:

SRN	Nature of transaction	Key Managerial Personnel	Relatives of Key Managerial Personnel	Relative of KMP and their enterprise	Total
1	Expenses				
	Remuneration & perquisites	58,84,102	Nil	Nil	58,84,102
		(54,68,581)	(Nil)	(Nil)	(54,68,581)
	Sitting fees	Nil	73,000	Nil	73,000
		(Nil)	(37,500)	(Nil)	(37,500)
	Interest expenses	6,22,286	22,27,771	15,31,835	43,81,892
		(5,94,463)	(14,90,445)	(55,057)	(21,39,965)
	Rent paid	Nil	16,25,501	Nil	16,25,501
		(Nil)	(9,52,560)	(Nil)	(9,52,560)
	Dividend paid	8,31,685	12,10,747	19,17,824	39,60,256
		(8,70,469)	(9,86,765)	(1,98,480)	(20,55,714)
2	Unsecured Loan				
	Loan taken during the year	1,09,15,000	1,72,15,438	3,07,75,000	5,89,05,438
		(1,07,15,000)	(90,94,630)	(4,75,000)	(2,02,84,630)
	Loan repaid during the year	1,15,37,286	1,92,97,452	3,23,06,835	6,31,41,573
		(1,46,92,148)	(1,73,07,812)	(5,30,057)	(3,25,30,017)
	Balance out standing at 31.03.2017	Nil	10,16,074	Nil	10,16,074
		(Nil)	(8,70,317)	(Nil)	(8,70,317)
3	Compulsory Convertible Debentures Application Money Refunded	Nil	Nil	Nil	Nil
		(30,00,000)	(Nil)	(Nil)	(30,00,000)
4	Interest paid on Compulsory Convertible Debentures application money	Nil	Nil	Nil	Nil
		(1,12,192)	(Nil)	(Nil)	(1,12,192)

List of transactions, out of the transaction reported in the above table, where the transaction entered in to with single party exceeds 10% of the total related party transactions of similar nature are as under:

Unsecured loan taken

(Amounts in ₹)

SRN	Name of relative	2016-17	2015-16
1	Jayendra Patel	70,15,000	64,65,000
2	Aalok Patel	39,00,000	42,50,000
3	Jayendra Patel (HUF)	56,25,000	27,74,630
4	Namra Holdings & Consultancy Services LLP	3,07,75,000	4,75,000

Notes on Consolidated Financial Statements

For The Year Ended 31st March, 2017

24. Related Party Disclosures (Contd...)

5	Aakash Patel (HUF)	19,75,000	22,15,000
6	Aakash Patel	Nil	21,70,000
7	Raj Enterprise	14,45,000	2,15,000

Unsecured loan repayments

(Amounts in ₹)

SRN	Name of relative	2016-17	2015-16
1	Jayendra Patel	73,77,199	89,37,567
2	Himaniben Manakiwala	21,51,057	17,15,433
3	Aalok Patel	41,60,087	57,54,581
4	Aakash Patel (HUF)	21,58,730	28,66,852
5	Amit Manakiwala (HUF)	21,92,132	17,07,233
6	Jayendra Patel (HUF)	64,45,911	36,69,850
7	Aakash Patel	Nil	32,77,083
8	Namra Holdings & Consultancy Services LLP	3,23,06,835	5,30,057

Interest expenses

(Amounts in ₹)

SRN	Name of relative	2016-17	2015-16
1	Jayendra Patel	3,62,199	2,63,229
2	Aalok Patel	2,60,087	3,31,234
3	Jayendra Patel (HUF)	8,20,911	2,33,270
4	Aakash Patel (HUF)	3,29,487	2,52,878
5	Amit Manakiwala (HUF)	2,42,132	2,51,310
6	Himaniben Manakiwala	2,51,057	2,60,284
7	Raj Enterprise	2,47,841	2,20,602
8	Namra Holdings & Consultancy Services LLP	15,31,835	55,057

Remuneration and perquisite

(Amounts in ₹)

SRN	Name of relative	2016-17	2015-16
1	Jayendra Patel	27,26,302	27,28,981
2	Aalok Patel	14,85,200	15,70,000
3	Amit Manakiwala	16,72,600	11,69,600

Sitting Fees

(Amounts in ₹)

SRN	Name of relative	2016-17	2015-16
1	Ritaben Patel	73,000	37,500

Rent Paid

(Amounts in ₹)

SRN	Name of relative	2016-17	2015-16
1	Ritaben Patel	12,80,816	9,52,560



Notes on Consolidated Financial Statements For The Year Ended 31st March, 2017

24. Related Party Disclosures (Contd...)

Dividend paid

(Amounts in ₹)

SRN	Name of relative	2016-17	2015-16
1	Aalok Patel	3,46,932	2,96,976
2	Jayendra Patel (HUF)	2,74,400	2,35,200
3	Aakash Patel	3,90,362	3,34,596
4	Jayendrabhai Patel	4,00,415	3,40,690
5	Ritaben Patel	4,15,343	3,56,009
6	Namra Holdings & Consultancy Services LLP	19,17,824	1,98,480
7	Amitbhai Manakiwala	84,338	2,32,804
8	Himaniben Manakiwala	70,000	60,000

Compulsory Convertible Debentures application money refunded

(Amounts in ₹)

SRN	Name of relative	2016-17	2015-16
1	Aalok Patel	Nil	9,99,999
2	Jayendra Patel	Nil	20,00,001

25. Earnings Per Share

Particular	Unit	31.03.2017	31.03.2016
Numerator used for calculating Basic EPS (profit after tax)	₹	6,32,36,437	7,99,76,640
Less: Dividend on preference shares	₹	(65,00,000)	(16,25,000)
Less: Tax on preference dividend	₹	(13,23,400)	(3,30,812)
Numerator used for calculating diluted earnings per share (profit after tax)	₹	5,54,13,037	7,80,20,828
Weighted average No. of shares used as denominator for calculating Basic EPS	No. of Shares	69,24,653	69,24,653
Weighted average No. of shares used as denominator for calculating diluted EPS	No. of Shares	69,24,653	69,24,653
Face value of share	₹	10	10
Basic earnings per share	₹	8	11
Diluted earnings per share	₹	8	11

26. As per the prudential norms of the Reserve Bank of India, provision has been made in the accounts for the Non -Performing Assets. Income is not recognized in respect of Non-Performing Assets.

27. Additional Disclosure as per Schedule III of the Company Act, 2013

Name of the entity	Net Assets i.e. Total assets minus Total liabilities		Share in profit or loss	
	As % of Consolidated Net Assets	Amounts (₹ In lakhs)	As % of Consolidated Net Assets	Amounts (₹ In lakhs)
Parent				
Arman Financial Services Limited	68.13	3817.26	39.25	249.32
Subsidiaries Indian				
Namra Finance Limited	37.57	2104.88	86.66	550.45
Foreign	Nil	Nil	Nil	Nil
Minority interests in all subsidiaries associates (investments as per the equity method)				
Parent Subsidiaries Indian				
Namra Finance Limited	Nil	Nil	Nil	Nil
Foreign	Nil	Nil	Nil	Nil

Notes on Consolidated Financial Statements For The Year Ended 31st March, 2017

28. Disclosure of details in respect of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016 as required by Notification No. GSR 308(E) [F.NO.17/62/2015-CL-V-(VOL.I)], dated 30-03-2017 are provided in the table below:

SRN	Particulars	SBNs*	Other denomination notes*	Total
1	Closing cash in hand as on 08-11-2016	-	-	1,56,75,823
	(+) Withdrawal from Bank Accounts	-	-	27,94,843
2	(+) Permitted receipts	-	-	31,54,94,236
3	(-) Permitted payments	-	-	27,94,843
4	(-) Amount deposited in Banks	-	-	30,92,87,757
5	Closing cash in hand as on 30-12-2016	-	-	2,18,82,302

*Being Micro Finance, two wheeler finance Company (NBFC) & nature of transactions involved in it, it is not possible or feasible to disclose cash and every item of SBN deposited during the relevant year.

29. Previous year's figures have been regrouped and rearranged wherever necessary, to make them comparable with those of current year.

Signature to notes "1" to "29"

As per our report of even date attached

For, J. T. Shah & Co.,
Chartered Accountants
(FRN No. 109616W)

[J. J. Shah]
Partner
[M.No.45669]

Place: Ahmedabad
Date: 26.05.2017

For **Arman Financial Services Limited**

Jayendra Patel
Vice Chairman & Managing Director
DIN: 00011814

Jaimish Patel
Company Secretary
M. No. A42244

Aalok Patel
Director
DIN: 02482747



INDEPENDENT AUDITOR'S REPORT

To,

The Members of

ARMAN FINANCIAL SERVICES LIMITED

Ahmedabad

1. Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of ARMAN FINANCIAL SERVICES LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. Management's Responsibility for the Standalone 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 standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditor's Responsibility

Our responsibility is to express an opinion on these Standalone Financial Statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which

are required to be included in the audit report under the provisions of the Act and the Rules made there under.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

4. 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:-

- i. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2017;
- ii. In the case of the Statement Profit and Loss, of the profit for the year ended on that date; and
- iii. In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

5. Report on Other Legal and Regulatory Requirements

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

- (i) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure A statement on the matters specified in paragraphs 3 and 4 of the Order.
- (ii) 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 standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st 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".

- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements. (Refer Note-22 to the financial statements).
 - ii. The Company did not have any outstanding long-term contracts including derivative contracts as at 31st March, 2017 for which there were any material foreseeable losses; and
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
 - iv. The Company has not 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. (Refer Note-35 to the financial statements).

For, **J. T. SHAH & CO.**
Chartered Accountants
[FRN No- 109616W]

J. J. SHAH
Partner
[M. No. 45669]

Place: Ahmedabad
Date: 26.05.2017



ANNEXURE “A” TO INDEPENDENT AUDITOR’S REPORT

Referred to in paragraph 5 (i) of our report of even date to the members of **ARMAN FINANCIAL SERVICES LIMITED** for the year ended **31st March, 2017**.

1. In respect of Fixed Assets:

- The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
- As per the information and explanations given to us, the management at reasonable intervals during the year in accordance with a programme of physical verification physically verified the fixed assets and no material discrepancies were noticed on such verification as compared to the available records.
- As explained to us, the title deeds of all the immovable properties are held in the name of the Company.

2. In respect of its Inventories:

The Company does not have any Inventories and hence clause 3(ii) of the Companies (Auditor’s Report) Order, 2016 is not applicable.

3. In respect of Loans and Advances granted during the year:

As per information and explanation given to us, the Company has not granted any loans, secured or unsecured to Companies, Firms, Limited Liability Partnerships or others under section 189 of the Companies Act, 2013 and hence clause 3(iii) of the Companies (Auditor’s Report) Order, 2016 is not applicable.

4. Loans, Investments and Guarantees:

According to the information and explanation given to us, the Company has not given loans, secured or unsecured to Companies, Firms, Limited Liability Partnerships or others under section 189 of the Companies Act, 2013 but provided Corporate Guarantees in respect of loans taken by its Wholly Owned Subsidiary Company having the year-end balance of

₹6478.53 lakhs and the maximum amount involved during the year was ₹6478.53 lakhs. As provided in section 185 and 186 and as specified in The Companies (Meetings of Board and its Powers) Rules, 2014, loans and guarantee given by Holding Company to Wholly Owned Subsidiary Company is exempt.

- During the year, the Company has not accepted any deposits and hence the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under are not applicable to the Company. Therefore clauses (v) of Companies (Auditor’s Report) Order, 2016 is not applicable.
- According to the information and explanations given to us, the Company is not required to maintain cost records as required by the central government under sub section (1) of section 148 of the Companies Act, 2013. Hence clause (vi) of the (Auditor’s Report) Order, 2016 is not applicable.

7. In respect of Statutory Dues :

- According to the records of the Company, the Company is by and large regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employee’s state insurance, income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities applicable to it, except there was delay in payment of service tax. According to the information and explanations given to us, no undisputed amounts payable in respect statutory dues were outstanding as at 31st March, 2017 for a period of more than six months from the date they became payable.
- According to the records of the Company, following dues of income tax, sales tax, wealth tax or service tax or duty of customs or duty of excise or value added tax which have not been deposited on account of dispute.

Name of Statute	Nature of Dues	Amount (₹In lakhs)	Period to Which amount Relates (A.Y.)	Forum Where Dispute is Pending	Remarks, if any
Income Tax Act, 1961	Income Tax	742.80	2012-13	CIT (Appeals)	-
Income Tax Act, 1961	Income Tax	14.85	2013-14	CIT (Appeals)	-
Income Tax Act, 1961	Income Tax	26.07	2014-15	CIT (Appeals)	-

8. Based on our audit procedure and according to the information and explanation given to us, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institutions, banks or debenture holders.
9. According to the information and explanations given to us, the Company had not raised any money by way of public issue during the year. According to the information and explanations given to us, and on an overall examination of the balance sheet of the Company, in our opinion, the term loans taken during the year were applied for the purpose for which they were obtained.
10. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud by the Company or any fraud on the Company by it's officer or employees has been noticed or reported during the course of our audit.
11. In our opinion and according to the information and explanations given to us, the Company has paid managerial remuneration which is in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V of The Companies Act, 2013.
12. In our opinion and according to the information and explanations given to us, the provisions of special statute applicable to chit funds and nidhi / mutual benefit funds / societies are not applicable to the company. Hence, clause (xii) of the Company's (Auditor's Report) Order, 2016 is not applicable.
13. In our opinion and according to the information and explanations given to us, the transactions entered by the Company with related parties are in compliance with the provisions of section 177 and 188 of The Companies Act, 2013 and details thereof are properly disclosed in the financial statements.
14. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review hence provisions of sections of 42 of the Companies Act, 2013 are not applicable.
15. The Company has not entered in to any non-cash transactions with the directors or persons connected with him during the year, hence section 192 of the Companies Act , 2013 and clause (xv) of Company's (Auditor's Report) Order, 2016 is not applicable.
16. In our opinion and according to the information and explanation given to us the Company is registered under section 45-IA of Reserve Bank of India Act, 1934, and registration certificate for the same has been obtained.

For, **J. T. SHAH & CO.**
Chartered Accountants
[FRN No- 109616W]

J. J. SHAH
Partner
[M. No. 45669]

Place: Ahmedabad
Date: 26.05.2017

ANNEXURE "B" TO INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 5(ii)(f) of our Report of even date to the Members of **ARMAN FINANCIAL SERVICES LIMITED** for the year ended **31st March, 2017**.

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 ARMAN FINANCIAL SERVICES LIMITED as of 31st 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the guidance note on audit of internal financial controls over financial reporting (the "Guidance Note") and the standards on auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those standards and the guidance note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial

control over financial reporting includes those policies and procedures that: (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with 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 31st 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, **J. T. SHAH & CO.**
Chartered Accountants
[FRN No- 109616W]

J. J. SHAH
Partner
[M. No. 45669]

Place: Ahmedabad
Date: 26.05.2017

Balance Sheet

as at 31st March, 2017

(Amounts in ₹)

Particulars	Note No.	As at 31.03.2017	As at 31.03.2016
EQUITY AND LIABILITIES			
[1] Shareholder's Funds			
[a] Share Capital	1	6,92,46,530	6,92,46,530
[b] Reserves & Surplus	2	31,24,29,128	28,74,50,266
		38,16,75,658	35,66,96,796
[2] Non-Current Liabilities			
[a] Long Term Borrowings	3	Nil	1,62,14,576
[b] Deferred Tax Liabilities (Net)	4	Nil	Nil
[c] Long Term Provisions	5	14,36,736	11,29,221
		14,36,736	1,73,43,797
[3] Current Liabilities			
[a] Short-Term Borrowings	6	35,23,96,388	30,55,46,963
[b] Other Current Liabilities	7	14,29,41,737	6,77,73,159
[c] Short Term Provisions	8	42,81,609	1,50,21,348
		49,96,19,734	38,83,41,470
Total		88,27,32,128	76,23,82,063
ASSETS			
[1] Non-Current Assets			
[a] Property, Plant & Equipment	9	1,44,34,556	1,58,60,658
[b] Intangible Assets	9	5,19,185	6,72,111
		1,49,53,741	1,65,32,769
[c] Long Term Investments	10	15,42,18,750	10,42,18,750
[d] Deferred Tax Assets (Net)	4	4,67,760	1,89,901
[e] Long-term Loans and Advances	11	17,55,45,606	13,01,51,191
[f] Other Non-Current Assets	12	2,77,81,045	1,30,00,000
		37,29,66,902	26,40,92,611
[2] Current Assets			
[a] Trade Receivables	13	2,09,35,650	1,63,23,348
[b] Cash & Bank Balances	14	45,91,102	2,44,52,847
[c] Short term Loans and Advances	11	48,42,38,474	45,75,13,257
[d] Other Current Assets		Nil	Nil
		50,97,65,226	49,82,89,452
Total		88,27,32,128	76,23,82,063
Significant Accounting Policies and Notes on Financial Statements	1 to 36		

As per our report of even date attached herewith

For, **J. T. Shah & Co.,**
Chartered Accountants
[FRN No. 109616W]

[J. J. Shah]
Partner
[M.No.45669]

Place: Ahmedabad
Date: 26.05.2017

For, **Arman Financial Services Limited**

Jayendra Patel
Vice Chairman & Managing Director
DIN: 00011814

Aalok Patel
Director
DIN: 02482747

Jaimish Patel
Company Secretary
M. No. A42244



Statement of Profit & Loss for the year ended 31st March, 2017

(Amounts in ₹)

Particulars	Note No.	2016-17	2015-16
INCOME			
Revenue from Operations	15	16,55,59,658	15,91,64,309
Other Income	16	2,16,318	10,339
Total Revenue		16,57,75,976	15,91,74,647
EXPENDITURE			
Employee Benefits Expenses	17	3,69,22,821	2,63,34,800
Finance Costs	18	4,80,01,495	5,67,15,827
Depreciation and Amortisation expense	19	11,06,664	13,27,368
Other Expenses	20	4,19,33,992	3,74,58,395
Total Expenses		12,79,64,973	12,18,36,391
Profit before Tax		3,78,11,003	3,73,38,257
Less : Tax expense:			
- Current Tax		1,31,10,000	1,24,20,000
- Short Provision of Income Tax of earlier years		Nil	Nil
- Deferred Tax Liability/(Asset)	21	(2,77,859)	(13,607)
Profit for the year		24,978,862	24,931,863
Basic Earnings Per Share of ₹10 each	24	3.61	3.60
Diluted Earnings Per share of ₹10 each	24	3.61	3.60
Significant Accounting Policies and Notes on Financial Statements	1 to 36		

As per our report of even date attached herewith

For, **J. T. Shah & Co.,**
Chartered Accountants
[FRN No. 109616W]

[J. J. Shah]
Partner
[M.No.45669]

Place: Ahmedabad
Date: 26.05.2017

For, **Arman Financial Services Limited**

Jayendra Patel
Vice Chairman & Managing Director
DIN: 00011814

Aalok Patel
Director
DIN: 02482747

Jaimish Patel
Company Secretary
M. No. A42244

Cash Flow Statement

For The Year Ended 31st March, 2017

(Amounts in ₹)

PARTICULARS	2016-17	2015-16
A: Cash from Operating Activities:		
Net profit before taxation	3,78,11,003	3,73,38,257
Adjustment For:		
Depreciation & Amortization expense	11,06,664	13,27,368
NPA provisions (Net)	5,01,619	8,36,763
Contingent provision on standard assets	5,60,000	2,80,000
Interest expense	4,56,83,588	5,35,90,069
Loss on sale of Property, Plant & Equipment	Nil	12,800
Bad Debts w/off	90,84,706	52,63,456
Profit on Sale of Property, Plant & Equipment	(93,678)	Nil
Short fall on interest on advance tax payment	5,80,000	1,20,000
	5,74,22,899	6,14,30,456
Operating profit before working -		
Capital changes :	9,52,33,902	9,87,68,713
Adjustment For :		
Increase/(Decrease) In long-term provision	67,515	71,147
Increase/(Decrease) In short-term provision	1,06,731	1,64,606
Increase/(Decrease) In other current liability	1,96,23,754	9,42,808
Decrease/(Increase) In trade receivables	(1,36,97,008)	(1,03,03,968)
Decrease/(Increase) In long term loans and advances	(4,98,30,727)	1,28,56,726
Decrease/(Increase) In short term loans and advances	(2,67,25,217)	(64,52,963)
	(7,04,54,952)	(27,21,644)
Cash Generated From Operations	2,47,78,950	9,60,47,069
Income tax paid	(92,53,689)	(1,57,33,438)
	(92,53,689)	(1,57,33,438)
Net Cash From Operating Activities:	1,55,25,261	8,03,13,632
B: Cash Flow From Investment Activities:		
Purchase of Property, Plant & Equipment	(11,56,558)	(26,13,040)
Sale of Property, Plant & Equipment	1,722,601	21,000
(Increase) /Decrease in bank deposits	(3,06,872)	(79,26,137)
Investments in subsidiary	(5,00,00,000)	(42,18,750)
Net Cash from Investment Activities:	(4,97,40,829)	(1,47,36,927)
C: Cash Flow From Financing Activities :		
Proceeds from long term borrowings	9,72,41,779	Nil
Repayment of long term borrowings	(5,78,81,381)	(5,79,78,219)
Proceeds from short term borrowings	5,05,22,083	3,36,09,711
Repayment of short term borrowings	(36,72,658)	(7,82,43,272)
Interest paid	(4,61,50,108)	(5,41,80,640)
Dividend paid	(1,12,31,718)	(97,03,327)
Net Cash from Financing Activities:	2,88,27,996	(16,64,95,747)
Net Increase in Cash & Cash Equivalents:	(53,87,572)	(10,09,19,045)
Cash & cash equivalents at the beginning	99,78,674	11,08,97,719
Cash & cash equivalents at the end	45,91,102	99,78,674

As per our report of even date attached.

Notes :

- The above cash flow statement has been prepared under the "Indirect Method" set out in Accounting Standard - 3 issued by the Institute of Chartered Accountants of India.
- Cash and cash equivalents at the end includes ₹19,62,913/- (Prev. Year ₹15,26,543/-) in respect of unclaimed dividends which are not available for use by the Company.

For, **J. T. Shah & Co.,**
Chartered Accountants
[FRN No. 109616W]

[J. J. Shah]
Partner
[M.No.45669]

Place: Ahmedabad
Date: 26.05.2017

For, **Arman Financial Services Limited**

Jayendra Patel
Vice Chairman & Managing Director
DIN: 00011814

Aalok Patel
Director
DIN: 02482747

Jaimish Patel
Company Secretary
M. No. A42244



Notes to the financial statements for the year ended 31st March, 2017

Significant Accounting Policies:

a. Basis of preparation

The financial statements have been prepared under the historical cost convention and on accrual basis and in accordance with Generally Accepted Accounting Principles in India (Indian GAAP) except interest on loans which have been classified as non-performing assets and are accounted for on realization basis. The said financial statements comply in all material respects with Accounting Standards notified under section 133 of the Companies Act, 2013 ("the Act"), read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of RBI as applicable to a Non Banking Financial services (NBFC).

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

All assets and liabilities have been classified as current or non-current as per the Companies normal operating cycle as 12 months for the above purpose.

b. Use of estimates

In preparing the Company's financial statements in conformity with the accounting principles generally accepted in India, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods.

c. Revenue Recognition

Revenue is recognized to the extent that it is probable that economic benefits will flow to the company and the revenue can be measured reliably.

i. Interest from Loans

Interest income on the loans granted is recognised on accrual basis and when no significant uncertainty as to collectability exists. Income on non-performing assets is recognized when realized as per the guidelines for prudential norms prescribed by the Reserve Bank of India.

ii. Income from Assignment

In case of assignment of receivables "at premium", the assets are de-recognised since all the rights, title and future receivables are assigned to the purchaser. The interest spread arising on assignment is accounted over the residual tenor of the underlying assets.

iii. Other Interest Income

Other Interest Income is recognized on accrual basis.

iv. Processing Fees

Processing fees on processing of loans are recognized upfront as income.

v. Late Payment Charges

Income in case of late payment charges are recognized as and when realized.

vi. Insurance Commission

Insurance Commission is recognized when there is no uncertainty regarding its receipt.

vii. Income from Investments

Dividend from investments is accounted for as income when the right to receive dividend is established.

d. Property, Plant & Equipment

All the Property, Plant & Equipments are stated at cost less depreciation. The cost of assets includes other direct/indirect and incidental cost incurred to bring them into their working condition.

When assets are disposed or retired, their cost is removed from the financial statements. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between sales proceeds and the carrying amount of the asset and is recognised in statement of profit and loss for the relevant financial year.

Notes to the financial statements for the year ended 31st March, 2017

Depreciation

The depreciation on assets for own use is provided on "Straight Line Method" as per useful life specified in schedule II to the Companies Act, 2013 on Pro-rata Basis.

Useful life of assets is as under:

SRN	Name of Asset	Useful Life
1	Building	60 Years
2	Furniture & Fixtures	10 Years
3	Office Equipment	10 Years
4	Vehicles- Motor Cycle	10 Years
5	Vehicles- Motor car	8 Years
6	Computers	3 Years
7	Intangible Assets	5 Years

When assets are disposed or retired, their accumulated depreciation is removed from the financial statements. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between sales proceeds and the carrying amount of the asset and is recognised in statement of profit and loss for the relevant financial year.

e. Investments

Long term investments are stated at cost. Provision is made for any diminution in the value of the long term investments, if such decline is other than temporary. The Company does not have any current investments.

f. Retirement Benefits

- The Employee and Company make monthly fixed contribution to government of india employee's provident fund equal to a specified percentage of the covered employee's salary. Provision for the same is made in the year in which services are rendered by the employee.
- The liability for gratuity to employees, which is a defined benefit plan, as at Balance Sheet date determined on the basis of actuarial valuation based on projected unit credit method is funded to a gratuity fund administered by the trustees and managed by Life Insurance Corporation of India and the contribution thereof paid/payable is absorbed in the accounts.
- The Company does not allow carry forward of unavailed leave and hence unavailed leaves are encashed in the current year itself.
- Short term benefits are recognised as an expense at the undiscounted amounts in the statement of profit and loss of the year in which the related service is rendered.

g. Borrowing Cost

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost such assets, whenever applicable, till such assets are ready for their intended use. A qualifying asset is the one which necessarily takes substantial period to get ready for intended use. All other borrowing costs are charged to revenue accounts. Capitalization of borrowing cost is suspended when active development is interrupted.

h. Segment Information

In the opinion of the management, the Company is mainly engaged in the business of providing finance. All other activities of the Company revolve around the main business, and as such, there are no separate reportable segments as per Accounting Standard 17 -"Segment Reporting" notified under section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014.

i. Lease

The Company's significant leasing arrangements are in respect of operating lease for premises that are cancelable in nature. The lease rentals paid under such agreements are charged to the statement of profit and loss.

j. Provision for Current and Deferred Tax

Provision for current tax is made after taking into consideration benefits admissible under the provision of the Income Tax Act, 1961.

Deferred tax resulting from "timing difference" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or subsequently enacted as on the balance sheet date. Deferred tax asset is recognised and carried forward only to the extent that there is virtual certainty that the assets will be realized in future.



Notes to the financial statements for the year ended 31st March, 2017

k. Intangible Assets

Intangible assets are stated at cost of acquisition net of recoverable taxes less accumulated amortization. All costs, including financing costs till commencement of commercial production, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the intangible assets are capitalized.

Intangible assets are amortized on a straight – line basis over their estimated useful lives. A rebuttable presumption that the useful life of an intangible asset will not exceed than years from the date when the asset is available for use is considered by the management. The amortization period and the amortization method are reviewed at least at each reporting date. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly.

The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between net disposal proceeds and the carrying amount of the asset and is recognised as income or expenses in the Statement of Profit and Loss in the year or disposal.

Intangible assets are amortized on a straight – line basis over 5 years.

l. Earnings per Share

Basic earnings per share is calculated by dividing net profit after tax for the year attributable to equity shareholders of the Company by the weighted average number of equity shares issued during the year. Diluted earnings per share is calculated by dividing net profit attributable to equity shareholders (after adjustment for diluted earnings) by average number of weighted equity shares outstanding during the year.

m. Impairment

The management periodically assesses, using external and internal sources whether there is an indication that an asset may be impaired. If an asset is impaired, the Company recognizes an impairment loss as the excess of the carrying amount of the asset over the recoverable amount.

n. Provision, Contingent Liabilities and Contingent Assets

A provision is recognized when there is a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.

A disclosure for a contingent liability is made when there is a possible or present obligation that may, but probably will not require an outflow of resources. Contingent assets are neither recognized nor disclosed in the financial statements.

o. Transfer and recourse obligation under Debt Securitization

The Company assigns assets under securitization transactions. The assigned loans / assets are derecognized and gains / losses are recorded on assignment of loan contracts. Recourse obligation with respect to Debt Securitizations with other financiers is provided in books as per past track records of delinquency / servicing of the loans of the Company.

p. Classification and Provision Policy for Loan Portfolio

(i) Classification of Loan Portfolio

Provision for loans and advances are made as per directions issued by Reserve Bank of India for Non Banking Financial (Non Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 as amended from time to time.

(ii) Provisioning policy for loan portfolio

Loans are provided for as per provisions required by Non Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 and as per RBI circular

RBI/2015-16/22 DNBR (PD) CC.No.045/03.10.119/2015-16 dated July 01, 2015 (updated as on April 11,2016). Loans are classified and the percentage of provision made on such loans is as under.

Classification	Period	% of Provision
Standard assets	-	0.35 %
Non performing assets	Overdue for 120 days or more	
Substandard assets	NPA for a period not exceeding 14 months	10 %
Doubtful assets – unsecured	Substandard for a period exceeding 14 months	
Doubtful- secured	- Doubtful upto 1 year	20 %
	- Doubtful from 1 to 3 years	30 %
	- Doubtful for more than 3 years	50 %
Doubtful- unsecured	Substandard for a period exceeding 14 months	100 %
Loss assets	As identified by management	100 %

q. Accounting policies not specifically referred to otherwise are consistent with generally accepted accounting principles.

Notes to the financial statements for the year ended 31st March, 2017

1. Share Capital

	(Amounts in ₹)	
	As at 31.03.2017	As at 31.03.2016
A. Authorised:		
1,12,50,000 (Previous Year 1,12,50,000) Ordinary Equity shares of par value of ₹10/- each	11,25,00,000	11,25,00,000
37,50,000 (Previous Year 37,50,000) Class "A" Ordinary Equity shares of par value of ₹10/- each	3,75,00,000	3,75,00,000
	15,00,00,000	15,00,00,000
B. Issued, Subscribed & Paid-up Capital:		
57,20,179 (Previous Year 57,20,179) Ordinary Equity Shares of par value of ₹10/- each fully paid up	5,72,01,790	5,72,01,790
12,04,474 (Previous Year 12,04,474) Class "A" Ordinary Equity Shares of par value of ₹10/- each fully paid up	1,20,44,740	1,20,44,740
Total	6,92,46,530	6,92,46,530

- 1.1 The Company has two classes of shares referred to as i) Ordinary equity shares having face value of ₹10/-. Each holder of equity share is entitled to 1 vote per share and ii) Class "A" ordinary shares having face value of ₹10/-. Each holder of Class "A" ordinary shares is entitled to one vote for one lakh shares.
- 1.2 In the event of liquidation of the Company, the holders of both type of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of equity shares held by shareholders.
- 1.3 The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Director is subject to the approval of the shareholders in the ensuing Annual General Meeting.
- 1.4 During the year ended 31st March, 2017, the amount of per share dividend recognised as distribution to equity shareholders was ₹1.00/- (P.Y. ₹1.40/-). The total dividend appropriation for the year ended 31st March, 2017 amounted ₹69,24,653/- (P.Y. ₹96,94,514 /-) excluding corporate dividend tax of ₹14,09,721/- (P.Y. 19,73,575/-).
- 1.5 Details of shareholders holding more than 5 % of ordinary shares of the Company are as follows:

Name of Shareholder	As at 31.03.2017		As at 31.03.2016	
	%	Shares	%	Shares
RIF North West - 2	Nil	Nil	24.99	1,429,415
Jayendrabhai Patel	5.04	2,88,522	5.00	285,911
Ritaben Patel	5.19	2,96,674	5.19	296,674
Reliance Capital Trustee Co. Ltd.	6.90	3,94,798	Nil	Nil

- 1.6 Details of shareholders holding more than 5 % of class "A" ordinary shares of the Company are as follows:

Name of Shareholder	As at 31.03.2017		As at 31.03.2016	
	%	Shares	%	Shares
RIF North West - 2	Nil	Nil	100	1,204,474
Namra Holdings & Consultancy Services LLP	100.00	12,04,474	Nil	Nil

- 1.7 The reconciliation of the number of shares outstanding and the amount of ordinary equity share capital as at 31st March, 2017 & 31st March, 2016 is set out below:

Particulars	As at 31.03.2017		As at 31.03.2016	
	No. of Shares	Amount in ₹	No. of Shares	Amount in ₹
Shares at the beginning	57,20,179	5,72,01,790	57,20,179	5,72,01,790
Addition - subscription during the year	Nil	Nil	Nil	Nil
Deletion	Nil	Nil	Nil	Nil
Shares at the end	57,20,179	5,72,01,790	57,20,179	5,72,01,790



Notes to the financial statements for the year ended 31st March, 2017

1. Share Capital (Contd...)

1.8 The reconciliation of the number of shares outstanding and the amount of Class "A" ordinary equity share capital as at 31st March, 2017 & 31st March, 2016 is set out below:

Particulars	As at 31.03.2017		As at 31.03.2016	
	No. of Shares	Amount in ₹	No. of Shares	Amount in ₹
Shares at the beginning	12,04,474	1,20,44,740	12,04,474	1,20,44,740
Addition - subscription during the year	Nil	Nil	Nil	Nil
Deletion	Nil	Nil	Nil	Nil
Shares at the end	12,04,474	1,20,44,740	12,04,474	1,20,44,740

2. Reserves & Surplus

	(Amounts in ₹)	
	As at 31.03.2017	As at 31.03.2016
General Reserve		
Balance as per last financial statement	84,35,376	74,35,376
Add: Transfer from statement of profit and loss (Refer Note 2.1)	10,00,000	10,00,000
Closing Balance	94,35,376	84,35,376
Special Reserve u/s 45-IC of the RBI Act, 1934		
Balance as per last financial statement	4,31,00,000	3,80,75,000
Add: Transfer from statement of profit and loss (Refer Note 2.1)	51,00,000	50,25,000
Closing Balance	4,82,00,000	4,31,00,000
Securities Premium Reserve	12,24,99,306	12,24,99,306
Surplus in the Statement of Profit and Loss		
Balance as per last financial statement	11,34,15,584	10,61,76,810
Add : Profit for the year	2,49,78,862	2,49,31,863
Less: Appropriations		
Amount transfer to General Reserve (Refer Note 2.1)	(10,00,000)	(10,00,000)
Amount transfer to Special Reserve u/s 45-IC of RBI Act, 1934 (Refer Note 2.1)	(51,00,000)	(50,25,000)
Proposed dividend	Nil	(96,94,514)
Provision for tax on proposed dividend	Nil	(19,73,575)
Closing Balance	13,22,94,446	11,34,15,584
Total	31,24,29,128	28,74,50,266

2.1

Particulars	Nature and purpose
General Reserve	The reserve is created out of profit in accordance with Companies (Transfer of Profit to Reserve) Rule, 1975 and is distributable in accordance with Companies (Distribution of dividend out of Reserve) Rules 1975.
Special Reserve u/s 45-IC of the RBI Act, 1934	The reserve is created out of profit in accordance with RBI Act, 1934.
Securities Premium Reserve	The reserve is created out of profit in accordance with Companies (Transfer of Profit to Reserve) Rule, 1975 and is distributable in accordance with Companies (Distribution of dividend out of Reserve) Rules 1975.

3. Long Term Borrowings

(Amounts in ₹)				
	As at 31.03.2017		As at 31.03.2016	
	Non Current	Current	Non Current	Current
Secured				
Loans				
From financial institutions				
-- Term loans @@	Nil	1,62,14,576	1,62,14,576	5,78,81,381
Unsecured				
Others				
From Directors and their relatives	Nil	10,16,074	Nil	8,70,317

Notes to the financial statements for the year ended 31st March, 2017

3. Long Term Borrowings (Contd...)

	As at 31.03.2017		As at 31.03.2016	
	Non Current	Current	Non Current	Current
Inter Corporate Deposit	Nil	9,70,96,022	Nil	Nil
Total	Nil	11,43,26,672	1,62,14,576	5,87,51,698
Less : Amount disclosed under head other Current Liabilities (Note - 7)	Nil	11,43,26,672	Nil	5,87,51,698
Total	Nil	Nil	1,62,14,576	Nil

@@ Security:

Term Loans are secured under hypothecation of specific assets portfolio & personal guarantee of some of the Directors. The same are further secured by cash collateral security in the form of fixed deposit which are shown under "Other Bank Balance".

Interest:

Term Loan carries an interest rate ranging from 14.50 % to 15.00 % p.a.

Loans from Directors and their relatives carries interest rate @ 16 %.

Inter corporate deposit carries interest rate @ 13 %.

Repayment:

Term Loan Facilities are repayable in following schedule in monthly / half yearly installments as follows:-

Particulars	(Amounts in ₹)	
	Upto 1 year	2 to 3 Years
Term loan repayment	1,62,14,576	Nil

Loans from relatives of Directors

Particulars	(Amounts in ₹)	
	Upto 1 year	2 to 3 Years
From Directors and their relatives	10,16,074	Nil

Inter Corporate Deposit

Particulars	(Amounts in ₹)	
	Upto 1 year	2 to 3 Years
Inter Corporate Deposit	9,70,96,022	Nil

4. Deferred Tax Liabilities (Net)

	(Amounts in ₹)	
	As at 31.03.2017	As at 31.03.2016
Deferred Tax Assets arising out of timing difference relating to :		
Provision for Gratuity that are allowable for tax purpose in the year of payment	3,65,070	3,07,459
Shares issue expenses that are allowable for tax purpose on deferred basis	Nil	3,31,737
Provision for NPA that are allowable for tax purpose in the year of actual loss	15,25,586	11,74,583
Total Deferred Tax Assets	18,90,656	18,13,779
Deferred Tax Liability arising out of timing difference relating to :		
Difference of depreciation as per tax provision and Company Law	14,22,896	16,23,878
Total Deferred Tax Liability	14,22,896	16,23,878
Net Deferred Tax Liability / (Assets)	(4,67,760)	(1,89,901)

5. Long Term Provisions

(Amounts in ₹)				
	As at 31.03.2017		As at 31.03.2016	
	Non Current	Current	Non Current	Current
Provision for employee benefit- gratuity	8,16,736	2,87,430	7,49,221	1,80,699
Contingent provision against standard assets	6,20,000	16,90,000	3,80,000	13,70,000



Notes to the financial statements for the year ended 31st March, 2017

5. Long Term Provisions (Contd...)

	As at 31.03.2017		As at 31.03.2016	
	Non Current	Current	Non Current	Current
NPA provisions	Nil	23,04,179	Nil	18,02,560
	14,36,736	42,81,609	11,29,221	33,53,259
Less : Amount disclosed under head short term provisions - (Note-8)	Nil	42,81,609	Nil	33,53,259
Total	14,36,736	Nil	11,29,221	Nil

6. Short-Term Borrowings

(Amounts in ₹)

	Current	
	As at 31.03.2017	As at 31.03.2016
Loans Repayable on Demand:		
Working capital loans from banks - secured @	35,23,96,388	30,55,46,963
Total	35,23,96,388	30,55,46,963

@ Security:

Term Loans are secured under hypothecation of specific assets portfolio & personal guarantee of some of the directors. The same are further secured by cash collateral security in the form of fixed deposit which are shown under "Other Bank Balance".

7. Other Current Liabilities

(Amounts in ₹)

	As at 31.03.2017	As at 31.03.2016
Current maturity of long term borrowings (Note 3)	11,43,26,672	5,87,51,698
Salary & wages payable	27,14,854	13,94,682
Other statutory dues	3,70,766	2,56,801
TDS payable	11,66,116	6,44,412
Security deposits	24,49,365	25,14,170
Interest accrued but not due on term loans	1,13,195	5,79,715
Unpaid dividend	19,62,913	15,26,543
Unpaid expenses	58,72,973	21,05,138
Cash profit on loan transfer transactions pending recognition (Note -28 (ii))	1,39,64,883	Nil
Total	14,29,41,737	6,77,73,159

7.1 Unpaid dividend is not due for transfer to investor education and protection fund by the Company.

8. Short-Term Provisions

(Amounts in ₹)

	Current	
	As at 31.03.2017	As at 31.03.2016
Provisions for employee benefits - Gratuity (Note - 5)	2,87,430	1,80,699
Contingent provision against standard Asset (Note - 5)	16,90,000	13,70,000
NPA provisions (Note- 5)	23,04,179	18,02,560
Proposed dividend	Nil	96,94,514
Provision for tax on proposed dividend	Nil	19,73,575
Total	42,81,609	1,50,21,348

Notes to the financial statements for the year ended 31st March, 2017

9. Property, Plant & Equipment

Property, Plant & Equipment						Total Property, Plant & Equipment	Intangible Assets	Total Assets
Carrying Value	Buildings	Furniture & Fixtures	Office Equipment	Vehicles	Computer			
01.04.2015	1,30,98,150	36,28,844	10,56,505	27,24,002	31,23,265	2,36,30,766	3,65,170	2,39,95,936
Addition	-	9,72,061	7,79,135	-	4,22,144	21,73,340	4,39,700	26,13,040
Disposal	-	(1,89,403)	(2,27,066)	(1,550)	(2,58,126)	(6,76,145)	-	(6,76,145)
At 31.03.2016	1,30,98,150	44,11,502	16,08,574	27,22,452	32,87,283	2,51,27,961	8,04,870	2,59,32,831
Addition	-	1,26,773	1,68,485	8,61,300	-	11,56,558	-	11,56,558
Disposal	-	-	-	(35,46,852)	-	(35,46,852)	-	(35,46,852)
Other Adjustment	-	-	-	-	-	-	-	-
At 31.03.2017	1,30,98,150	45,38,275	17,77,059	36,900	32,87,283	2,27,37,667	8,04,870	2,35,42,537

Accumulated Depreciation	Buildings	Furniture & Fixtures	Office Equipment	Vehicles	Computer	Total Property, Plant & Equipment	Intangible Assets	Total Assets
01.04.2015	14,11,756	24,23,474	7,46,205	16,33,157	24,79,814	86,94,406	20,632	87,15,038
Change for the year	2,07,517	2,29,706	1,48,869	3,20,632	3,08,517	12,15,241	1,12,127	13,27,368
Disposal	-	(1,79,931)	(2,15,717)	(1,473)	(2,45,223)	(6,42,344)	-	(6,42,344)
Other Adjustment (Transfer to Gen. Reserve)	-	-	-	-	-	-	-	-
At 31.03.2016	16,19,273	24,73,249	6,79,357	19,52,316	25,43,108	92,67,303	1,32,759	94,00,062
Change for the year	2,06,951	2,58,377	4,87,692	718	-	9,53,738	1,52,926	11,06,664
Disposal	-	-	-	-19,17,930	-	-19,17,930	-	(19,17,930)
At 31.03.2017	18,26,224	27,31,626	11,67,049	35,104	25,43,108	83,03,111	285,685	8,588,796
Net Carrying Value								
AS AT 31.03.2016	1,14,78,877	19,38,253	9,29,217	7,70,136	7,44,175	1,58,60,658	672,111	16,532,769
AS AT 31.03.2017	1,12,71,926	18,06,649	6,10,010	1,796	7,44,175	1,44,34,556	519,185	14,953,741

10. Investment

(Amounts in ₹)

	As at 31.03.2017		As at 31.03.2016	
	Non Current	Current	Non Current	Current
A. Investments (Trade)				
In equity Shares of Subsidiary Companies				
Unquoted, Fully paid up (Namra Finance Limited)				
1,23,75,000 Shares (P.Y. 1,03,75,000) of ₹10 each fully paid.	15,42,18,750	Nil	10,42,18,750	Nil
Total	15,42,18,750	Nil	10,42,18,750	Nil
Aggregate amount of unquoted investments	15,42,18,750	Nil	10,42,18,750	Nil

11. Loans and Advances (Considered Good unless otherwise stated)

(Amounts in ₹)

	As at 31.03.2017		As at 31.03.2016	
	Non Current	Current	Non Current	Current
A Secured				
Loans secured by hypothecation of assets	16,92,93,256	44,09,70,431	12,28,96,531	40,18,65,947
B Unsecured				
Loans to Companies, Firms and Individuals	71,79,311	1,87,22,527	Nil	3,97,12,416
Deposits	1,59,500	39,36,094	39,04,810	30,03,596
Other loans and advances	Nil	2,02,52,929	Nil	1,25,22,137
Advances to staff	Nil	2,32,544	Nil	3,29,821
Balance with government authority	Nil	1,23,949	Nil	79,341



Notes to the financial statements for the year ended 31st March, 2017

11. Loans and Advances (Considered Good unless otherwise stated) (Contd...)

	As at 31.03.2017		As at 31.03.2016	
	Non Current	Current	Non Current	Current
Advance tax & TDS	9,53,93,539		8,61,39,850	
Less: Provision for tax	(9,64,80,000)		(8,27,90,000)	
Net	(10,86,461)		33,49,850	
Total	17,55,45,606	48,42,38,474	13,01,51,191	45,75,13,257

11.1 Loans secured by hypothecation of assets (vehicles) are secured by hypothecation of the assets (vehicles) under finance. In the opinion of the Board, the market value of the hypothecated assets (vehicle) as on Balance Sheet date is more than the amount of loan outstanding.

11.2 Loans secured by hypothecation of vehicle includes ₹91,63,625/- (P.Y. ₹59,75,578/-) outstanding portfolio on which NPA provision of ₹9,23,699/- (P.Y. ₹6,00,108/-) has been made.

11.3 Deposits includes deposits given as collateral security against loans from financial Institutes.

12. Other Non Current Assets

	(Amounts in ₹)	
	As at 31.03.2017	As at 31.03.2016
Deposits with original maturity for more than 12 months (Note 14)	2,77,81,045	1,30,00,000
Total	2,77,81,045	1,30,00,000

12.1 Deposits includes deposits given as cash collateral security against Bank Loans.

13. Trade Receivables

	(Amounts in ₹)	
	As at 31.03.2017	As at 31.03.2016
A Outstanding for a period exceeding Six Months from the date they are due for Payment (Unsecured, considered good)		
Secured	1,37,24,801	1,20,24,526
Unsecured	Nil	Nil
	1,37,24,801	1,20,24,526
B Other Trade receivables (Unsecured, considered good)		
Secured	72,10,849	42,98,822
Unsecured	Nil	Nil
	72,10,849	42,98,822
Total	2,09,35,650	1,63,23,348

13.1 Sundry debtors includes ₹1,37,24,801/- (P.Y. ₹1,20,24,526/-) outstanding portfolio on which NPA provision of ₹13,80,480/- (P.Y. ₹12,02,452/-) has been made.

14. Cash and Bank Balance

	As at 31.03.2017		As at 31.03.2016	
	Non Current	Current	Non Current	Current
A Cash and cash equivalents				
Cash on hand	Nil	18,39,216	Nil	9,33,400
Balance with banks	Nil	27,51,886	Nil	90,45,274
Total	Nil	45,91,102	Nil	99,78,674

Notes to the financial statements for the year ended 31st March, 2017

14. Cash and Bank Balance (Contd...)

	As at 31.03.2017		As at 31.03.2016	
	Non Current	Current	Non Current	Current
B Other Bank Balance				
Deposits with original maturity for more than 12 months	2,77,81,045	Nil	1,30,00,000	1,44,74,173
	2,77,81,045	Nil	1,30,00,000	1,44,74,173
Less: Amount disclosed Under Non Current Assets	2,77,81,045	Nil	1,30,00,000	
Total	Nil	45,91,102	Nil	2,44,52,847

14.1 Current account with banks includes ₹19,62,913/- (P.Y. ₹15,26,543/-) in Unpaid Dividend Account.

14.2 Deposits includes deposits given as cash collateral security against bank loans.

15. Revenue from operation

	(Amounts in ₹)	
	2016-17	2015-16
Interest income	16,48,92,896	15,86,82,999
Other Financial Services		
Other charges in respect of loans	6,66,762	4,81,310
Total	16,55,59,658	15,91,64,309

16. Other Income

	(Amounts in ₹)	
	2016-17	2015-16
Profit on sale of Property, Plant & Equipment	93,678	Nil
Misc. income	1,22,640	10,339
Total	2,16,318	10,339

17. Employee Benefit Expenses

	(Amounts in ₹)	
	2016-17	2015-16
Salary, wages & bonus	3,45,09,979	2,44,58,664
Contribution to provident fund & other funds	17,86,225	12,57,547
Welfare expenses	6,26,617	6,18,589
Total	3,69,22,821	2,63,34,800

17.1 The disclosure in respect of employee benefit as defined in the accounting standard 15 is given below:

A. The amounts (in ₹) recognized in the balance sheet are as follows:

	(Amounts in ₹)	
Particulars	Gratuity Defined Benefit Obligation (2016-17)	Gratuity Defined Benefit Obligation (2015-16)
Present value of funded obligations	Nil	Nil
Fair value of plan assets	Nil	Nil
Present value of unfunded obligations	13,18,324	9,29,920
Unrecognized past service cost	Nil	Nil
Net liability	13,18,324	9,29,920
Amounts in the balance sheet:	Nil	Nil
Liabilities	13,18,324	9,29,920
Assets	2,14,158	Nil
Net liability	11,04,166	9,29,920

B. The amounts (in ₹) recognized in the statement of profit and loss are as follows:

	(Amounts in ₹)	
Particulars	Gratuity Defined Benefit Obligation (2016-17)	Gratuity Defined Benefit Obligation (2015-16)
Current service cost	2,02,145	2,02,101
Interest on obligation	67,585	53,517



Notes to the financial statements for the year ended 31st March, 2017

17. Employee Benefit Expenses (Contd...)

Particulars	(Amounts in ₹)	
	Gratuity Defined Benefit Obligation (2016-17)	Gratuity Defined Benefit Obligation (2015-16)
Expected return on plan assets	(863)	Nil
Net actuarial losses (gains) recognized in year	1,27,945	(19,865)
Past service cost	Nil	Nil
Losses (gains) on curtailments and settlement	Nil	Nil
Total, included in 'employee benefit expense'	3,96,812	2,35,753
Actual return on plan assets	Nil	Nil

C. Changes in the present value of the defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:

Particulars	(Amounts in ₹)	
	Gratuity Defined Benefit Obligation (2016-17)	Gratuity Defined Benefit Obligation (2015-16)
Opening defined benefit obligation	9,29,920	6,94,167
Transfer Out Liability	Nil	Nil
Service cost	2,02,145	2,02,101
Interest cost	67,585	53,517
Actuarial losses (gains)	1,18,674	(19,865)
Losses (gains) on curtailments	Nil	Nil
Liabilities extinguished on settlement	Nil	Nil
Liabilities assumed in an amalgamation in the nature of purchase	Nil	Nil
Exchange differences on foreign plans	Nil	Nil
Benefits paid	Nil	Nil
Closing defined benefit obligation	13,18,324	9,29,920

D. Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows:

Particulars	(Amounts in ₹)	
	Gratuity Defined Benefit Obligation (2016-17)	Gratuity Defined Benefit Obligation (2015-16)
Opening fair value of plan assets	Nil	Nil
Expected return	863	Nil
Actuarial gains and (losses)	(9,271)	Nil
Assets distributed on settlements	Nil	Nil
Contributions by employer	2,22,566	Nil
Assets acquired in an amalgamation in the nature of purchase	Nil	Nil
Exchange differences on foreign plans	Nil	Nil
Benefits paid	Nil	Nil
closing balance of fair value of plan assets	2,14,158	Nil

E. Reconciliation of gratuity provision account:

Particulars	(Amounts in ₹)	
	Gratuity Defined Benefit Obligation (2016-17)	Gratuity Defined Benefit Obligation (2015-16)
Net Opening Provision in Books of Accounts	9,29,920	6,94,167
Employee Benefit Expense as per Annexure II	3,96,812	2,35,753
Transfer in liability from Arman Financials	Nil	Nil
	13,26,732	9,29,920
Benefits Paid by the Company	(2,22,566)	Nil
Amounts Transferred to 'Payable Account'	Nil	Nil
Contributions to Plan Assets	Nil	Nil
Closing Provision in Books of Accounts	11,04,166	9,29,920

Notes to the financial statements for the year ended 31st March, 2017

17. Employee Benefit Expenses (Contd...)

F. The major categories of plan assets as a percentage of total plan assets are as follows:

Particulars	(Amounts in ₹)	
	Gratuity Defined Benefit Obligation (2016-17)	Gratuity Defined Benefit Obligation (2015-16)
Government of India Securities	0%	0%
High quality corporate bonds	0%	0%
Equity shares of listed companies	0%	0%
Property	0%	0%
Insurance Company	0%	0%

G. Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

Particulars	(Amounts in ₹)	
	Gratuity Defined Benefit Obligation (2016-17)	Gratuity Defined Benefit Obligation (2015-16)
Discount rate	6.80%	7.80%
Expected return on plan assets	-	-
Proportion of employees opting for early retirement	-	-
Annual increase in Salary costs	6.00%	6.00%
Future changes in maximum state health care benefits	-	-

H. Gratuity benefit amount for the current period are as follow

Particulars	(Amounts in ₹)	
	Gratuity Defined Benefit Obligation (2016-17)	Gratuity Defined Benefit Obligation (2015-16)
Defined benefit obligation	13,18,324	9,29,920
Plan assets	2,14,158	Nil
Surplus/(deficit)	(11,04,166)	(9,29,920)
Experience adjustments on plan liabilities	48,754	-71,468
Experience adjustments on plan assets	9,271	Nil
Actuarial Loss/(Gain) due to change in assumption	69,920	51,603
Actuarial Loss/(Gain) due to participant experience	Nil	Nil
Actuarial Loss/(Gain) on liabilities	1,18,674	-19,865
Net Actuarial Loss/(Gain) on liabilities	1,27,945	-19,865

Particulars	(Amounts in ₹)				
	31.03.2017	31.03.2016	31.03.2015	31.03.2014	31.03.2013
Defined benefit obligation	13,18,324	9,29,920	6,94,167	6,15,516	572,705
Plan assets	Nil	Nil	Nil	Nil	Nil
Unrecognised past service cost	Nil	Nil	Nil	Nil	Nil
Deficit	Nil	Nil	Nil	Nil	Nil
Experience adjustments on plan liabilities	13,18,324	9,29,920	6,94,167	6,15,516	572,705
Experience adjustments on plan assets	Nil	Nil	Nil	Nil	Nil
Contribution expected to be paid upto 31.3.2018 of ₹5,00,000/-.	Nil	Nil	Nil	Nil	Nil

18. Finance Cost

	(Amounts in ₹)	
	2016-17	2015-16
Interest expenses	4,62,63,588	5,35,90,069
Other borrowing cost	17,37,907	31,25,758
Total	4,80,01,495	5,67,15,827



Notes to the financial statements for the year ended 31st March, 2017

19. Depreciation And Amortisation Expense

(Amounts in ₹)

	2016-17	2015-16
Depreciation of Property, Plant & Equipment	9,53,738	12,15,241
Amortization of intangible assets	1,52,926	1,12,127
Total	11,06,664	13,27,368

20. Other Expenses

(Amounts in ₹)

	2016-17	2015-16
Electricity & fuel charges	5,14,490	5,26,748
Repairs To		
Building	4,89,943	1,42,430
Other	Nil	4,93,671
Sub Total	4,89,943	6,36,101
Insurance	61,869	70,355
Rent	7,80,725	16,59,518
Rates & taxes	2,89,852	1,43,230
Stationery & printing	16,97,613	9,65,224
Advertisement expenses	2,20,409	4,56,192
Communication	14,80,166	12,95,019
Traveling & conveyance expenses	9,01,883	13,34,305
Professional fees	41,36,819	66,01,702
Auditor's Remuneration		
Audit fees	2,58,750	2,57,625
For tax audit	86,250	85,875
For certification	6,900	8,518
For income tax consultancy fee	Nil	16,854
Sub Total	3,51,900	3,68,872
Director sitting fees	3,40,000	2,30,646
Marketing & incentive expenses	1,45,64,350	1,05,31,559
Bad debts written off (Net)	90,84,706	52,63,456
Provision for NPA (Net)	5,01,619	8,36,763
Contingent provision against standard assets (Net)	5,60,000	2,80,000
Loss on sale of Property, Plant & Equipment	Nil	12,800
Sundry Balance written off	1,46,714	2,11,304
General charges	58,10,935	60,34,601
(including bank charges, security charges & membership fees etc.)		
Total	4,19,33,992	3,74,58,395

20.1 Bad debts & irrecoverable w/off are shown net off bad debts recovery during the year amounting to ₹6,95,821/- (P.Y. ₹9,52,470/-).

20.2 NPA provisions are shown net off NPA provision written back during the year amounting to ₹ Nil (P.Y. ₹5,87,924/-).

21. Deferred Tax Liabilities / (Assets)

(Amounts in ₹)

	2016-17	2015-16
Opening balance of deferred Tax Liability / (Assets)	(1,89,901)	(1,76,294)
Closing balance of deferred Tax Liability / (Assets)	(467,760)	(1,89,901)
Deferred Tax Liabilities / (Assets) for the year	(2,77,859)	(13,607)

Notes Forming Part of The Accounts For The Year Ended 31st March, 2017

22.Contingent liabilities not provided for

- (a) Disputed Demand of Income Tax of ₹792.51 lakhs (Previous year ₹764.04 lakhs). (against which the Company has paid ₹8.79 lakhs [Previous year ₹3.20] under protest which are shown as advances).
- (b) Guarantee given by Company of ₹6,478.53 lakhs (P.Y. ₹5,200 lakhs) for working capital / Term Loan taken by its wholly owned subsidiary Company.

23.Related Party Disclosures

List of related parties with whom transactions have taken place during the year:

A) Subsidiary

Namra Finance Limited

B) Key Managerial Personnel

Mr. Jayendra Patel

Mr. Aalok Patel

Mr. Amit Manakiwala

C) Directors and relatives of Key Managerial Personnel

Name of Party	Related party Relationship
Mrs. Ritaben Patel	Director
Mr. Kaushikbhai Shah	Director
Mr. Ramakant Nagpal	Director
Mr. Chinubhai Shah	Director
Mr. Aakash Patel	Director
J. B. Patel (HUF)	Key Managerial personnel is karta
Raj Enterprise	Key Managerial personnel is proprietor
Mrs. Himani Manakiwala	Relative of Key Managerial Personnel
J. B. Patel & Co.	Key Managerial personnel is co-owner
Mrs. Sachi Patel	Relative of Director
Mrs. Sajni Patel	Relative of Key Managerial Personnel
Aalok Patel (HUF)	Key Managerial personnel is karta
Amit Manakiwala- HUF	Key Managerial personnel is karta
Aakash Patel (HUF)	Director is karta

D) Relative of Key Managerial Personnel and their enterprise with whom transaction have taken place during the year

Namra Holdings & Consultancy Services LLP

Key Managerial Personnel is partner

Details of Transactions are as follows:

SRN	Nature of Transaction	Subsidiary	Key Managerial Personnel	Relatives of Key Managerial Personnel	Relative of KMP and their enterprise	Total
1	Expenses					
	Remuneration & perquisites	Nil	36,80,102	Nil	Nil	36,80,102
		(Nil)	(32,82,581)	(Nil)	(Nil)	(32,82,581)
	Sitting fees	Nil	Nil	63,000	Nil	63,000
		(Nil)	(Nil)	(37,500)	(Nil)	(37,500)
	Interest expenses	1,39,54,591	Nil	1,61,953	Nil	1,41,16,544
		(31,58,084)	(Nil)	(1,47,472)	(Nil)	(33,05,556)
	Rent paid	Nil	Nil	20,685	Nil	20,685
		(Nil)	(Nil)	(9,52,560)	(Nil)	(9,52,560)
	Dividend paid	Nil	8,31,685	12,10,747	19,17,824	39,60,256
		(Nil)	(8,71,669)	(9,86,765)	(1,98,480)	(20,56,914)
2	Income					
	Interest income	Nil	Nil	Nil	Nil	Nil
		(65,64,866)	(Nil)	(Nil)	(Nil)	(65,64,866)
3	Unsecured Loan					
	Loan taken during the year	1,28,74,42,536	Nil	Nil	Nil	1,28,74,42,536
		(70,54,57,132)	(Nil)	(18,85,000)	(Nil)	(70,73,42,132)
	Loan repaid during the year	1,20,43,01,105	Nil	16,196	Nil	1,20,43,17,301
		(70,86,15,216)	(Nil)	(18,44,629)	(Nil)	(71,04,59,845)



Notes Forming Part of The Accounts For The Year Ended 31st March, 2017

23. Related Party Disclosures (Contd...)

SRN	Nature of Transaction	Subsidiary	Key Managerial Personnel	Relatives of Key Managerial Personnel	Relative of KMP and their enterprise	Total
	Balance out standing at 31.03.2017	9,70,96,022 (Nil)	Nil (Nil)	10,16,074 (8,70,317)	Nil (Nil)	9,81,12,096 (8,70,317)
4	Investments in subsidiary	5,00,00,000 (42,18,750)	Nil (Nil)	Nil (Nil)	Nil (Nil)	5,00,00,000 (42,18,750)
5	Purchase of receivables under securitization	Nil (24,42,88,000)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (24,42,88,000)
6	Sales under securitization	13,52,50,000 (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	13,52,50,000 (Nil)
7	Loan granted					
	Loan granted during the year	Nil (27,06,85,830)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (27,06,85,830)
	Loan recd. back during the year	Nil (28,36,99,353)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (28,36,99,353)
	Balance out standing at 31.03.2017	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)	Nil (Nil)

List of transactions, out of the transaction reported in the above table, where the transaction entered in to with single party exceeds 10% of the total related party transactions of similar nature are as under:

Unsecured loan taken

SRN	Name of relative	2016-17	2015-16
1	Namra Finance Limited	1,28,74,42,536	70,54,57,132
2	Aakash J. Patel (HUF)	Nil	6,85,000

Unsecured loan repayments

SRN	Name of relative	2016-17	2015-16
1	Namra Finance Limited	1,20,43,01,105	70,86,15,216
2	Aakash Patel (HUF)	Nil	6,39,204

Unsecured loan granted

SRN	Name of relative	2016-17	2015-16
1	Namra Finance Limited	Nil	27,06,85,830

Unsecured loan received back

SRN	Name of relative	2016-17	2015-16
1	Namra Finance Limited	Nil	28,36,99,353

Interest income

SRN	Name of relative	2016-17	2015-16
1	Namra Finance Limited	Nil	65,64,866

Interest expenses

SRN	Name of relative	2016-17	2015-16
1	Namra Finance Limited	1,39,54,591	31,58,084
2	Aakash Patel (HUF)	Nil	1,42,047

Remuneration and perquisites

SRN	Name of relative	2016-17	2015-16
1	Jayendra Patel	17,26,302	15,55,000
2	Amit Manakiwala	11,72,600	10,70,000
3	Aalok Patel	7,81,200	4,83,600

Notes Forming Part of The Accounts For The Year Ended 31st March, 2017

23. Related Party Disclosures (Contd...)

Sitting Fees

(Amounts in ₹)

SRN	Name of relative	2016-17	2015-16
1	Chinubhai R. Shah	1,23,000	87,500
2	Kaushikbhai Shah	1,23,000	70,000
3	Ramakant Nagpal	32,500	15,000
4	Ritaben Patel	63,000	37,500

Rent paid

(Amounts in ₹)

SRN	Name of relative	2016-17	2015-16
1	J. B. Patel & Co.	20,685	20,224
2	Ritaben Patel	Nil	9,52,560

Dividend paid

(Amounts in ₹)

SRN	Name of relative	2016-17	2015-16
1	Aakash Patel	3,90,362	3,34,596
2	Aalok Patel	3,46,932	2,96,976
3	Jayendra Patel (HUF)	2,74,400	2,35,200
4	Jayendra Patel	4,00,415	3,40,690
5	Ritaben Patel	4,15,343	3,56,009
6	Namra Holdings & Consultancy Services LLP	19,17,824	1,98,480
7	Himani Manakiwala	70,000	60,000
8	Amit Manakiwala	84,338	2,32,804
9	Amit Manakiwala (HUF)	1,400	1,200
10	Maulik Manakiwala	1,120	960
11	Chinubhai R. Shah	280	240

Investments in subsidiary Company

(Amounts in ₹)

SRN	Name of relative	2016-17	2015-16
1	Namra Finance limited	5,00,00,000	42,18,750

Purchase of receivables under securitization

(Amounts in ₹)

SRN	Name of relative	2016-17	2015-16
1	Namra Finance limited	Nil	24,42,88,000

Sales under securitization

(Amounts in ₹)

SRN	Name of relative	2016-17	2015-16
1	Namra Finance limited	13,52,50,000	Nil

24. Earnings per share

Particulars	Unit	2016-2017	2015-2016
Numerator used for calculating Basic & diluted earnings per share (PAT)	₹	2,49,78,862	2,49,31,863
Weighted average no. of shares used as denominator for calculating basic & diluted earnings per share	Shares	69,24,653	69,24,653
Nominal value per Share	₹	10	10
Basic earnings per share	₹	3.61	3.60
Diluted earnings per share	₹	3.61	3.60

25. Loan portfolio and provision for standard and non performing assets

Classification	Portfolio loan outstanding (Gross)		Provision for standard and non performing assets	
	31.3.2017	31.3.2016	31.3.2017	31.3.2016
Standard assts	65,85,61,273	57,43,71,675	23,10,000	17,50,000
Sub standard assets	2,28,88,426	1,80,00,104	23,04,179	18,02,560
Total	68,14,49,699	59,23,71,779	46,14,179	35,52,560



Notes Forming Part of The Accounts For The Year Ended 31st March, 2017

26. Balances are subject to confirmation.

27. Borrowing costs attributable to the acquisition or construction of qualifying assets amounting to ₹ Nil (P. Y. ₹ Nil)

28. Disclosure requirement by originator as per Reserve bank of India's guidelines on securitization of standard assets as under:

(i) Details of Securitization

Particulars	2016-17	2015-16
Total no of loan assets	2,800	-
Book value of loan assets (₹)	12,12,85,117	-
Sales consideration received from securitized assets (₹)	13,52,50,000	-
Gain / (Loss) on securitized assets (₹)	1,39,64,883	-
Form of service provided	-	-
Quantum of outstanding value of services (₹)	13,52,50,000	-

(ii) As per Master Circulars - "Miscellaneous Instructions to all Non-Banking Financial Companies" dated July'1, 2015 (updated as on April 11, 2016) vide ref. no. RBI/2015-16/107 DNBR (PD) CC.No.056/03.10.119/2015-16 any profit / premium arising on account of securitization of loans should be amortized over the life of the securities issued or to be issued by the SPV. The amount of profit received in cash may be held under an accounting head styled as "Cash Profit on Loan Transfer Transactions Pending Recognition" maintained on individual transaction basis. The amortization of cash profit arising out of securitization transaction will be done at the end of every financial year.

29. Lease:

The Company has entered into certain rent agreements and amounts of ₹7.81 lakhs (P.Y. ₹16.60 lakhs) paid under such agreements have been charged to the statement of profit and Loss. These rents agreements are generally not non-cancellable and are renewable by mutual consent on mutually agreed terms. There are no restrictions imposed by such agreements.

30. During the year, the Company has impaired the assets to the tune of ₹ Nil (P.Y. ₹ Nil).

31. In the opinion of the Board, current assets and loans and advances, are approximately of the value stated, if realized in ordinary course of business.

32. As per the prudential norms of the Reserve Bank of India, provision has been made in the accounts for the Non Performing Assets. Income is not recognised in respect of Non Performing Assets.

33. As required in terms of paragraph 13 of Non-Financial Companies Prudential Norms (Reserve Bank) Directions, 2007, schedule to the Balance Sheet of a Non-Banking Financial Company are annexed hereto.

34. Additional disclosures required by the RBI

A) Capital to risk assets ratio (CRAR)

Sr. No.	Particulars	2016-17	2015-16
(i)	CRAR (%)	38.49	48.60
(ii)	CRAR Tier I Capital (%)	38.16	48.31
(iii)	CRAR Tier II Capital (%)	0.33	0.23
(iv)	Amount of subordinated debt raised as Tier-II Capital	-	-
(v)	Amount raised by issue of perpetual debt instruments	-	-

B) Investments

		(Amount in Lakhs)	
Particulars		2016-17	2015-16
(1) Value of investments		1,542.19	1,042.19
(i) Gross value of investments			
(A) In India		1,542.19	1,042.19
(B) Outside India		-	-
(ii) Provision for depreciation		-	-
(A) In India		-	-

Notes Forming Part of The Accounts For The Year Ended 31st March, 2017

34. Additional disclosures required by the RBI (Contd...)

Particulars	(Amounts in ₹)	
	2016-17	2015-16
(B) Outside India	-	-
(iii) Net value of investments		
(A) In India	-	-
(B) Outside India	-	-
(2) Movement of provisions held towards depreciation on investments.		
(i) Opening balance	-	-
(ii) Add: provisions made during the year	-	-
(iii) Less: write-off/write-back of excess provisions during the year.	-	-
(iv) Closing balance	-	-

C) Derivatives

The Company has no transactions /exposures in derivatives in the current year and previous year. Un-hedge foreign currency exposure as on 31st March, 2017 is ₹ Nil (P.Y. is ₹ Nil).

D) Disclosure relating to securitization

The Company has entered in to transaction of securitization (sales) of ₹13,52,50,000/- and previous years (purchase) of ₹24,42,88,000/-.

E) Details of non-performing assets purchase / sold

The Company has not purchased/sold non performing financial assets in the current and previous year.

F) Assets Liability Management

Maturity pattern of certain Assets and Liability as on 31.03.2017

Particulars	(Amount in Lakhs)								
	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	37.15	-	-	-	93.88	82.72	105.01	-	318.76
Advances	712.32	517.21	560.07	2,573.77	1,834.56	575.61	-	-	6,773.48
Investments	-	-	-	-	-	-	1,542.18	-	1,542.18
Cash & bank balance	45.91	-	-	-	-	-	-	-	45.91
Borrowings	17.33	17.33	17.33	51.99	1,033.11	3,529.09	-	-	4,666.18
Foreign currency assets	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-

Maturity Pattern of certain assets and Liability as on 31.03.2016

Particulars	(Amount in Lakhs)								
	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	23.49	-	88.07	3.71	48.86	6.98	130.00	-	301.11
Advances	560.48	453.50	425.20	1,126.07	876.11	169.49	-	-	3,610.85
Investments	-	-	-	-	-	-	-	1,042.19	1,042.19
Cash & bank balance	73.46	-	-	-	-	-	-	-	73.46
Borrowings	3,113.97	101.57	157.13	162.88	107.44	162.15	-	-	3,805.14
Foreign currency assets	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-

(G) Exposure

The Company has no exposure to real estate sector and capital market directly or indirectly in the current and previous year.



Notes Forming Part of The Accounts For The Year Ended 31st March, 2017

34. Additional disclosures required by the RBI (Contd...)

H) Details of financing of parent Company products:

This disclosure is not applicable as the Company does not have any holding / parent Company.

I) Registration obtained from other financial sector regulators.

The Company is registered with following other financial sector regulators (financial regulators as described by Ministry of Finance):

- a) Ministry of Corporate Affairs
- b) Ministry of Finance

J) Disclosure of penalties imposed by RBI and other regulators.

No penalties imposed by RBI and other regulator during current year and previous year.

K) Rating assigned by credit rating agencies and migration of ratings during the year

Deposit Instruments	Name of rating agency	Date of rating	Rating assigned	Valid up to	Borrowing limits or conditions imposed by rating agency
Long term bank facility	CARE	11.08.2016	BBB	10.08.2017	39.00 Crores

35. Disclosure of details in respect of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016 as required by Notification No. GSR 308(E) [F.NO.17/62/2015-CL-V-(VOL.I)], dated 30.03.2017 are provided in the table below:

SRN	Particulars	SBNs*	Other denomination notes*	Total
1	Closing cash in hand as on 08.11.2016	-	-	30,58,181
	(+) Withdrawal from bank accounts	-	-	1,87,509
2	(+) Permitted receipts	-	-	15,50,53,788
3	(-) Permitted payments	-	-	1,87,509
4	(-) Amount deposited in banks	-	-	14,94,04,365
5	Closing cash in hand as on 30-12-2016	-	-	87,07,604

*Being two wheeler finance Company (NBFC) & nature of transactions involved in it, it is not possible or feasible to disclose cash and every item of SBN deposited during the relevant year.

36. Previous year's figures have been regrouped and rearranged wherever necessary, to make them comparable with those of current year.

Signature to notes "1" to "36"

As per our report of even date attached herewith

For, **J. T. Shah & Co.,**
Chartered Accountants
[FRN No. 109616W]

[J. J. Shah]
Partner
[M.No.45669]

Place: Ahmedabad
Date: 26.05.2017

For, **Arman Financial Services Limited**

Jayendra Patel
Vice Chairman & Managing Director
DIN: 00011814

Aalok Patel
Director
DIN: 02482747

Jaimish Patel
Company Secretary
M. No. A42244

Schedule to the Balance Sheet of a Non-Banking Financial Company

For The Year Ended 31st March, 2017

[as required in terms of Paragraph 13 of Non-Banking Financial (Non Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Direction, 2007]

(₹ In lakhs)

SRN	Particulars	Amount Outstanding	Amount Overdue
(1)	Liabilities side:		
	Loan and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:		
	(a) Debentures: Secured	NIL	NIL
	Unsecured		
	(other than falling within the meaning of public deposits*)	NIL	NIL
	(b) Deferred Credits	NIL	NIL
	(c) Term Loans	162.15	NIL
	(d) Inter-Corporate loans and borrowing	970.96	NIL
	(e) Commercial Paper	NIL	NIL
	(f) Public Deposits*	NIL	NIL
	(g) Other Loans (specify nature)	NIL	NIL
	- Working capital Loans	3,523.96	
	- from directors and relatives	10.16	
	- Debenture Application Money	-	3,534.12
	* Please see Note 1 below		
(2)	Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):		
	(a) In the form of Unsecured debentures	NIL	NIL
	(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	NIL	NIL
	(c) Other Public Deposits	NIL	NIL
	Assets Side:		
(3)	Break-up of Loans and Advances including bills receivable [other than those included in (4) below]:		
	(a) Secured	NIL	NIL
	(b) Unsecured	504.83	NIL
(4)	Break-up of Leased Assets and stock on hire and hypothecation loans counting towards EL/HP activities		
	(i) Lease assets including lease rentals under sundry debtors:		
	(a) Financial Lease	NIL	NIL
	(b) Operating lease	NIL	NIL
	(ii) Stock on hire including hire charges under sundry debtors:		
	(a) Assets on hire	NIL	NIL
	(b) Repossessed Assets	NIL	NIL
	(iii) Hypothecation loans counting towards EL/HP activities		
	(a) Loans where assets have been re-possessed	NIL	NIL
	(b) Loans other than (a) above	6,311.99	209.36



Schedule to the Balance Sheet of a Non-Banking Financial Company

For The Year Ended 31st March, 2017

(₹ In lakhs)

SRN	Particulars	Amount Outstanding	Amount Overdue
(5)	Break-up of Investments:		
	Current Investments:		
1.	Quoted:		
	(i) Shares (a) Equity	NIL	NIL
	(b) Preference	NIL	NIL
	(ii) Debentures and Bonds	NIL	NIL
	(iii) Units of mutual funds	NIL	NIL
	(iv) Government Securities	NIL	NIL
	(v) Others (please specify)	NIL	NIL
2.	Unquoted:		
	(i) Shares (a) Equity	NIL	NIL
	(b) Preference	NIL	NIL
	(ii) Debentures and Bonds	NIL	NIL
	(iii) Units of mutual funds	NIL	NIL
	(iv) Government Securities	NIL	NIL
	(v) Others (please specify) FDR	317.17	NIL
	Long-term investments:		
1.	Quoted:		
	(i) Shares (a) Equity	NIL	NIL
	(b) Preference	NIL	NIL
	(ii) Debentures and Bonds	NIL	NIL
	(iii) Units of mutual funds	NIL	NIL
	(iv) Government Securities	NIL	NIL
	(v) Others (please specify)	NIL	NIL
2.	Unquoted:		
	(i) Shares (a) Equity	1,542.19	NIL
	(b) Preference	NIL	NIL
	(ii) Debentures and Bonds	NIL	NIL
	(iii) Units of mutual funds	NIL	NIL
	(iv) Government Securities	NIL	NIL
	(v) Others (please specify)	NIL	NIL

Schedule to the Balance Sheet of a Non-Banking Financial Company

For The Year Ended 31st March, 2017

[as required in terms of Paragraph 13 of Non-Banking Financial (Non Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Direction, 2007] (Contd...)

		(₹ In lakhs)	
SRN	Particulars	Amount Outstanding	Amount Overdue
(6)	Borrower group-wise classification of all leased assets, stock-on-hire and loans and advances Please see Note 2 below		
	Category	Amount net of provision	
		Secured	Unsecured
			Total
	1. Related Parties**		
	(a) Subsidiaries	NIL	NIL
	(b) Companies in the same group	NIL	NIL
	(c) Other related parties	NIL	NIL
	2. Other than related parties	6,311.99	504.83
	Total	6,311.99	504.83
(7)	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	Book Value (Net of Provisions)
	1. Related Parties**		
	(a) Subsidiaries	1,542.19	NIL
	(b) Companies in the same group	NIL	NIL
	(c) Other related parties	NIL	NIL
	2. Other than related parties	NIL	NIL
	Total	1,542.19	NIL

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

(8)	Other information	
	Particulars	Amount
	(i) Gross Non-performing Assets	
	(a) Related Parties	NIL
	(b) Other than related parties	228.88
	(ii) Net Non-Performing Assets	
	(a) Related Parties	NIL
	(b) Other than related parties	205.84
	(iii) Assets acquired in satisfaction of debts	NIL

- As defined in paragraph 2(1) (xii) of the Non Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
- Provisioning Norms shall be applicable as prescribed in the Non-Banking Financial Companies Norms (Reserve Bank) Directions, 1998.
- All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of Investments and other assets as also assets acquired in satisfaction of debts.



NAMRA FINANCE LIMITED

Statutory Report





DIRECTOR'S REPORT

Dear members

Your Directors have pleasure in presenting the 5th Director's Report of your Company together with the Audited Financial Statement for the year ended on 31st March, 2017.

You are our valued partners in the Company and we are happy to share our vision of growth with you. Our guiding principles are a blend of optimism and conservatism, which has been and will be the guiding force of all our future endeavors.

The summary of operating results for the year is given below:

1. FINANCIAL PERFORMANCE:

(Amount in ₹)

Particulars	2016-17	2015-16
Total Revenue	37,01,68,135	25,74,72,141
Profit Before Interest and Depreciation	23,99,51,717	19,10,33,140
Finance Charges	17,72,44,571	10,68,38,790
Provision for Depreciation	18,35,732	4,65,494
Net Profit Before Tax	6,08,71,414	8,37,28,856
Provision for Tax	2,31,00,000	3,01,00,000
Deferred Tax Asset/(Liability)	4,86,161	14,15,919
Net Profit After Tax	3,82,57,575	5,50,44,775

2. OPERATIONS:

Namra Finance Limited is a wholly owned subsidiary of Arman Financial Services Limited, and is a Non-Banking Finance Company - Microfinance Institution (NBFC-MFI). It is engaged in the business of Joint-Liability Group (JLG) based Microfinance. The financial statements of Namra and the Parent Company, Arman, as well as the consolidated financials are included within the Annual Report.

Net interest income from operations during the year under review was ₹37.02 crores against ₹25.74 crores for the previous year, resulting in increase of 43.82%. Earnings before Interest & Taxes (EBIT) for the current year is ₹23.81 crores (₹19.06 crores in previous year) thereby resulting in increased of 24.95%. Net Profit after Taxes amounted to ₹3.83 crores (₹5.50 crores in previous year) thereby resulting decrease of 30.50%.

3. CHANGE IN NATURE OF BUSINESS:

Your Company continues to operate in same business as that of previous year and there is no change in the nature of the business.

4. DIVIDEND:

The Company has declared and paid interim dividend on preference shares amounting ₹65 lakhs (excluding dividend distribution tax of 9.93 lakhs) for the financial year 2016-17. In order to conserve resources of the Company, Board

of directors has not recommended any dividend on equity shares for current year.

5. AMOUNTS TRANSFERRED TO RESERVES:

The Board of the Company has transferred the amounts to reserve as under:

- Transfer to special reserve as required by section 45-IC of the Reserve Bank of India Act, 1934: ₹78,00,000/-.
- Transfer to general reserve: ₹1,00,000/-.

6. UNCLAIMED DIVIDEND AS ON 31st MARCH, 2017:

The provisions of Section 125(2) of the Companies Act, 2013 do not apply as there is no unpaid dividend accounts appeared in balance sheet as on 31st March, 2017.

7. MATERIAL CHANGES AND COMMITMENTS:

No material changes and commitments have occurred after the close of the financial year till the date of this report, which affect the financial position of the Company.

8. LOANS, GUARANTEES AND INVESTMENTS:

There were no loans, guarantees or investments made by the Company under Section 186 of the Companies Act, 2013 during the year under review and hence the said provision is not applicable.

9. PUBLIC DEPOSITS:

During the year under review, your Company has not accepted or renewed any Deposit within the meaning of Section 73 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014. Hence, the requirement of furnishing details of deposits which are not in compliance with Chapter V of the Companies Act, 2013 is not applicable.

10. NON-CONVERTIBLE DEBENTURE:

During the year, Company has issued and allotted 333 Redeemable Non-convertible Debentures (NCDs) of face value of ₹10,00,000/- each on a private placement basis to AAV SARL, (Luxembourg), through its Indian custodian Deutsche Bank AG, Mumbai Branch, amounting ₹33.30 crores on 09.09.2016. The said NCDs are listed on BSE Limited under debt listing segment (script code- 954879). The Company has also appointed Catalyst Trusteeship Limited as Debenture Trustee pursuant provisions of the Companies Act, 2013 and the rules made there under.

11. DIRECTORS AND KMP:

In accordance with the Article of Association of the Company and pursuant to the provisions of Section 152 of the Companies Act, 2013, Shri Jayendra Patel [DIN-00011814] will retire by rotation at the ensuing AGM and being eligible, offers himself for reappointment.

During the year, Shri Aditya Bhandari, Nominee Director of RIF NorthWest-2, has resigned from the Board of Director of the Company as RIF NorthWest-2 had sold its shares of Namra's Parent company, Arman Financial Services Ltd, during the year. The Board has accepted his resignation in its meeting held on 11.07.2016.

Shri Amit Manakiwala has given his resignation from the post of his Directorship w.e.f. 31.08.2017, as he is approaching retirement age. The Board of Director has accepted his resignation in its Board Meeting held on 05.08.2017. Your Directors place on record their appreciation for the valuable service, advice and guidance rendered by Shri Amit Manakiwala as a member of core management team.

The Board has identified the following officials as Key Managerial Personnel pursuant to Section 203 of the Companies Act, 2013:

1. Jayendra Patel – Managing Director and C.E.O.
2. Amit Manakiwala- Whole Time Director (upto 31.08.2017)
3. Aalok Patel – Executive Director and C.F.O.
4. Jaimish Patel – Company Secretary

12. MEETING OF THE BOARD / AUDIT COMMITTEE:

The Board during the financial year 2016-17 met nine times and Audit Committee met four times. All the recommendations made by the Audit Committee during the year were accepted by the Board. According to Section 177 of the Companies Act, 2013 the Company's Audit Committee comprised of three directors. The board has accepted the recommendations of the Audit Committee. The table sets out the composition of the Committee:

SRN	Name of the Director	Designation	Category of Director
1	Shri R. K. Nagpal	Chairman	Independent Director
2	Smt. Ritaben Patel	Member	Non-executive Director
3	Shri Aalok Patel	Member	Executive Director

13. DISCLOSURES AS PER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:

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 no complaint has been received on sexual harassment during the financial year 2016-17.

14. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 134(3)(c) of the Companies Act, 2013, the Board of Directors of the Company confirms that-

- a) In the preparation of the annual accounts for the year ended on 31st March, 2017, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit and loss of the company for that period;
- c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) The Directors have prepared the annual accounts on a going concern basis;
- e) That the Directors have laid down internal financial controls to be followed by the Company and that the financial controls are adequate and are operating effectively; and



- f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

15. DECLARATION BY INDEPENDENT DIRECTORS:

A declaration of independence in compliance with Section 149(6) of the Companies Act, 2013, has been taken on record from all the independent director of the Company.

16. STATUTORY AUDITORS:

M/s J. T. Shah & Co, Chartered Accountants, Ahmedabad (FRN No-109616W) were appointed as a Statutory Auditors of the Company with your approval of members at the 3rd Annual General Meeting to hold office till the conclusion of the 8th Annual General Meeting. The Board, in terms of Section 139 of the Act, on the recommendation of the Audit Committee, has recommended for the ratification of the Members, the appointment of M/s J. T. Shah & Co., Chartered Accountants, Ahmedabad from the conclusion of the ensuing Annual General Meeting till the conclusion of the 6th Annual General Meeting for such a remuneration that may be determined by the Board of Directors of the Company on recommendation of Audit Committee.

17. SECRETARIAL AUDITORS:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s Pinakin Shah & Co., a firm of Company Secretaries in practice, to conduct the Secretarial Audit of the Company for the financial year 2016-17. The Secretarial Audit Report is annexed herewith as "Annexure-1". The Secretarial Audit Report does not contain any qualification, reservation or adverse remarks

18. RELATED PARTY TRANSACTIONS:

All the related party transactions are entered on arm's length basis, in the ordinary course of business and are in compliance with the applicable provisions of the Companies Act, 2013. There are no materially significant related party transactions made by the Company with Promoters, Directors or Key Managerial Personnel etc. which may have potential conflict with the interest of the Company at large or which warrants the approval of the shareholders. Accordingly, no transactions are being reported in Form AOC-2 in terms of Section 134 of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014. However, the details of the transactions with Related Party are provided in the Company's financial statements in accordance with the Accounting Standards.

All Related Party Transactions are presented to the Audit Committee and the Board. Omnibus approval is obtained for the transactions which are foreseen and repetitive in nature. A statement of all related party transactions is presented before the Audit Committee on a quarterly basis, specifying the nature, value and terms and conditions of the transactions.

19. RISK MANAGEMENT:

Periodic assessments to identify the risk areas are carried out and management is briefed on the risks in advance to enable the Company to control risk through a properly defined plan. The risks are classified as financial risks, operational risks and market risks. The risks are taken into account while preparing the annual business plan for the year. The Board is also periodically informed of the business risks and the actions taken to manage them. The Company has formulated a policy for Risk management with the following objectives:

- Provide an overview of the principles of risk management
- Explain approach adopted by the Company for risk management
- Define the organizational structure for effective risk management
- Develop a "risk" culture that encourages all employees to identify risks and associated opportunities and to respond to them with effective actions.
- Identify access and manage existing and new risks in a planned and coordinated manner with minimum disruption and cost, to protect and preserve Company's human, physical and financial asset.

20. INTERNAL CONTROL SYSTEM:

The Company has in place, adequate systems of Internal Control to ensure compliance with policies and procedures. It is being constantly assessed and strengthened with new / revised standard operating procedures and tighter information technology controls. Internal audits of the Company are regularly carried out to review the internal control systems. The Audit Reports of Internal Auditor along with their recommendations and implementation contained therein are regularly reviewed by the Audit Committee of the Board. Internal Auditor has verified the key internal financial control by reviewing key controls impacting financial reporting and overall risk management procedures of the Company and found the same satisfactory. It was placed before the Audit Committee of the Company.

21. INTERNAL FINANCIAL CONTROLS:

The Company has laid down certain guidelines, processes and structure, which enables implementation of appropriate internal financial controls across the organisation. Such

internal financial controls encompass policies and procedures adopted by the Company for ensuring the orderly and efficient conduct of business, including adherence to its policies, safeguarding of its assets, prevention and detection of frauds and errors, the accuracy and completeness of accounting records and the timely preparation of reliable financial information. Appropriate review and control mechanisms are built in place to ensure that such control systems are adequate and are operating effectively. Because of the inherent limitations of internal financial controls, including the possibility of collusion or improper management override of controls, material misstatements in financial reporting due to error or fraud may occur and not be detected. Also, evaluation of the internal financial controls is subject to the risk that the internal financial control may become inadequate because of changes in conditions, or that the compliance with the policies or procedures may deteriorate.

The Company has, in all material respects, an adequate internal financial controls system and such internal financial controls were operating effectively based on the internal control criteria established by the Company considering the essential components of internal control, stated in the Guidance Note on Audit of Internal Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

22. CORPORATE SOCIAL RESPONSIBILITY:

Composition of the Corporate Social Responsibility (CSR) Committee, the CSR Policy and the CSR Report are given at "Annexure-3".

23. EXTRACT OF ANNUAL RETURN:

The Extract of Annual Return as required under section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, in Form MGT-9 is annexed herewith as "Annexure-4" for your kind perusal and information.

24. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO:

A. Conservation of energy and Technology absorption:

Since the Company does not carry out any manufacturing activity, the particulars regarding conservation of energy, technology absorption and other particulars as required by the Companies (Accounts) Rules, 2014 are not applicable.

B. Foreign exchange earnings and outgo:

There were no foreign exchange earnings and outgo during the year under review.

25. SHARE CAPITAL:

During the Financial Year 2016-17, the authorized share capital of the Company has been increased from ₹17 crores to ₹27 crores.

Equity Share

The Company has issued and allotted 20,00,000 equity shares each having a nominal value of ₹10/- (Ten Only) at a premium of ₹15/- (Rupees Fifteen Only) to Arman Financial Services Limited through right issue on 26.08.2016.

Redemption of Preference Share

The Company has redeemed the 50,00,000 preference shares of ₹10 each on 30.06.2017 as per the terms of issue.

Buy Back of Securities

The Company has not bought back any of its securities during the year under review.

Sweat Equity

The Company has not issued any Sweat Equity Shares during the year under review.

Bonus Shares

No Bonus Shares were issued during the year under review

26. ANY SIGNIFICANT AND MATERIAL ORDER PASSED BY REGULATORS OR COURTS OR TRIBUNALS:

There is no significant material order passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations.

27. ACKNOWLEDGEMENT:

The Board expresses its sincere thanks to all the employees, customers, suppliers, investors, lenders, regulatory / government authorities and stock exchange for their co-operation and support and look forward to their continued support in future.

For, and on behalf of the Board,

Date: 05.08.2017
Place: Ahmedabad

Jayendra Patel
Chairman & Managing Director
DIN: 00011814



ANNEXURE-1

FORM NO. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED ON 31st MARCH, 2017

(Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014)

To,
The Members,

Namra Finance Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Namra Finance Limited (hereinafter called the company). 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 Company's 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 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:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Company for the financial year ended on 31st March, 2017 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. 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;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client – (not applicable)
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

Based on our verification, we have observed that the SEBI regulations mentioned at (a), (b), (c), (d), (g) and (h) are not applicable to the Company since it has not listed its equity share on any stock exchanges.

6. Specifically applicable Laws to the Company, as identified and confirmed by the Management:
 - i. The Reserve Bank of India Act, 1934,
 - ii. Prevention of Money Laundering Act, 2002,
7. Labor Laws applicable to the Employees of the Company:
 - i. Provident Fund Act, 1952;
 - ii. Employees State Insurance Act, 1948;
 - iii. Profession Tax Act, 1975;
 - iv. The Payment of Gratuity Act, 1972

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

- a) Secretarial Standards issued by the Institute of Company Secretaries of India on Meetings of the Board of Directors and General Meeting.

b) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We further report that:

During the period under review the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines etc mentioned above.

We further report that:

We have not examined compliance with applicable Financial Laws, like Direct and Indirect Tax Laws, since the same have been subject to review by statutory auditor and other designated professionals.

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:

Based on our review of Compliance Mechanism established by the Company and on the basis of Compliance Certificate(s) issued by the MD/CEO and taken on record by the Board of Directors at their meeting(s), we are of opinion that, there are adequate systems and processes in place in the Company, which is commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

As informed, the Company has responded appropriately to the notices received from various statutory/regulatory authorities including initiating action for corrective measures, wherever focused necessary.

We further report that:

During the audit period there are no events/actions having a major bearing on the Company's affairs in pursuance of the above referred Laws, Rules, Regulations, Guidelines etc referred above.

Date: 05.08.2017
Place: Ahmedabad

Pinakin Shah & Co.
Company Secretary,

Pinakin Shah
Proprietor
FCS: 2562; COP: 2932

Note: This report is to be read with our letter of even date which is annexed as **Annexure-2** and forms an integral part of this report.

ANNEXURE-2

To,
The Members,

Namra Finance Limited

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

Management Responsibility:

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.

Auditors Responsibility:

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 or verified compliances of Laws other than those mentioned above. Wherever required, we have obtained the management representation about the Compliance of laws, rules and regulations and happening of events etc.
4. 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.

Date: 05.08.2017
Place: Ahmedabad

Pinakin Shah & Co.
Company Secretary

Pinakin Shah
Proprietor
FCS: 2562; COP: 2932

ANNEXURE-3

CORPORATE SOCIAL RESPONSIBILITY

Pursuant to Section 135 of Companies Act, 2013

1. Brief outline of Companies CSR Policy:

Namra Finance Limited believes in making a difference to the lives of thousands of people who are underprivileged. It promotes social and economic inclusion by ensuring that marginalized communities have equal access to health care services, educational opportunities and proper civic infrastructure. Your Company's CSR activities are implemented in aligned with requirements of Section 135 of the Companies Act, 2013 along with objective specified in CSR Policy of the Company.

2. Composition of CSR Committee:

The CSR Committee of our Board provides oversight of CSR Policy and monitors execution of various activities to meet the set CSR objectives. The members of the CSR Committee are:

- a. Shri Jayendra Patel, Chairperson
- b. Shri Aalok Patel, Member
- c. Shri R. K. Nagpal, Member

3. Financial details:

The provisions pertaining to Corporate Social Responsibility as prescribed under Section 135 of the Companies Act, 2013 are applicable to the Company. A summary of the financial details as sought under the Companies Act, 2013 are as follows:

SRN	Particulars	Amount (In ₹)
1	Average net profit before tax of the Company for last three financial years	6,49,74,671/-
2	Total amount to be spent for the financial year	12,99,494/-
3	Total amount spent	2,25,750/-
4	Total amount unspent, if any	10,73,744/-

4. The details of the amount spent during the financial year is detailed below:

SRN	CSR project/ program	Sector	Location of project/ program	Amount outlay (budget)	Amount spent on the projects or programs	Cumulative spend up to the reporting period	Amount spent: direct / through external agency
1	Program Expenses for Healthcare Project	Healthcare and medical facilities	Modasa	2,25,750/-	2,25,750/-	2,25,750/-	Blind People's Association (India)

5. Reason for not spending the amount:

The Committee of Corporate Social Responsibility (CSR) was looking for the best options available to spend the actual amount prescribed by Act, but due to loss in the last quarter of FY16-17 the Company Could not spent the full amount.

6. Responsibility Statement:

We hereby confirm that the implementation of the Policy and monitoring of the CSR projects and activities is in compliance with CSR objectives and CSR Policy of the Company.

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
As on financial year ended on 31st March, 2017

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

I. REGISTRATION & COMPANY DETAILS

1. CIN	U65999GJ2012PLC069596
2. Registration Date	27.03.2012
3. Name of the Company	Namra Finance Limited
4. Category/Sub-category of the Company	Category: Public Company; Sub Category: Company Limited by Shares, having Share Capital
5. Address of the Registered office & contact details	502-503, Sakar III, Opp. Old High Court, Off. Ashram Road, Ahmedabad-380014, Gujarat, India Ph: +91-79-40507000, 27541989 Fax: +91-79-27543666 Email: finance@armanindia.com; Website: www.armanindia.com
6. Whether listed Company	Yes (Debt Listed)
7. Name, Address & contact details of the Registrar & Transfer Agent, if any.	Bigshare Services Private Limited A/802, Samudra Complex, Nr. Klassic Gold Hotel, Girish Cold Drink, Off. C. G. Road, Ahmedabad-380009, Gujarat. Ph.: 079-40024135; 40392570 Email: bssahd@bigshareonline.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10% or more of the total turnover of the Company shall be stated)

SRN	Name and Description of main products / services	NIC Code of the Product/Service	% to total turnover of the Company
1	Other financial service activities (Micro Finance)	64990	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

SRN	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Arman Financial Services Limited 502-503, Sakar III, Opp. Old High Court, Off. Ashram Road, Ahmedabad-380014, Gujarat	L55910GJ1992PLC018623	Holding Company	100%	Section 2(46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

a. Category wise Share Holding

Code	Category of Shareholder	No. of Shares Held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A	Promoters	-	-	-	-	-	-	-	-	-
(1)	Indian	-	-	-	-	-	-	-	-	-
A	Individual / HUF	-	-	-	-	-	-	-	-	-
B	Central /State Govt (s)	-	-	-	-	-	-	-	-	-
C	Bodies Corporate	-	10375000	10375000	100%	-	12375000	12375000	100%	-
D	Any Other (Trust)	-	-	-	-	-	-	-	-	-
	Sub-total (A1):-	-	10375000	10375000	100%	-	12375000	12375000	100%	-
(2)	Foreign									
A	Individuals (NRIs/ Foreign Individuals	-	-	-	-	-	-	-	-	-
B	Bodies Corporate	-	-	-	-	-	-	-	-	-
C	Institutions	-	-	-	-	-	-	-	-	-
D	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
E	Others	-	-	-	-	-	-	-	-	-
	Sub-Total (A2)	-	-	-	-	-	-	-	-	-
	Total A=(A1)+(A2)	-	10375000	10375000	100%	-	12375000	12375000	100%	-
B	Public	-	-	-	-	-	-	-	-	-
(1)	Institutions	-	-	-	-	-	-	-	-	-


IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity) (Contd...)

Code	Category of Shareholder	No. of Shares Held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
a	Mutual Funds/UTI	-	-	-	-	-	-	-	-	-
b	Financial Institutions/Banks	-	-	-	-	-	-	-	-	-
c	Central /State Government(s)	-	-	-	-	-	-	-	-	-
d	Venture Capital Funds	-	-	-	-	-	-	-	-	-
e	Insurance Companies	-	-	-	-	-	-	-	-	-
f	Foreign Institutional Investors	-	-	-	-	-	-	-	-	-
g	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
h	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
i	Others	-	-	-	-	-	-	-	-	-
	Sub-Total (B1)	-	-	-	-	-	-	-	-	-
(2)	Non Institution	-	-	-	-	-	-	-	-	-
a	Bodies Corporate	-	-	-	-	-	-	-	-	-
b	Individuals	-	-	-	-	-	-	-	-	-
	(i) Individuals holding nominal share capital upto 1lakh	-	-	-	-	-	-	-	-	-
	(ii) Individuals holding nominal share capital in excess of 1 lakh	-	-	-	-	-	-	-	-	-
c	Others	-	-	-	-	-	-	-	-	-
	Non-Resident Repatriates	-	-	-	-	-	-	-	-	-
	Non Resident Non Repatriates	-	-	-	-	-	-	-	-	-
	Clearing Members	-	-	-	-	-	-	-	-	-
	Sub-Total (B2)	-	-	-	-	-	-	-	-	-
	Total B=(B1)+(B2)	-	-	-	-	-	-	-	-	-
	Total (A+B) :	-	10375000	10375000	100%	-	12375000	12375000	100%	-

b. Shareholding of Promoter

SRN	Promoter'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 Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares	% of Shares Pledged / encumbered to total shares	
1	Arman Financial Services Limited	10375000	100%	-	12375000	100%	-	-

c. Change in Promoters' Shareholding

SRN	Name of Promoter	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	Arman Financial Services Limited				
	At the Beginning of the year	10375000	100%	10375000	100%
	New allotment during the year	2000000		2000000	
	At the end of the year			12375000	100%

- d. Shareholding Pattern of top ten Shareholders: (Other than Directors, Promoters and Holders of GDRs and ADRs): Nil
- e. Shareholding of Directors and Key Managerial Personnel: Nil

V. INDEBTEDNESS: Indebtedness of the Company including interest outstanding/accrued but not due for payment.

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i. Principal Amount	997269108	2053852	0	999322960
ii. Interest due but not paid	0	0	0	0
iii. Interest accrued but not due	1750353	0	0	1750353
Total (i + ii + iii)	999019461	2053852	0	1001073313
Addition	1146400000	4946148	0	1151346148
Reduction	(996404787)	0	0	(996404787)
Net Change	149995213	4946148	0	154941361
Indebtedness at the end of the financial year				
i. Principal Amount	1143121681	7000000	0	1150121681
ii. Interest due but not paid	0	0	0	0
iii. Interest accrued but not due	5892993	0	0	5892993
Total (i + ii + iii)	1149014674	7000000	0	1156014674

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

SRN	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
1	Gross salary	Jayendra Patel (Managing Director)	Amit Manakiwala (Whole Time Director)	Aalok Patel (Director)	
	a) Salary as per provisions contained in section 17(1) of the Income tax Act, 1961	10,00,000/-	5,00,000/-	7,04,000/-	22,04,000/-
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	c) Profits in lieu of salary under Section 17(3) Income- tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
5	Total (A)	10,00,000/-	5,00,000/-	7,04,000/-	22,04,000/-
	Ceiling as per the Act	₹60,87,141/- (Being 10% of the profit of ₹6,08,71,414/- of the Company) calculated as per section 198 of the Act.			

B. Remuneration to other Directors: Nil

C. Remuneration to key managerial personnel other than MD/ Manager/ WTD: Nil

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

here were no material penalties/punishment/compounding of offences for the year ended on 31st March, 2017



NAMRA FINANCE LIMITED

Financial Statements



INDEPENDENT AUDITOR'S REPORT

To,
The Members of
NAMRA FINANCE LIMITED
Ahmedabad

1. Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of NAMRA FINANCE LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. Management's Responsibility for the Standalone 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 standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditor's Responsibility

Our responsibility is to express an opinion on these Standalone Financial Statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment,

including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

4. 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:-

- i. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2017;
- ii. In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- iii. In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

5. Report on Other Legal and Regulatory Requirements

- (i) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A" statement on the matters specified in paragraphs 3 and 4 of the Order.
- (ii) 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 standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on



record by the Board of Directors, none of the directors are disqualified as on 31st 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".
- (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 no pending litigations as on the date of financial statements (Refer Note 21 to the Financial Statement).
 - ii. The Company did not have any outstanding long-term contracts including derivative contracts as at 31st March, 2017 for which there were any material foreseeable losses;

- iii. There were no such amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and
- iv. The Company has not 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. (Refer Note 32 to the Financial Statement).

For, **J. T. SHAH & CO.**
Chartered Accountants,
[FRN No- 109616W]

J. J. SHAH

Partner

[M. No. 45669]

Place: Ahmedabad

Date: 26.05.2017

ANNEXURE "A" TO INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 5 (i) of our Report of even date to the Members of **NAMRA FINANCE LIMITED** for the year ended **31st March, 2017**.

1. In respect of Fixed Assets:

- (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
- (b) As per the information and explanations given to us, the management at reasonable intervals during the year in accordance with a programme of physical verification physically verified the fixed assets and no material discrepancies were noticed on such verification as compared to the available records.
- (c) As explained to us, the title deeds of all the immovable properties are held in the name of the Company.

2. In respect of its Inventories:

The Company does not have any inventories and hence the clauses (ii) of the companies (Auditor's Report) Order, 2016 is not applicable.

3. In respect of Loans and Advances granted during the year:

As per information and explanation given to us, the Company has granted loans to its holding Company covered under the register maintained under section 189 of the Companies Act, 2013, the yearend balance is amounting to ₹ 970.96 Lakhs and the maximum amount involved during the year was ₹ 4674.24 Lacs.

- (a) In our opinion and according to information and explanation given to us, we state that the terms and conditions of the grant of such loans are not prejudicial to the Company's interest.
- (b) In our opinion and according to information and explanation given to us, the Company is regular in receipt of principal and recovery of interest there on.
- (c) In our opinion and according to the information and explanations given to us, there were no overdue outstanding as at 31st March 2017 in respect of loans and advances granted during the year.

4. Loans, Investments and gurantees:

According to the information and explanation given to us, the Company has not given any loan, guarantee, security or made any investments during the year and hence the clauses (iv) of the companies (Auditor's Report) Order, 2016 is not applicable.

- 5. During the year, the Company has not accepted any deposits and hence the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under are not applicable to the Company. Therefore clauses (v) of companies (Auditor's Report) Order, 2016 is not applicable.

- 6. According to the information and explanations given to us, the Company is not required to maintain cost records as required by

the central government under sub section (1) of section 148 of the Companies Act, 2013. Hence clause (vi) of the (Auditor's Report) Order, 2016 is not applicable.

7. In respect of Statutory Dues:

- (a) According to the records of the Company, the Company is by and large regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employee's state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities applicable to it except there was delay in payment of service tax and provident fund. According to the information and explanations given to us, there is no such arrears in respect statutory dues were outstanding as at 31st March, 2017 for a period of more than six months from the date they became payable.
 - (b) According to the records of the Company, there are no dues of income tax, sales tax, or service tax or duty of customs or duty of excise or value added tax which have not been deposited on account of dispute.
8. Based on our audit procedure and according to the information and explanation given to us, we are of the opinion that the Company has not defaulted in repayment of dues to the financial institutions, banks or debenture holders.
 9. According to the information and explanations given to us, the Company had not raised any money by way of public issue during the year. According to the information and explanations given to us, and on an overall examination of the balance sheet of the Company, in our opinion, the term loans taken during the year were applied for the purpose for which they were obtained.
 10. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud by the Company or any fraud on the Company by its officer or employees has been noticed or reported during the course of our audit.
 11. In our opinion and according to the information and explanations given to us, the Company had paid managerial remuneration which

is in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V of The Companies Act, 2013.

12. In our opinion and according to the information and explanations given to us, the provisions of special statute applicable to chit funds and nidhi / mutual benefit funds / societies are not applicable to the Company. Hence, clause (xii) of the Company's (Auditor's Report) Order, 2016 is not applicable.
13. In our opinion and according to the information and explanations given to us, the transactions entered by the Company with related parties are in compliance with the provisions of section 177 and 188 of The Companies Act, 2013 and details thereof are properly disclosed in the financial statements.
14. In our opinion and according to the information and explanation given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and if so, as to whether the requirement of section 42 of the Companies Act, 2013.
15. The Company has not entered in to any non-cash transactions with the directors or persons connected with him during the year, hence section 192 of the Companies Act, 2013 and clause (xv) of Company's (Auditor's Report) Order, 2016 is not applicable.
16. In our opinion and according to the information and explanation given to us the Company is registered under section 45-IA of Reserve Bank of India Act, 1934, and registration certificate for the same has been obtained.

For, **J. T. SHAH & CO.**
Chartered Accountants,
[FRN No- 109616W]

J. J. SHAH
Partner
[M. No. 45669]

Place: Ahmedabad
Date: 26.05.2017



ANNEXURE “B” TO INDEPENDENT AUDITOR’S REPORT

Referred to in paragraph 5 (ii) (f) of our Report of even date to the Members of **NAMRA FINANCE LIMITED** for the year ended **31st March, 2017**.

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 NAMRA FINANCE LIMITED as of 31st 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.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the guidance note on audit of internal financial controls over financial reporting (the “Guidance Note”) and the standards on auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those standards and the guidance note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls over Financial Reporting

A Company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that: (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with 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 31st 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, **J. T. SHAH & CO.**
Chartered Accountants,
[FRN No- 109616W]

J. J. SHAH
Partner
[M. No. 45669]

Place: Ahmedabad
Date: 26.05.2017

Balance Sheet of Namra Finance Limited as at 31st March, 2017

(Amount in ₹)

Particulars	Note No.	As at 31.03.2017	As at 31.03.2016
EQUITY AND LIABILITIES			
[1] Shareholder's Funds			
[a] Share Capital	1	17,37,50,000	15,37,50,000
[b] Reserves & Surplus	2	15,88,11,090	9,83,76,915
		33,25,61,090	25,21,26,915
[2] Non-Current Liabilities			
[a] Long Term Borrowings	3	48,16,55,414	44,14,90,823
[b] Deferred Tax Liabilities (Net)		Nil	Nil
[c] Long Term Provisions	4	11,71,825	18,07,808
		48,28,27,239	44,32,98,631
[3] Current Liabilities			
[a] Short-Term Borrowings	5	7,03,80,663	2,83,26,519
[b] Other Current Liabilities	6	62,41,71,506	55,36,73,003
[c] Short Term Provisions	7	2,43,18,307	2,30,85,185
		71,88,70,476	60,50,84,707
Total		1,53,42,58,805	1,30,05,10,253
ASSETS			
[1] Non-Current Assets			
[a] Property, Plant & Equipment	8	88,84,192	20,42,283
[b] Intangible Assets	8	14,34,604	8,38,140
		1,03,18,796	28,80,423
[c] Long Term Investments	9	2,40,15,995	1,40,00,000
[d] Deferred Tax Assets (Net)	10	39,44,030	34,57,869
[e] Long-Term Loans and Advances	11	9,19,64,743	13,57,57,655
[f] Other Non-Current Assets	12	3,39,65,863	5,45,41,249
		16,42,09,427	21,06,37,196
[2] Current Assets			
[a] Trade Receivables	13	3,44,96,200	33,98,631
[b] Cash & Bank Balances	14	20,92,40,034	8,25,38,987
[c] Short Term Loans and Advances	11	1,12,63,13,144	1,00,39,35,439
[d] Other Current Assets		Nil	Nil
		1,37,00,49,378	1,08,98,73,057
Total		1,53,42,58,805	1,30,05,10,253
Significant Accounting Policies and Notes on Financial Statements	1 to 33		

As per our report of even date attached herewith

 For **Namra Finance Limited**
For, J. T. Shah & Co.

 Chartered Accountants
Firm Regn. No. 109616W

[J. J. Shah]

 Partner
[M.No.45669]

Jayendra Patel

 Chairman & Managing Director
DIN: 00011814

Aalok Patel

 Director
DIN: 02482747

Jaimish Patel

 Company Secretary
M. No. A42244

 Place: Ahmedabad
Date: 26.05.2017



Statement of Profit & Loss of Namra Finance Limited

for the year ended 31st March, 2017

(Amount in ₹)

Particulars	Note No.	2016-17	2015-16
INCOME			
Revenue from operations	15	37,01,52,140	25,74,66,925
Other income	16	15,995	5,216
Total Revenue		37,01,68,135	25,74,72,141
EXPENDITURE			
Employee Benefits Expenses	17	6,49,42,656	3,64,72,235
Finance Costs	18	17,72,44,571	10,68,38,790
Depreciation and Amortization expense	19	18,35,732	4,65,494
Other Expenses	20	6,52,73,762	2,99,66,766
Total Expenses		30,92,96,721	17,37,43,285
Profit before Tax		6,08,71,414	8,37,28,856
Less : Tax expense:			
- Current Tax		2,31,00,000	3,01,00,000
- Short Provision of Income Tax of earlier years		Nil	Nil
- Deferred Tax Liability / (Assets)		(4,86,161)	(14,15,919)
Profit for the year		3,82,57,575	5,50,44,775
Basic Earnings Per Share of ₹ 10 each	23	2.63	5.50
Diluted Earnings Per share of ₹ 10 each		2.63	5.50
Significant Accounting Policies and Notes on Financial Statements	1 to 33		

As per our report of even date attached herewith

For, J. T. Shah & Co.

Chartered Accountants
Firm Regn. No. 109616W

[J. J. Shah]

Partner
[M.No.45669]

Place: Ahmedabad
Date: 26.05.2017

For **Namra Finance Limited**

Jayendra Patel

Chairman & Managing Director
DIN: 00011814

Aalok Patel

Director
DIN: 02482747

Jaimish Patel

Company Secretary
M. No. A42244

Cash Flow Statement of Namra Finance Limited

For The Year Ended 31st March, 2017

(Amount in ₹)

PARTICULARS	2016-17	2015-16
A Cash from Operating Activities:		
Net profit before taxation	6,08,71,414	8,37,28,856
Adjustment For:		
Depreciation	18,35,732	4,65,494
Contingent provision on standard assets (NPA)	11,00,000	55,76,000
Interest expenses	17,33,07,571	9,47,65,701
Loss/(Profit) on sale of investments	(15,995)	4,139
Bad debts w/off	2,29,35,920	Nil
Interest on shortfall of advance Tax	11,00,000	12,00,000
	20,02,63,228	10,20,11,334
Operating profit before working -		
Capital changes :	26,11,34,642	18,57,40,190
Adjustment For :		
Increase/(Decrease) In long-term provision	(17,35,983)	(42,56,672)
Increase/(Decrease) In short-term provision	20,40,067	43,12,112
Increase/(Decrease) In other current liability	(22,24,123)	33,07,37,264
Decrease/(Increase) In trade receivables	(5,40,33,489)	(23,73,017)
Decrease/(Increase) In long term loans and advances	4,37,92,912	(13,43,69,820)
Decrease/(Increase) In short term loans and advances	(12,23,77,705)	(43,27,04,371)
	(13,45,38,321)	(23,86,54,504)
Cash Generated From Operations	12,65,96,321	(5,29,14,314)
Income tax paid	(2,50,06,945)	(2,79,38,707)
	(2,50,06,945)	(2,79,38,707)
Net Cash From Operating Activities:	10,15,89,376	(8,08,53,021)
B: Cash Flow From Investment Activities:		
Purchase of Property, Plant & Equipment	(92,74,105)	(24,80,811)
(Increase) /Decrease in bank deposits	22,01,397	(4,20,89,117)
Purchase of long term investments	(1,00,00,000)	(1,50,00,000)
Sale of long term investments	Nil	9,95,861
Net Cash from Investment Activities:	(1,70,72,707)	(5,85,74,067)
C: Cash Flow From Financing Activities :		
Proceeds from issue of share capital	5,00,00,000	Nil
Proceeds from issue of preference share	Nil	5,00,00,000
Refund from share application money-CCD	Nil	(30,00,000)
Proceeds from debentures issue	33,30,00,000	Nil
Preference dividend paid	(65,00,000)	Nil
Dividend tax paid on on above preference share	(13,23,400)	Nil
Proceeds from long term borrowings	41,28,63,435	44,14,90,823
Repayment of long term borrowings	(63,71,18,858)	(14,92,96,377)
Proceeds from short term borrowings	4,46,41,566	2,83,26,519
Repayment of short term borrowings	(25,87,422)	(9,94,44,558)
Interest paid	(16,91,64,931)	(9,44,58,025)
Net Cash from Financing Activities:	2,38,10,390	17,36,18,382
Net Increase in Cash & Cash Equivalents	10,83,27,058	3,41,91,294
Cash & cash equivalents at the beginning	6,29,91,505	2,88,00,211
Cash & cash equivalents at the end	17,13,18,564	6,29,91,505

As per our report of even date attached herewith

Notes :

(1) The above cash flow statement has been prepared under the "Indirect Method" set out in Accounting Standard - 3 issued by the Institute of Chartered Accountants of India.

For **Namra Finance Limited**

For, J. T. Shah & Co.
Chartered Accountants
Firm Regn. No. 109616W

Jayendra Patel
Chairman & Managing Director
DIN: 00011814

[J. J. Shah]
Partner
[M.No.45669]

Aalok Patel
Director
DIN: 02482747

Place: Ahmedabad
Date: 26.05.2017

Jaimish Patel
Company Secretary
M. No. A42244



Notes Forming Part of the Accounts For The Year Ended 31st March, 2017

Significant Accounting Policies:

a. Basis of preparation

The financial statements have been prepared under the historical cost convention and on accrual basis and in accordance with Generally Accepted Accounting Principles in India (Indian GAAP) except interest on loans which have been classified as non-performing assets and are accounted for on realization basis. The said financial statements comply in all material respects with Accounting Standards notified under section 133 of the Companies Act, 2013 ("the Act"), read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of RBI as applicable to a Micro Finance Institution – Non Banking Financial Company ("NBFC-MFI").

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

All assets and liabilities have been classified as current or non – current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Act. The Company has ascertained its operating cycle as 12 months for the above purpose.

b. Use of estimates

In preparing the Company's financial statements in conformity with the accounting principles generally accepted in India, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods.

c. Revenue Recognition:

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Company and the revenue can be measured reliably.

i. Interest from loans:

In respect of Micro finance activity, interest income on the loans granted is recognised on accrual basis and income on non-performing asset is recognized only when realized and any such income recognized before the asset became non-performing and remaining unrealized is reversed.

ii. Income from assignment/securitization

In case of assignment of receivables "at premium", the assets are de-recognised since all the rights, title and future receivables are assigned to the purchaser. The interest spread arising on assignment is accounted over the residual tenure of the underlying assets as per guideline on securitization of standard assets issued by RBI.

iii. Other interest income

Other interest income is recognized on accrual basis.

iv. Processing fees

Processing fees on processing of loans are recognized upfront as income.

v. Late payment charges

Income in case of late payment charges are recognized as and when realized.

d. Property, Plant & Equipment

All the Property, Plant & Equipments are stated at cost less depreciation. The cost of assets includes other direct/indirect and incidental cost incurred to bring them into their working condition.

When assets are disposed or retired, their cost is removed from the financial statements. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between sales proceeds and the carrying amount of the asset and is recognised in statement of profit and loss for the relevant financial year.

Depreciation

The depreciation on assets for own use is provided on "Straight Line Method" as per useful life specified in Schedule II to the Companies Act, 2013 on Pro-rata Basis.

Useful life of assets is as under:

SRN	Name of Asset	Useful Life
1	Furniture & Fixtures	10 Years
2	Vehicles-Motor Cycle	10 Years
3	Vehicles- Motor Car	8 Years
4	Office Equipments	5 Years
5	Computers	3 Years
6	Intangible Assets	5 Years

When assets are disposed or retired, their accumulated depreciation is removed from the financial statements. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between sales proceeds

Notes Forming Part of the Accounts For The Year Ended 31st March, 2017

and the carrying amount of the asset and is recognised in statement of profit and loss for the relevant financial year.

e. Investments

Long term Investments are stated at cost. Provision is made for any diminution in the value of the long term investments, if such decline is other than temporary. The Company does not have any current investments.

f. Retirement Benefits

- a. The Employee and Company make monthly fixed contribution to government of india employee's provident fund equal to a specified percentage of the covered employee's salary. Provision for the same is made in the year in which services are rendered by the employee.
- b. The liability for gratuity to employees, which is a defined benefit plan, as at Balance Sheet date determined on the basis of actuarial valuation based on projected unit credit method is funded to a gratuity fund administered by the trustees and managed by Life Insurance Corporation of India and the contribution thereof paid/ payable is absorbed in the accounts.
- c. The Company does not allow carry forward of unavailed leave and hence unavailed leaves are encashed in the current year itself.
- d. Short term benefits are recognised as an expense at the undiscounted amounts in the statement of profit and loss of the year in which the related service is rendered.

g. Lease

The Company's significant leasing arrangements are in respect of operating lease for premises that are cancelable in nature. The lease rentals paid under such agreements are charged to the statement of profit and loss.

h. Intangible Assets

Intangible assets are stated at cost of acquisition net of recoverable taxes less accumulated amortization. All costs, including financing costs till commencement of commercial production, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the intangible assets are capitalized.

Intangible assets are amortized on a straight – line basis over their estimated useful lives. A rebuttable presumption that the useful life of an intangible asset will not exceed than years from the date when the asset is available for use is considered by the management. The amortization period and the amortization method are reviewed at least at each reporting date. If the expected useful life of the

asset is significantly different from previous estimates, the amortization period is changed accordingly.

The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between net disposal proceeds and the carrying amount of the asset and is recognised as income or expenses in the Statement of Profit and Loss in the year of disposal.

Intangible assets are amortized on a straight – line basis over 5 years.

i. Segment Information

In the opinion of the management, the Company is mainly engaged in the business of Micro-finance. All other activities of the Company revolve around the main business, and as such, there are no separate reportable segments as per Accounting Standard 17 -'Segment Reporting" notified under section 133 of the Companies Act, 2013 ("the Act"), read with Rule 7 of the Companies (Accounts) Rules, 2014

j. Provision for Current and Deferred Tax

Provision for current tax is made after taking into consideration benefits admissible under the provision of the Income Tax Act, 1961.

Deferred tax resulting from "timing difference" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or subsequently enacted as on the balance sheet date. Deferred tax asset is recognised and carried forward only to the extent that there is virtual certainty that the assets will be realized in future.

k. Borrowing Cost

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost such assets, whenever applicable, till such assets are ready for their intended use. A qualifying asset is the one which necessarily takes substantial period to get ready for intended use. All other borrowing costs are charged to revenue accounts. Capitalization of borrowing cost is suspended when active development is interrupted.

l. Earnings per Share

Basic earnings per share is calculated by dividing net profit after tax for the year attributable to equity shareholders of the Company by the weighted average number of equity shares issued during the year. Diluted earnings per share is calculated by dividing net profit attributable to equity shareholders (after adjustment for diluted earnings) by average number of weighted equity shares outstanding during the year.



Notes Forming Part of the Accounts For The Year Ended 31st March, 2017

m. Impairment

The management periodically assesses, using external and internal sources whether there is an indication that an asset may be impaired. If an asset is impaired, the Company recognizes an impairment loss as the excess of the carrying amount of the asset over the recoverable amount.

n. Shares Issue Expenses

Share issue expenses incurred are expensed out in the year of issue.

o. Transfer and recourse obligation under Debt Securitization

The Company assigns assets under securitization transactions. The assigned loans / assets are derecognized and gains / losses are recorded on assignment of loan contracts. Recourse obligation with respect to Debt

Securizations with other financiers is provided in books as per past track records of delinquency / servicing of the loans of the Company.

p. Provision, Contingent Liabilities and Contingent Assets

A provision is recognized when there is a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.

A disclosure for a contingent liability is made when there is a possible or present obligation that may, but probably will not require an outflow of resources. Contingent Assets are neither recognized nor disclosed in the financial statements.

q. Accounting policies not specifically referred to otherwise are consistent with generally accepted accounting principles.

1. Share Capital

(Amounts in ₹)

	As at 31.03.2017	As at 31.03.2016
[a] Authorised:		
1,70,00,000 (Previous Year 1,20,00,000) equity shares of par value of ₹ 10/- each	17,00,00,000	12,00,00,000
1,00,00,000 (Previous Year 50,00,000) preference shares of ₹ 10/- each	10,00,00,000	5,00,00,000
	27,00,00,000	17,00,00,000
[b] Issued, Subscribed & Paid-up Capital:		
1,23,75,000 (Previous Year 1,03,75,000) equity shares of par value of ₹ 10/- each fully paid up	12,37,50,000	10,37,50,000
50,00,000 (Previous Year 50,00,000) Cumulative Non - Convertible Compulsorily Redeemable Preference shares of par value of ₹ 10/- each fully paid up	5,00,00,000	5,00,00,000
Total	17,37,50,000	15,37,50,000

- 1.1 The Company having shares referred to as equity shares having face value of ₹ 10/-. Each holder of equity share is entitled to 1 vote per share.
- 1.2 During the year ended 31st March, 2017, dividend recognized as distribution to Cumulative Non - Convertible Compulsorily Redeemable Preference shares holders @ 13% (P.Y. ₹ 13%). The total dividend paid & appropriation for the year ended 31st March, 2017 amounted ₹ 65,00,000/- (P.Y. ₹ 16,25,000) excluding corporate dividend tax of ₹ 13,23,400/- (P.Y. ₹ 3,30,812).

Notes Forming Part of the Accounts For The Year Ended 31st March, 2017

- 1.3 In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the 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 shareholder.
- 1.4 The holder(s) of Cumulative Non - Convertible Compulsorily Redeemable Preference shares (CNCCRPS) shall have no voting rights other than in respect of matters directly affecting the rights attached to the CNCCRPS. In the event of any due and payable dividends on the CNCCRPS remaining unpaid, the holder(s) of CNCCRPS shall gain voting rights in respect of all matters placed at a General Meeting of its equity shareholders in accordance with the provisions of the Companies Act, 2013.
- 1.5 Cumulative Non -Convertible Compulsorily Redeemable Preference shares are redeemable after 18 months from date of issue i.e. 31.12.2015 at par. The preference share holders are not entitled to any voting rights except under the circumstances as mentioned in para 1.4 above.
- 1.6 The Company is 100% subsidiary of Arman Financial Services Limited.
- 1.7 Details of equity shareholders holding more than 5% equity shares of the Company are as follows:

Name of Shareholder	As at 31.03.2017		As at 31.03.2016	
	%	Shares	%	Shares
Arman Financial Services Limited	100.00	1,23,75,000	100.00	1,03,75,000

- 1.8 Details of preference shareholders holding more than 5% preference shares of the Company are as follows:

Name of Shareholder	As at 31.03.2017		As at 31.03.2016	
	%	Shares	%	Shares
UNIFI AIF	100.00	50,00,000	100.00	50,00,000

- 1.9 The reconciliation of the number of shares outstanding and the amount of share capital as at 31.03.2017 & 31.03.2016 is set out below.

Particulars	As at 31.03.2017		As at 31.03.2016	
	No. of Shares	Amount in ₹	No. of Shares	Amount in ₹
Equity Shares				
Shares at the beginning	1,03,75,000	10,37,50,000	1,00,00,000	10,00,00,000
Addition - subscription during the year	20,00,000	2,00,00,000	3,75,000	37,50,000
Deletion	Nil	Nil	Nil	Nil
Shares at the end	1,23,75,000	12,37,50,000	1,03,75,000	10,37,50,000
Preference Shares				
Shares at the beginning	50,00,000	5,00,00,000	Nil	Nil
Addition - subscription during the year	Nil	Nil	50,00,000	5,00,00,000
Deletion	Nil	Nil	Nil	Nil
Shares at the end	50,00,000	5,00,00,000	50,00,000	5,00,00,000

2. Reserves & Surplus

(Amount in ₹)

	As at 31.03.2017	As at 31.03.2016
General Reserve		
Balance as per last financial statement	1,00,000	Nil
Add : transfer from statement of profit and loss	1,00,000	1,00,000
Closing Balance	2,00,000	1,00,000
Special Reserve u/s 45-IC of the RBI Act, 1934		



Notes Forming Part of the Accounts For The Year Ended 31st March, 2017

2. Reserves & Surplus (Contd...)

(Amount in ₹)

	As at 31.03.2017	As at 31.03.2016
Balance as per last financial statement	2,05,50,000	93,00,000
Add: Transfer from statement of profit and loss	78,00,000	1,12,50,000
Closing Balance	2,83,50,000	2,05,50,000
Share Premium Account		
Balance as per last financial Statement	4,68,750	Nil
Add : On account of equity warrant capitalised during the year	3,00,00,000	4,68,750
Closing Balance	3,04,68,750	4,68,750
Surplus in the Statement of Profit and Loss		
Balance as per last financial statement	7,72,58,165	3,55,19,202
Add : Profit for the year	3,82,57,575	5,50,44,775
	11,55,15,740	9,05,63,977
Less: Appropriations		
Amount transfer to Special Reserve u/s 45-IC of RBI Act, 1934	78,00,000	1,12,50,000
Amount transfer to General Reserve	1,00,000	1,00,000
Dividend Paid On Cumulative Non - Convertible Compulsorily Redeemable Preference shares	48,75,000	Nil
Tax on distributed profit on dividend paid	9,92,588	Nil
Proposed Dividend On Cumulative Non - Convertible Compulsorily Redeemable Preference shares	16,25,000	16,25,000
Tax on distributed profit on proposed dividend	3,30,812	3,30,812
Closing Balance	9,97,92,340	7,72,58,165
Total	15,88,11,090	9,83,76,915

2.1

Particulars	Nature and Purpose
General Reserve	The reserve is created out of profit in accordance with Companies (Transfer of Profit to Reserve) Rule, 1975 and is distributable in accordance with Companies (Distribution of dividend out of Reserve) Rules, 1975.
Special Reserve u/s 45-IC of the RBI Act, 1934	The reserve is created out of profits in accordance with RBI Act, 1934
Securities Premium Reserve	The reserve is created out of profit in accordance with Companies (Transfer of Profit to Reserve) Rule, 1975 and is distributable in accordance with Companies (Distribution of dividend out of Reserve) Rules, 1975.

Notes Forming Part of the Accounts For The Year Ended 31st March, 2017

3. Long Term Borrowings

(Amounts in ₹)

	As at 31.03.2017		As at 31.03.2016	
	Non Current	Current	Non Current	Current
Secured				
Loans				
From Banks				
-- Term Loans @	9,87,56,610	41,03,31,451	26,65,76,574	31,35,13,932
From financial institutions				
-- Term Loans @	4,98,98,804	18,07,54,153	17,49,14,249	21,39,37,834
Debentures				
From financial institutions				
-- 14% Redeemable Non-Convertible Debentures"	33,30,00,000	Nil	Nil	Nil
Unsecured				
Loans				
From others				
-- Inter Corporate Deposit	Nil	70,00,000	Nil	20,53,852
Total	48,16,55,414	59,80,85,604	44,14,90,823	52,95,05,618
Less : Amount disclosed under head Other Current Liability (Note 7)	Nil	59,80,85,604	Nil	52,95,05,618
Total	48,16,55,414	Nil	44,14,90,823	Nil

Security:

- @ Term loans are secured under hypothecation of specific assets portfolio & personal guarantee of some of the Directors. The same are further secured by cash collateral security in the form of fixed deposit & investments in mutual funds which are shown under "Other Bank Balance" & "Investments" respectively.
- @ 14% Redeemable Non-Convertible Debentures are secured under hypothecation of specific assets portfolio.

Interest:

Term loan carries an interest rate ranging from 12% to 15.75% p.a.

Redeemable Non-Convertible Debentures carries an interest rate of 14% p.a.

Inter Corporate Deposits carries interest rate @ 12% p.a.

Repayment:

Term Loan Facilities are repayable in following schedule in Monthly / Half yearly instalments as follows:-

(Amount in ₹)

Particulars	Upto 1 year	2 to 3 Years
Term loan repayment	59,10,85,604	14,86,55,414
14% Non Convertible Debentures	Nil	33,30,00,000
Inter Corporate Deposits	70,00,000	Nil



Notes Forming Part of the Accounts For The Year Ended 31st March, 2017

4 Long Term Provisions

(Amount in ₹)

	As at 31.03.2017		As at 31.03.2016	
	Non Current	Current	Non Current	Current
Contingent provision against standard asset	8,62,100	1,15,37,900	13,00,000	1,00,00,000
Provision for dividend Cumulative Non - Convertible Compulsorily Redeemable Preference shares	Nil	16,25,000	Nil	16,25,000
Provision for tax on distributed profits	Nil	3,30,812	Nil	3,30,812
Provision for Gratuity	3,09,725	5,29,953	5,07,808	27,786
Provision for tax	Nil	8,12,30,000	Nil	5,70,30,000
Less : Advance tax & TDS	Nil	(7,09,35,358)	Nil	(4,59,28,413)
Net	11,71,825	2,43,18,307	18,07,808	2,30,85,185
Tr. to short term provision (Note 7)	Nil	(2,43,18,307)	Nil	(2,30,85,185)
Total	11,71,825	Nil	18,07,808	Nil

5. Short-Term Borrowings

(Amounts in ₹)

	Current	
	As at 31.03.2017	As at 31.03.2016
Working capital loans from banks - Secured @	7,03,80,663	2,83,26,519
Total	7,03,80,663	2,83,26,519

Security :

- @ Working capital are secured under hypothecation of specific assets portfolio & personal guarantee of some of the Directors. The same are further secured by cash collateral security in the form of fixed deposit & investments in mutual funds which are shown under "Other Bank Balance" & "Investments" respectively.

6. Other Current Liabilities

(Amounts in ₹)

	Current	
	As at 31.03.2017	As at 31.03.2016
Current maturity of long term borrowings (Note 3)	59,80,85,604	52,95,05,618
Salary & wages payable	64,95,817	33,36,114
Other statutory dues	9,00,772	4,74,664
TDS payable	10,76,931	8,30,477
Sundry creditors for expense	17,70,489	95,96,609
Unpaid expenses	10,47,757	5,21,787
Interest accrued but not due on term loans	58,92,993	17,50,353
Micro insurance payable	89,01,143	48,61,777
"Cash profit on loan transfer transactions pending recognition (Note -26 (ii))"	Nil	27,95,604
Total	62,41,71,506	55,36,73,003

Notes Forming Part of the Accounts For The Year Ended 31st March, 2017

7. Short Term Provisions

(Amounts in ₹)		
	Current	
	As at 31.03.2017	As at 31.03.2016
Contingent provision against standard asset (Note-4)	1,15,37,900	1,00,00,000
Provision for dividend on Cumulative Non - Convertible Compulsorily Redeemable Preference shares (Note -4)	16,25,000	16,25,000
Provision for tax on distribution profit (Note - 4)	3,30,812	3,30,812
Provisions for employee liability (Note-4)	5,29,953	27,786
Provision for tax	8,12,30,000	5,70,30,000
Less : Advance tax & TDS	(7,09,35,358)	(4,59,28,413)
Net (Note - 4)	1,02,94,642	1,11,01,587
Total	2,43,18,307	2,30,85,185

7.1 "Contingent provision against standard assets:

As per Master Circular - 'Non Banking Financial Company-Micro Finance Institutions' (NBFC-MFIs)-directions dated July'1,2015 vide reference no. RBI/2015-16/20, DNBR (PD) CC.No.047/03.10.119/2015-16, provisioning for the Non-AP portfolio would be as per the December 02, 2011 directions with effect from April 1, 2013 is "The aggregate loan provision to be maintained by NBFC-MFIs at any point of time shall not be less than the higher of a) 1% of the outstanding loan portfolio or b) 50% of the aggregate loan instalments which are overdue for more than 90 days and less than 180 days and 100% of the aggregate loan instalments which are overdue for 180 days or more".



Notes Forming Part of the Accounts For The Year Ended 31st March, 2017

8. Property, Plant & Equipment

(Amounts in ₹)

Property, Plant & Equipment					Total Property, Plant & Equipment	Intangible Assets	Total
Carrying Value	Furniture & Fixtures	Office Equipments	Computer	Vehicle			
01.04.2015	4,26,165	Nil	6,22,112	Nil	10,48,277	Nil	10,48,277
Addition	5,18,453	41,480	10,59,878	Nil	16,19,811	8,61,000	24,80,811
Disposal	Nil	Nil	Nil	Nil	Nil	Nil	Nil
At 31.03.2016	9,44,618	41,480	16,81,990	Nil	26,68,088	8,61,000	35,29,088
Addition	10,11,418	3,05,462	15,33,725	55,93,000	84,43,605	8,30,500	92,74,105
Disposal	Nil	Nil	Nil	Nil	Nil	Nil	Nil
At 31.03.2017	19,56,036	3,46,942	32,15,715	55,93,000	1,11,11,693	16,91,500	1,28,03,193
Accumulated Depreciation	Furniture & Fixtures	Office Equipments	Computer	Vehicle	Total Property, Plant & Equipment	Intangible Assets	Total
01.04.2015	31,616	Nil	1,51,555	Nil	1,83,171	Nil	1,83,171
Change for the year	73,264	4,232	3,65,138	Nil	4,42,634	22,860	4,65,494
Disposal	Nil	Nil	Nil	Nil	Nil	Nil	Nil
At 31.03.2016	1,04,880	4,232	5,16,693	Nil	6,25,805	22,860	6,48,665
Change for the year	1,54,185	38,426	7,95,741	6,13,344	16,01,696	2,34,036	18,35,732
Disposal	Nil	Nil	Nil	Nil	Nil	Nil	Nil
At 31.03.2017	2,59,065	42,658	13,12,434	6,13,344	22,27,501	2,56,896	24,84,397
Net Carrying Value							
AS AT 31.03.2016	8,39,738	37,248	11,65,297	Nil	20,42,283	8,38,140	28,80,423
AS AT 31.03.2017	16,96,971	3,04,284	19,03,281	49,79,656	88,84,192	14,34,604	1,03,18,796

Notes Forming Part of the Accounts For The Year Ended 31st March, 2017

9. Investments

(Amounts in ₹)				
		As at 31.03.2017		As at 31.03.2016
		Non Current	Current	Non Current Current
"Un Quoted Investments - Investments in Units of Mutual Funds (Valued at cost unless stated otherwise)"				
a)	400000 Units (P.Y. 400000) of SBI debt fund series - B- 34 - Regular Growth	40,00,000	Nil	40,00,000 Nil
b)	500975 Units (P.Y. Nil) of SBI debt fund series B-36 (1131 Days)	50,09,755	Nil	Nil Nil
c)	624507 Units (P.Y. 210758) of SBI corporate bond fund - Regular Plan - Growth	1,50,06,240	Nil	50,00,000 Nil
d)	Nil Units (P.Y. 2112) of SBI premier liquid fund - Regular Plan - Growth	Nil	Nil	50,00,000 Nil
		2,40,15,995	Nil	1,40,00,000 Nil
Aggregate NAV of unquoted investments		2,62,17,588		1,40,73,381
Aggregate cost of investments		2,40,15,995		1,40,00,000

9.1 Investments represents investments given as cash collateral security against working capital and term loans.

10. Net Deferred Tax Assets

(Amounts in ₹)		
	As at 31.03.2017	As at 31.03.2016
Deferred Tax Assets arising out of timing difference relating to :		
Shares issue expenses that are allowable for tax purpose on deferred basis	3,39,910	2,07,767
Provision for NPA that are allowable for tax purpose in the year of actual loss	38,14,776	33,06,300
Provision for Gratuity that are allowable for tax purpose in the year of actual paid	2,77,623	1,77,083
Total Deferred Tax Assets	44,32,309	36,91,150
Deferred Tax Liability arising out of timing difference relating to :		
Difference of depreciation as per tax provision and Company Law	4,88,279	2,33,281
Total Deferred Tax Liability	4,88,279	2,33,281
Net Deferred Tax Assets	39,44,030	34,57,869



Notes Forming Part of the Accounts For The Year Ended 31st March, 2017

11. Loans and Advances (Considered good unless otherwise stated)

(Amounts in ₹)

	As at 31.03.2017		As at 31.03.2016	
	Non Current	Current	Non Current	Current
A Unsecured				
-- Loans to Companies, Firms & Individuals	2,74,71,381	1,04,16,13,559	12,75,26,255	99,62,34,064
-- Deposits	69,15,949	16,45,219	82,31,400	46,63,368
-- Other loans and advances	5,75,77,413	8,21,00,167	Nil	21,67,924
-- Balance with revenue authorities	Nil	38,393	Nil	89,973
-- Advances to staff	Nil	9,15,806	Nil	7,80,110
Total	9,19,64,743	1,12,63,13,144	13,57,57,655	1,00,39,35,439

11.1 Deposits include security deposits of ₹ 85,61,168/- (P.Y. ₹ 1,24,74,868) given as collateral security against term loans and working capital loans

12. Other Non Current Assets

(Amounts in ₹)

	Non Current	
	As at 31.03.2017	As at 31.03.2016
Deposits with original maturity for more than 12 months (Note 14)	3,39,65,863	5,45,41,249
Total	3,39,65,863	5,45,41,249

12.1 Deposits represents deposits given as collateral security against term loans & working capital loans

13. Trade Receivables

(Amounts in ₹)

	Current	
	As at 31.03.2017	As at 31.03.2016
A Outstanding for a period exceeding Six Months from the date they are due for Payment (Unsecured, considered good)		
Secured	Nil	Nil
Unsecured	Nil	Nil
	Nil	Nil
B Other Trade receivables (Unsecured, considered good)		
Secured	Nil	Nil
Unsecured	3,44,96,200	33,98,631
	3,44,96,200	33,98,631
Total	3,44,96,200	33,98,631

Notes Forming Part of the Accounts For The Year Ended 31st March, 2017

14. Cash and Bank Balance

(Amounts in ₹)

	As at 31.03.2017		As at 31.03.2016	
	Non Current	Current	Non Current	Current
A Cash and cash equivalents				
Cash on hand	Nil	87,75,523	Nil	6,68,446
Balance with banks	Nil	16,25,43,041	Nil	6,23,23,059
Total	Nil	17,13,18,564	Nil	6,29,91,505
B Other Bank Balance				
Deposits with original maturity for more than 12 months	3,39,65,863	3,79,21,471	5,45,41,249	1,95,47,482
	3,39,65,863	3,79,21,471	5,45,41,249	1,95,47,482
Less amount disclosed under non current assets (Note 12)	3,39,65,863	Nil	5,45,41,249	Nil
Total	Nil	20,92,40,034	Nil	8,25,38,987

14.1 Other bank balance represents deposits given as cash collateral security against term loans & working capital loans.

15. Revenue from operation

(Amounts in ₹)

	2016-17	2015-16
Micro loan interest income	32,90,88,123	20,31,93,803
Other interest income	1,49,11,368	37,48,382
Interest income from Bank FD	68,18,693	37,72,534
Interest income from managed assets	34,90,440	2,83,75,843
Processing fees	1,58,43,516	1,83,76,363
Total	37,01,52,140	25,74,66,925

16. Other Income

(Amounts in ₹)

	2016-17	2015-16
Miscellaneous income	Nil	5,216
Profit on sale of investments	15,995	Nil
Total	15,995	5,216



Notes Forming Part of the Accounts For The Year Ended 31st March, 2017

17. Employee Benefit Expenses

(Amounts in ₹)

	2016-17	2015-16
Salary, wages & bonus	5,83,88,786	3,29,42,939
Contribution to provident fund & other funds	50,94,176	22,09,765
Welfare expenses	14,59,694	13,19,531
Total	,49,42,656	3,64,72,235

The disclosure in respect of Employee Benefit as defined in the Accounting Standard 15 is given below :

A. The Amounts (In ₹) Recognized In the Balance Sheet are as Follows:

(Amounts in ₹)

Particulars	Gratuity Defined Benefit Obligation	Gratuity Defined Benefit Obligation
	2016-17	2015-16
Present value of funded obligations	Nil	Nil
Fair value of plan assets	Nil	Nil
Present value of unfunded obligations	10,57,370	5,35,594
Unrecognized past service cost	Nil	Nil
Net liability	10,57,370	5,35,594
Amounts in the balance sheet:		
Liabilities	10,57,370	5,35,594
Assets	2,17,692	Nil
Net liability	8,39,678	5,35,594

B. The Amounts (in ₹) recognized in the statement of Profit and Loss are as follows:

(Amounts in ₹)

Particulars	Gratuity Defined Benefit Obligation	Gratuity Defined benefit Obligation
	2016-17	2015-16
Current service cost	2,65,245	3,23,957
Interest on obligation	41,997	37,317
Expected return on plan assets	(9,558)	Nil
Net actuarial losses (gains) recognized in year	2,52,393	(3,05,834)
Past service cost	Nil	Nil
Losses (gains) on curtailments and settlement	Nil	Nil
Total, included in 'employee benefit expense'	5,50,077	55,440
Actual return on plan assets	Nil	Nil

Notes Forming Part of the Accounts For The Year Ended 31st March, 2017

17. Employee Benefit Expenses (Contd...)

C Changes in the present value of the defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:

Particulars	(Amounts in ₹)	
	Gratuity Defined Benefit Obligation	Gratuity Defined Benefit Obligation
	2016-17	2015-16
Opening defined benefit obligation	5,35,594	4,80,154
Transfer in liability from Arman Financials	Nil	Nil
Service cost	2,65,245	3,23,957
Interest cost	41,997	37,317
Actuarial losses (gains)	2,14,534	(3,05,834)
Losses (gains) on curtailments	Nil	Nil
Liabilities extinguished on settlement	Nil	Nil
Liabilities assumed in an amalgamation in the nature of purchase	Nil	Nil
Exchange differences on foreign plans	Nil	Nil
Benefits paid	Nil	Nil
Closing defined benefit obligation	10,57,370	5,35,594

D. Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows:

Particulars	(Amounts in ₹)	
	Gratuity Defined Benefit Obligation	Gratuity Defined Benefit Obligation
	2016-17	2015-16
Opening fair value of plan assets	Nil	Nil
Expected return	9,558	Nil
Actuarial gains and (losses)	(37,859)	Nil
Assets distributed on settlements	Nil	Nil
Contributions by employer	2,45,993	Nil
Assets acquired in an amalgamation in the nature of purchase	Nil	Nil
Exchange differences on foreign plans	Nil	Nil
Benefits paid	Nil	Nil
Closing balance of fair value of plan assets	2,17,692	Nil

E. Reconciliation of gratuity provision account

Particulars	(Amounts in ₹)	
	Gratuity Defined Benefit Obligation	Gratuity Defined Benefit Obligation
	2016-17	2015-16
Net opening provision in books of accounts	5,35,594	4,80,154
Employee benefit expense as per annexure II	5,50,077	55,440
Transfer in liability from Arman Financial Services Limited	Nil	Nil
	10,85,671	5,35,594
Benefits paid by the Company	Nil	Nil
Amounts transferred to 'Payable Account'	Nil	Nil
Contributions to Plan Assets	(2,45,993)	Nil
Closing provision in books of accounts	8,39,678	5,35,594



Notes Forming Part of the Accounts For The Year Ended 31st March, 2017

17. Employee Benefit Expenses (Contd...)

F. The major categories of plan assets as a percentage of total plan assets are as follows:

(Amounts in ₹)

Particulars	Gratuity Defined Benefit Obligation 2016-17	Gratuity Defined Benefit Obligation 2015-16
Government of India Securities	0%	0%
High quality corporate bonds	0%	0%
Equity shares of listed companies	0%	0%
Property	0%	0%
Insurance Company	0%	0%

G. Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

(Amounts in ₹)

Particulars	Gratuity Defined Benefit Obligation 2016-17	Gratuity Defined Benefit Obligation 2015-16
Discount rate	6.80%	8.05%
Expected return on plan assets	-	-
Proportion of employees opting for early retirement	-	-
Annual increase in Salary costs	6.00%	6.00%
Future changes in maximum state health care benefits	-	-

H. Gratuity benefit amount for the current period are as follow:

(Amounts in ₹)

Particulars	2016-17	2015-16
Defined benefit obligation	8,39,678	5,35,594
Plan assets	Nil	Nil
Surplus/(deficit)	(8,39,678)	(5,35,594)
Experience adjustments on plan liabilities	1,51,562	(1,09,008)
Experience adjustments on plan assets	Nil	Nil
Actuarial Loss/(Gain) due to change in demographic assumption	Nil	(1,89,621)
Actuarial Loss/(Gain) due to change in financial assumption	62,972	(7,205)
Actuarial Loss/(Gain) on liabilities	2,14,534	Nil
Net Actuarial Loss/(Gain) on liabilities	2,14,534	(3,05,834)

I. Experience adjustment

(Amounts in ₹)

Particulars	31.03.2017	31.03.2016	31.03.2015	31.03.2014
Defined benefit obligation	10,57,370	5,35,594	4,80,154	1,25,049
Plan assets	2,17,692	Nil	Nil	Nil
Unrecognised past service cost	Nil	Nil	Nil	Nil
Deficit	8,39,678	Nil	Nil	Nil
Experience adjustments on plan liabilities	1,51,562	4,80,154	1,25,049	1,25,049
Experience adjustments on plan assets	37,859	Nil	Nil	Nil
Expected contribution to be paid upto 31.03.2018 is ₹ 5,00,000/-				

Notes Forming Part of the Accounts For The Year Ended 31st March, 2017

18. Finance Cost

	(Amounts in ₹)	
	2016-17	2015-16
Interest expenses	17,44,07,571	9,59,65,701
Other Borrowing cost	28,37,000	1,08,73,089
Total	17,72,44,571	10,68,38,790

19. Depreciation and Amortisation Expense

	(Amounts in ₹)	
	2016-17	2015-16
Depreciation of Property, Plant & Equipment	16,01,696	4,42,634
Amortization of intangible assets	2,34,036	22,860
Total	18,35,732	4,65,494

20. Other Expenses

	(Amounts in ₹)	
	2016-17	2015-16
Electricity & fuel charges	6,88,919	4,36,332
REPAIRS TO:		
Building	2,60,277	1,15,230
Other	Nil	Nil
Sub Total	2,60,277	1,15,230
Insurance	2,77,511	2,36,703
Rent	76,37,144	41,39,900
Rates & taxes	1,16,790	93,586
Director sitting fees	40,000	Nil
Stationery & printing	13,43,115	18,70,356
Communication	37,18,474	24,77,208
Traveling & conveyance expenses	99,71,580	49,90,070
Professional fees	1,13,00,514	44,22,896
Auditor's Remuneration:		
Audit fees	2,18,500	2,17,550
For tax audit	28,750	28,625
For certification	Nil	10,277
For income tax consultancy fee	Nil	Nil
Sub Total	2,47,250	2,56,452
Corporate Social Responsibility activities	2,25,750	1,00,000
Marketing & incentive expenses	1,14,309	51,575



Notes Forming Part of the Accounts For The Year Ended 31st March, 2017

20. Other Expenses (Contd...)

(Amounts in ₹)

	2016-17	2015-16
Bad debts written off	2,29,35,920	20,52,793
Contingent provision against standard assets (Net)	11,00,000	55,76,000
Share issue expenditure	7,56,900	5,41,745
Loss/(Profit) on sale of investments	Nil	4,139
General charges (including bank charges, security charges & membership fees etc.)	45,39,309	26,01,781
Total	6,52,73,762	2,99,66,766

21. Contingent liabilities not provided for:

There is no contingent liability for the current year as well as in the previous year.

22. Related Party Disclosures:

List of related parties with whom transactions have taken place during the year:

A) Holding Company

Arman Financial Services Limited

B) Key Managerial Personnel

Mr. Jayendra Patel

Mr. Amit Manakiwala

Mr. Aalok Patel

C) Directors and other relatives of Key Managerial Personnel

Name of Party

Mrs. Ritaben Patel

Mr. Ramakant Nagpal

Aakash Patel (HUF)

Aalok Patel (HUF)

Raj Enterprise

Amit Manakiwala (HUF)

Mrs. Himani Manakiwala

Jayendra Patel (HUF)

Mrs. Sajniben Patel

Mrs. Sachiben Patel

Related party Relationship

Director

Director

Relative of Key Managerial Personnel

Key Managerial personnel is Karta

Key Managerial personnel is Proprietor

Key Managerial personnel is Karta

Relative of Key Managerial Personnel

Key Managerial personnel is Karta

Relative of Key Managerial Personnel

Relative of Key Managerial Personnel

D) Relative of Key Managerial Personnel and their enterprise with whom transaction have taken place during the year

Namra Holdings & Consultancy Services LLP

Key Managerial Personnel is Partner

Notes Forming Part of the Accounts For The Year Ended 31st March, 2017

22. Related Party Disclosures: (Contd...)

E) Details of Transactions are as follows:

(Amount in ₹)

SRN	Nature of transactions	Holding Company	Key Managerial Personnel	Relatives of Key Managerial Personnel	Relative of KMP and their enterprise	Total
1	Expenses					
	Interest	Nil	8,99,865	17,88,239	15,31,835	42,19,939
		(65,64,866)	(5,94,463)	(13,42,973)	(55,057)	(85,57,359)
2	Income					
	Interest	1,39,54,591	Nil	Nil	Nil	1,39,54,591
		(31,58,084)	(Nil)	(Nil)	(Nil)	(31,58,084)
3	Others					
	Sales under securitization	Nil	Nil	Nil	Nil	Nil
		(24,42,88,000)	(Nil)	(Nil)	(Nil)	(24,42,88,000)
	Purchase of receivables under securitization	13,52,50,000	Nil	Nil	Nil	13,52,50,000
		(Nil)	(Nil)	(Nil)	(Nil)	(Nil)
4	Unsecured loans taken					
	Loan taken during the year	Nil	1,42,80,000	1,38,50,438	3,07,75,000	5,89,05,438
		(27,06,85,830)	(1,07,15,000)	(72,09,630)	(4,75,000)	(28,90,85,460)
	Loan and interest repaid during the year	Nil	1,51,79,865	1,56,38,677	3,23,06,835	6,31,25,377
		(28,36,99,353)	(1,46,92,148)	(1,54,63,183)	(5,30,057)	(31,43,84,741)
	Balance out standing at year end 31.03.2017	Nil	Nil	Nil	Nil	Nil
		(Nil)	(Nil)	(Nil)	(Nil)	(Nil)
5	Unsecured Loans Granted					
	Loan granted during the year	1,28,74,42,536	Nil	Nil	Nil	1,28,74,42,536
		(Nil)	(Nil)	(Nil)	(Nil)	(Nil)
	Loan and Interest received during the year	1,20,43,01,105	Nil	Nil	Nil	1,20,43,01,105
		(Nil)	(Nil)	(Nil)	(Nil)	(Nil)
	Balance out standing at year end 31.03.2017	9,70,96,022	Nil	Nil	Nil	9,70,96,022
		(Nil)	(Nil)	(Nil)	(Nil)	(Nil)
6	Equity Contribution	5,00,00,000	Nil	Nil	Nil	5,00,00,000
		(37,50,000)	(Nil)	(Nil)	(Nil)	(37,50,000)
7	Remuneration & Director Perquisites	Nil	22,04,000	Nil	Nil	22,04,000
		(Nil)	(21,86,000)	(Nil)	(Nil)	(21,86,000)
8	Director sitting fee	Nil	Nil	10,000	Nil	10,000
		(Nil)	(Nil)	(Nil)	(Nil)	(Nil)



Notes Forming Part of the Accounts For The Year Ended 31st March, 2017

22. Related Party Disclosures: (Contd...)

List of Transactions, out of the transaction reported in the above table, where the transaction entered into with single party exceeds 10% of the total related party transactions of similar nature are as under:

(Amount in ₹)			
Nature of Payments	Related Party	2016-17	2015-16
Interest expense	Arman Financial Services Limited	Nil	65,64,866
	Namra Holdings & Con. Ser. LLP	15,31,835	55,057
	Jayendra Patel- HUF	8,20,911	2,33,270
Interest income	Arman Financial Services Limited	1,39,54,591	31,58,084
Sales under securitization	Arman Financial Services Limited	Nil	24,42,88,000
Purchase under securitization	Arman Financial Services Limited	13,52,50,000	Nil
Loan taken	Arman Financial Services Limited	Nil	27,06,85,830
	Jayendra Patel	70,15,000	64,65,000
	Namra Holdings & Con. Ser. LLP	3,07,75,000	4,75,000
Loan and interest repaid	Arman Financial Services Limited	Nil	28,36,99,353
	Jayendra Patel	73,77,199	89,37,567
	Namra Holdings & Con. Ser. LLP	3,23,06,835	5,30,057
	Jayendra Patel (HUF)	64,45,911	36,69,850
Loan granted during the year	Arman Financial Services Limited	1,28,74,42,536	70,54,57,132
Loan and interest received during the year	Arman Financial Services Limited	1,20,43,01,105	70,86,15,216
Equity contribution	Arman Financial Services Limited	5,00,00,000	37,50,000
Compulsory Convertible Debentures application money refunded	Aalok Patel	Nil	9,99,999
	Jayendra Patel	Nil	20,00,001
Interest paid on Compulsory Convertible Debentures application money	Aalok Patel	Nil	37,397
	Jayendra Patel	Nil	74,795
Remuneration	Aalok Patel	7,04,000	6,86,000
	Jayendra Patel	10,00,000	10,00,000
	Amitbhai Manakiwala	5,00,000	5,00,000

23. Earnings per Share

Particulars	Unit	31.03.2017	31.03.2016
Profit after tax	₹	3,82,57,575	5,50,44,775
Less: Dividend on Redeemable Preference Shares	₹	(65,00,000)	(16,25,000)
Less: Tax on distributed profit	₹	(13,23,400)	(3,30,812)
Profit available for equity share holder	₹	3,04,34,175	5,30,88,963
Numerator used for calculating Basic and diluted EPS	₹	3,04,34,175	5,30,88,963
Weighted average No. of shares used as denominator for calculating Basic and diluted EPS	No. of Shares	1,15,67,308	1,01,83,607
Weighted average No. of shares used as denominator for calculating diluted EPS	No. of Shares	1,15,67,308	1,01,83,607
Face value of share	₹	10	10
Basic Earnings per Share	₹	2.63	5.21
Diluted Earnings per Share	₹	2.63	5.21

24. Details of Average interest paid on borrowing and charged on loans given to JLG:

Particulars	Rate of Interest in %
Average interest rate on borrowings	14.79%
Average interest rate on Loans given to JLGs	24.25%

Notes Forming Part of the Accounts For The Year Ended 31st March, 2017

25. Loan Portfolio and Provision for Standard and Non Performing Assets:

Classification	Portfolio loan outstanding (Gross)		Provision for standard and non performing assets	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
Standard assts	1,23,88,31,140	1,12,49,80,553	1,24,00,000	1,13,00,000
Sub standard assets	32,77,920	21,78,397	*Nil	*Nil
Total	1,23,88,31,140	1,12,71,58,950	1,24,00,000	1,13,00,000

*Refer Note 7.1

26. Disclosure requirement by RBI

A) Disclosure requirement by originator as per Reserve bank of India's guidelines on securitization of standard assets as under.

i. Details of securitization

Particulars	2016-17	2015-16
Total no of loan assets	-	28,409
Book value of loan assets (₹)	-	22,75,22,231
Sales consideration received from securitized assets (₹)	-	24,42,88,000
Gain / (Loss) on securitized assets (₹)	-	1,67,65,769
Form of service provided	-	-
Quantum of outstanding value of services (₹)	-	4,69,58,545

ii. As per Master Circulars - "Miscellaneous Instructions to all Non-Banking Financial Companies" dated July'1, 2015 (updated as on April 11,2016) vide ref. no. RBI/2015-16/107 DNBR (PD) CC.No.056/03.10.119/2015-16 any profit / premium arising on account of securitization of loans should be amortised over the life of the securities issued or to be issued by the SPV. The amount of profit received in cash may be held under an accounting head styled as "Cash Profit on Loan Transfer Transactions Pending Recognition" maintained on individual transaction basis. The amortization of cash profit arising out of securitization transaction will be done at the end of every financial year

B) Additional disclosures required by the RBI

(i) Capital to Risk Assets Ratio (CRAR)

		(in %)	
Sr. No.	Particulars	2016-17	2015-16
(i)	CRAR (%)	27.64	23.01
(ii)	CRAR Tier I Capital (%)	26.65	22.02
(iii)	CRAR Tier II Capital (%)	0.99	0.99
(iv)	Amount of subordinated debt raised as Tier-II capital (%)	--	--
(v)	Amount raised by issue of perpetual debt instruments	--	--

(ii) Investments

		(Amount in ₹ Lakhs)	
Particulars		2016-17	2015-16
(1) Value of investments			
(i) Gross value of investments		240.15	140.00
(A) In India		240.15	140.00
(B) Outside India		-	-
(ii) Provision for depreciation		-	-



Notes Forming Part of the Accounts For The Year Ended 31st March, 2017

26. Disclosure requirement by RBI (Contd...)

(A)	In India	-	-
(B)	Outside india	-	-
(iii)	Net value of investments	240.15	140.00
(A)	In india	240.15	140.00
(B)	Outside india	-	-
(2)	Movement of provisions held towards Depreciation on investments.		
(i)	Opening balance	-	-
(ii)	Add: Provisions made during the year	-	-
(iii)	Less: write-off/write-back of excess provisions during the year.	-	-
(iv)	Closing balance	-	-

(iii) Derivatives

The Company has no transactions /exposures in derivatives in the current year and previous year. Un-hedge foreign currency exposure as on 31st March, 2017 is ₹ Nil (P.Y. is ₹ Nil).

(iv) Details of non-performing assets purchase / sold.

The Company has not purchased/sold non performing financial assets in the current and previous year.

(v) Assets Liability Management

Maturity pattern of certain assets and liability as on 31.3.2017.

(₹ In Lakhs)

Particulars	Up to 30/31 days	Over 1 month upto 2 month	Over 2 month upto 3 month	Over 3 month & up to 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	--	--	--	107.21	232.45	379.21	--	--	718.87
Advances	1574.44	1416.55	2298.65	3309.94	2859.22	936.07	37.72	--	12432.59
Investments	--	--	--	--	--	240.16	--	--	240.16
Cash and bank balance	1713.19	--	--	--	--	--	--	--	1713.19
Borrowings	518.80	520.74	521.85	1553.84	2865.62	2867.8	2652.57	--	11501.21
Foreign currency assets	--	--	--	--	--	--	--	--	--
Foreign currency liabilities	--	--	--	--	--	--	--	--	--

Maturity pattern of certain assets and liability as on 31.3.2016.

(₹ In Lakhs)

Particulars	Up to 30/31	Over 1 month upto 2 month	Over 2 month upto 3 month	Over 3 month & up to 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	4.12	4.12	3.42	19.59	106.33	732.24	--	--	869.82
Advances	1159.99	1088.54	1015.22	2620.25	3580.01	1829.26	--	--	11293.27
Investments	--	--	--	--	--	140.00	--	--	140.00
Cash and bank balance	629.92	--	--	--	--	--	--	--	629.92
Borrowings	379.97	537.38	537.38	1630.76	3164.61	3459.87	--	--	9709.97
Foreign currency assets	--	--	--	--	--	--	--	--	--
Foreign currency liabilities	--	--	--	--	--	--	--	--	--

Notes Forming Part of the Accounts For The Year Ended 31st March, 2017

26. Disclosure requirement by RBI (Contd....)

(vi) Exposure

The Company has no exposure to real estate sector and capital market directly or indirectly in the current and previous year.

(vii) Details of financing of parent company products:

This disclosure is not applicable as the company does not have any such financing activities.

(viii) Registration obtained from other financial sector regulators.

The Company is registered with following other financial sector regulators (financial regulators as described by Ministry of Finance):

- (i) Ministry of Corporate Affairs
- (ii) Ministry of Finance

(ix) Disclosure of penalties imposed by RBI and Other regulators.

No penalties imposed by RBI and other regulator during current year and previous year.

(x) Rating assigned by credit rating agencies and migration of ratings during the year

Deposit Instruments	Name of rating agency	Date of rating	Rating assigned	Valid up to	Borrowing limits or conditions imposed by rating agency
Long term bank facility	CARE	02-09-2016	BBB – SO (Triple B Structured Obligation)	01-09-2017	66.66 Crore
Proposed long term bank facility	CARE	02-09-2016	Provisional BBB – SO (Triple B Structured Obligation)	01-09-2017	83.34 Crore
Long term bank facility	CARE	02-09-2016	BBB (Triple B)	01-09-2017	10.00 Crore

27. Lease:

During the year Company has entered into certain rent agreements and amounts of ₹ 76.37 Lakhs (P.Y. ₹ 41.40 Lakhs) paid under such agreements have been charged to the Statement of profit and loss. These rent agreements are generally not non-cancellable and are renewable by mutual consent on mutually agreed terms. There are no restrictions imposed by such agreements.

28. During the year, the Company has impaired assets to the tune of ₹ Nil (P.Y. ₹ Nil).

29. Borrowing cost attributable to the acquisition or construction of qualifying assets amounting to ₹ Nil (P.Y. ₹ Nil).

30. As required in terms of paragraph 13 of Non-Financial Companies Prudential Norms (Reserve Bank) Directions, 2007, schedule to the Balance Sheet of a Non-Banking Financial Company are annexed hereto.

31. Balances are subject to confirmation.

32. Disclosure of details in respect of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016 as required by Notification No. GSR 308(E) [F.NO.17/62/2015-CL-V(VOL.I)], dated 30-03-2017 are provided in the Table below:—



Notes Forming Part of the Accounts For The Year Ended 31st March, 2017

SRN	Particulars	SBNs*	Other denomination notes*	Total
1	Closing cash in hand as on 08-11-2016	-	-	12,617,642
	(+) Withdrawal from Bank Accounts	-	-	2,607,334
2	(+) Permitted receipts	-	-	160,440,448
3	(-) Permitted payments	-	-	2,607,334
4	(-) Amount deposited in Banks	-	-	159,883,392
5	Closing cash in hand as on 30-12-2016	-	-	13,174,698

*Being Micro Finance Company and nature of transactions involved in it, it is not possible or feasible to disclose cash and every item of SBN deposited during the relevant year.

33. Previous year's figures have been regrouped and rearranged wherever necessary, to make them comparable with those of current year.

Signature to notes "1" to "33"

As per our report of even date attached

For, J. T. Shah & Co.

Chartered Accountants
Firm Regn. No. 109616W

[J. J. Shah]

Partner
[M.No.45669]

Place: Ahmedabad
Date: 26.05.2017

For **Namra Finance Limited**

Jayendra Patel

Chairman & Managing Director
DIN: 00011814

Jaimish Patel

Company Secretary
M. No. A42244

Aalok Patel

Director
DIN: 02482747

SCHEDULE TO THE BALANCE SHEET OF A NON-BANKING FINANCIAL COMPANY FOR YEAR ENDED ON 31.03.2017

[as required in terms of Paragraph 13 of Non-Banking Financial (Non Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Direction, 2007]

(₹ In lakhs)

SRN	Particulars	Amount Outstanding	Amount Overdue
(1)	Liabilities side:		
	Loan and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:		
	(a) Debentures:		
	Secured	3,330.00	NIL
	Unsecured		
	(other than falling within the meaning of public deposits*)	NIL	NIL
	(b) Deferred Credits	NIL	NIL
	(c) Term Loans	7,397.41	NIL
	(d) Inter-Corporate loans and borrowing	70.00	NIL
	(e) Commercial Paper	NIL	NIL
	(f) Public Deposits*	NIL	NIL
	(g) Other Loans (specify nature)		NIL
	- Working capital Loans	703.81	
	- from directors and relatives	NIL	
	- Debenture Application Money	NIL	703.81
	* PLEASE SEE NOTE 1 BELOW		
(2)	Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):		
	(a) In the form of Unsecured debentures	NIL	NIL
	(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security	NIL	NIL
	(c) Other Public Deposits	NIL	NIL
	Assets Side:		
(3)	Break-up of Loans and Advances including bills receivable [other than those included in (4) below]:		
	(a) Secured	NIL	NIL
	(b) Unsecured	12,388.31	344.96
(4)	Break-up of Leased Assets and stock on hire and hypothecation loans counting towards EL/HP activities		
	(i) Lease assets including lease rentals under sundry debtors:		
	(a) Financial Lease	NIL	NIL



SRN	Particulars	Amount Outstanding	Amount Overdue
	(b) Operating lease	NIL	NIL
	(ii) Stock on hire including hire charges under sundry debtors:		
	(a) Assets on hire	NIL	NIL
	(b) Repossessed Assets	NIL	NIL
	(iii) Hypothecation loans counting towards EL/HP activities		
	(a) Loans where assets have been re-possessed	NIL	NIL
	(b) Loans other than (a) above	NIL	NIL
(5)	Break-up of Investments:		
	Current Investments:		
	1. Quoted:		
	(i) Shares (a) Equity	NIL	NIL
	(b) Preference	NIL	NIL
	(ii) Debentures and Bonds	NIL	NIL
	(iii) Units of mutual funds	NIL	NIL
	(iv) Government Securities	NIL	NIL
	(v) Others (please specify)	NIL	NIL
	2. Unquoted:		
	(i) Shares (a) Equity	NIL	NIL
	(b) Preference	NIL	NIL
	(ii) Debentures and Bonds	NIL	NIL
	(iii) Units of mutual funds	NIL	NIL
	(iv) Government Securities	NIL	NIL
	(v) Others (please specify) FDR & Deposit	804.48	NIL
	Long-term investments:		
	1. Quoted:		
	(i) Shares (a) Equity	NIL	NIL
	(b) Preference	NIL	NIL
	(ii) Debentures and Bonds	NIL	NIL
	(iii) Units of mutual funds	NIL	NIL
	(iv) Government Securities	NIL	NIL
	(v) Others (please specify)	NIL	NIL
	2. Unquoted:		
	(i) Shares (a) Equity	NIL	NIL
	(b) Preference	NIL	NIL
	(ii) Debentures and Bonds	NIL	NIL
	(iii) Units of mutual funds	240.16	NIL
	(iv) Government Securities	NIL	NIL
	(v) Others (please specify)	NIL	NIL

(6) Borrower group-wise classification of all leased assets, stock-on-hire and loans and advances. Please see Note 2 below

Category	Amount net of provision		
	Secured	Unsecured	Total
1. Related Parties**			
'(a) Subsidiaries	NIL	NIL	NIL
'(b) Companies in the same group	NIL	970.96	9.71
'(c) Other related parties	NIL	NIL	NIL
2. Other than related parties	NIL	11,417.35	114.29
Total	NIL	12,388.31	124.00

(7) 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	Book Value (Net of Provisions)
1. Related Parties**		
(a) Subsidiaries	NIL	NIL
(b) Companies in the same group	NIL	NIL
(c) Other related parties	NIL	NIL
2. Other than related parties	NIL	NIL
Total	NIL	NIL

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

(8) Other information

Particulars	Amount
(i) Gross Non-performing Assets	NIL
(a) Related Parties	NIL
(b) Other than related parties	32.78
(ii) Net Non-Performing Assets	
(A) RELATED PARTIES	NIL
(B) OTHER THAN RELATED PARTIES	32.78
(iii) ASSETS ACQUIRED IN SATISFACTION OF DEBTS	NIL

- As defined in paragraph 2(1) (xii) of the Non Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
- Provisioning Norms shall be applicable as prescribed in the Non-Banking Financial Companies Norms (Reserve Bank) Directions, 1998.
- All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of Investments and other assets as also assets acquired in satisfaction of debts.



Arman Financial Services Limited
CIN: L55910GJ1992PLC018623

502-503, Sakar III, Opp. Old High Court
Off. Ashram Road, Ahmedabad 380014,
Gujarat

Website: www.armanindia.com

NOTICE

Notice is hereby given that the 25th (Twenty Fifth) Annual General Meeting (AGM) of Arman Financial Services Limited will be held at The Ahmedabad Textile Mills' Association (ATMA) Hall, Ashram Road, Ahmedabad 380009 on Thursday, 28th September, 2017 at 12.00 noon to transact the following business.

ORDINARY BUSINESS:

1. To consider and adopt:
 - a. The audited financial statement of the Company for the financial year ended 31st March, 2017, the reports of the Board of Directors and Auditors thereon; and
 - b. The audited consolidated financial statement of the Company for the financial year ended 31st March, 2017.
2. To declare a Dividend on equity shares for the financial year ended 31st March, 2017.
3. To appoint a Director in place of Shri Aakash Patel [DIN: 02778878] who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri Jayendra Patel [DIN: 00011814] who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditors of the Company and fix their remuneration and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, as may be applicable and pursuant to the recommendations of the Audit Committee, M/s Samir M. Shah & Associates, Chartered Accountants (FRN: 122377W), be appointed as statutory auditors of the Company, in place of retiring auditors M/s J. T. Shah & Co., Chartered Accountants (FRN: 109616W), to hold office from the conclusion of this 25th Annual General Meeting until the conclusion of the 30th Annual General Meeting, subject to ratification by members every year, as applicable, at such remuneration and out of pocket expenses, as may be decided by the Board of Directors of the Company.”

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS / HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other member.
2. The instrument of Proxy, in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not later than 48 hours before the commencement of the meeting. A Proxy Form is annexed hereto. Proxies submitted on behalf of limited companies, societies, etc., must be supported by an appropriate resolution/ authority, as applicable.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Friday, 22nd September, 2017, to Thursday, 28th September, 2017 (both days inclusive).
4. The dividend on equity shares for the year ended 31st March, 2017, if declared at the meeting, will be paid / dispatched on due date to those members whose names appear on the Company's Register of Members or on records of National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners as on 21st September, 2017.
5. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under the Companies Act, 2013, will be available for inspection by the Members at the Annual General Meeting.



6. Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with relevant Rules made thereunder, Companies can serve Annual Reports and other communications through electronic mode to those Members who have registered their e-mail address either with the Company or with the Depository. Members holding shares in demat form are requested to register their e-mail address with their Depository Participant(s) only. Members of the Company, who have not registered their e-mail address, are entitled to receive such communication in physical form upon request.
7. The Notice of Annual General Meeting, Annual Report and Attendance Slip are being sent in electronic mode to Members whose E-mail Id's are registered with the Company or the Depository Participant(s) unless the Members have registered their request for a hard copy of the same. Physical copy of the Notice of Annual General Meeting, Annual Report and Attendance Slip are being sent to those Members who have not registered their E-mail Id's with the Company or Depository Participant(s).
8. Members who have received the Notice of Annual General Meeting, Annual Report and Attendance Slip in electronic mode are requested to print the Attendance Slip and submit a duly filled in Attendance Slip at the registration counter to attend the Annual General Meeting. Members are requested to bring their copy of the Annual Report to the meeting.
9. Members intending to require information about Accounts in the Meeting are requested to inform the Company at least 7 days in advance of the Annual General Meeting.
10. Pursuant to Section 108 of the Companies Act, 2013, read with the Companies (Management and Administration) Rule, 2014 as amended and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Company is pleased to provide the facility to Members to exercise their right to vote by electronic means. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on Cut-off date i.e. a date not earlier than seven days before the date of general meeting, are entitled to vote on the Resolutions set forth in this notice.

Members who have acquired shares after the dispatch of the Annual Report and before the Cut-off date may approach the Company for issuance of the User ID and Password for exercising their right to vote by electronic means. A person who is not a member as on the cut-off date should treat this notice for information purposes only. The Members desiring to vote through electronic mode may refer to the detailed procedure on e-voting given hereinafter.

A. In case of members receiving e-mail:

- a. Log on to the e-voting website: www.evotingindia.com
- b. Click on "Shareholders" tab
- c. Now, select the "ARMAN FINANCIAL SERVICES LIMITED" from the drop down menu and click on "SUBMIT"
- d. Now Enter your User ID
 - i. For CDSL: 16 digits beneficiary ID,
 - ii. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - iii. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- e. Next enter the image verification as displayed and Click on Login.
- f. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
- g. If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)
	<ul style="list-style-type: none"> Members who have not updated their PAN with the Company / Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number (refer serial no. printed on the name and address sticker / mail) in the PAN Field. In case the sequence number is less than 8 digits enter the applicable number of O's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with serial number 1 then enter RAO0000001 in the PAN Field.
DOB	Enter the Date of Birth as recorded in your demat account or in the Company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the Company records for the said demat account or folio.
	<ul style="list-style-type: none"> Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or Company please enter the member id / folio number in the Dividend Bank details field.

- h. After entering these details appropriately, click on "SUBMIT" tab.
- i. Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is also to be used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- j. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- k. Click on the EVSN for the "ARMAN FINANCIAL SERVICES LIMITED".
- l. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES / NO" for voting. Select the option YES or NO as desired. The option 'YES' implies that you assent to the Resolution and option 'NO' implies that you dissent to the Resolution.
- m. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- n. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- o. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- p. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- q. If Demat account holder has forgotten the changed password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
 - i. Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to www.evotingindia.com and register themselves as Corporate.
 - ii. They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com
 - iii. After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
 - iv. The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - v. They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.



B. In case of members receiving the physical copy:

- a. Please follow all steps from Sr. No. (a) to Sr. No. (q) above to cast vote.
- b. The voting period begins on 09.00 a.m. on Monday, 25th September, 2017 and will end at 05.00 p.m. on Wednesday, 27th September, 2017. During this period Shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) i.e. 21st September, 2017 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- c. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com

C. Other Instructions:

- a. The e-voting period commences at 09.00 a.m. on Monday, 25th September, 2017 and will end at 05.00 p.m. on Wednesday, 27th September, 2017 i.e. the date preceding the date of Annual General Meeting. During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on 21st September, 2017 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the Member, he shall not be allowed to change it subsequently.
- b. Mr. Ishan P. Shah, Advocate, has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- c. The Scrutinizer shall immediately after the conclusion of voting after the Annual General Meeting, count the votes cast at the meeting, thereafter unblock the votes in the presence of at least two witnesses not in the employment of the Company and make, not later than three days of the meeting, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, forthwith to the Chairman of the Company. The Chairman or person authorised by him in writing shall declared the results of the voting forthwith.
- d. The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.armanindia.com and on the website of CDSL www.evotingindia.com immediately after the result is declared by the Chairman.
- e. A Member can opt for only one mode of voting i.e. either through e-voting or by Ballot. If a Member casts votes by both modes, then voting done through e-voting shall prevail and Ballot shall be treated as invalid.
- f. Members holding shares in demat form are hereby informed that bank particulars registered with their respective Depository Participant(s), with whom they maintain their Demat accounts, will be used by the Company for payment of dividend. The Company or its Registrar cannot act on any request received directly from the Members holding shares in demat form for any change in bank particulars. Members holding shares in demat form are requested to intimate any change in their address and/or bank mandate to their Depository Participants immediately.
- g. Members holding shares in physical form are requested to intimate any change of address and/or bank mandate to M/s Big-share Services Private Limited / Investor Service Department of the Company immediately.
- h. Members are requested to note that as per Section 123 of the Companies Act, 2013, dividends not en-cashed / claimed within seven years from the date of declaration will be transferred to the Investor Education and Protection Fund (IEPF). After transfer of the said amount to IEPF, no claims in this respect shall lie against IEPF or the Company.

The status of dividends remaining unclaimed / unpaid with the respective due dates of transfer to IEPF is provided as under.

Financial Year Ended	Date of Declaration of Dividend	Last Date for claiming Unpaid Div.	Due date for transfer to IEP Fund
2009-10	06.09.2010	05.09.2017	05.10.2017
2010-11	26.09.2011	25.09.2018	25.10.2018
2011-12	29.09.2012	28.09.2019	28.10.2019
2012-13	30.08.2013	29.08.2020	29.09.2020
2013-14	24.09.2014	23.09.2021	23.10.2021
2014-15	29.09.2015	28.09.2022	28.10.2022
2015-16	22.09.2016	21.09.2023	21.10.2023

Members are requested to contact M/s Bigshare Services Private Limited / Investor Service Department of the Company for encashing the unclaimed dividends standing to the credit of their account.

- i. The Securities and Exchange Board of India has mandated submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in physical form can submit their PAN details to M/s Bigshare Services Private Limited / Investor Service Department of the Company.
- j. Details of the Directors seeking re-appointment in the 25th (Twenty Fifth) Annual General Meeting Pursuant to SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 are provided below:

Particulars	Shri Aakash Patel	Shri Jayendra Patel
Relationships with other Directors	Brother/ Son	Husband/ Father
Date of Appointment	24.10.2000	26.11.1992
Expertise	Well conversant with IT along with Management Techniques	Management Acumen
Qualification	M.B.A.	B.Sc.
No. of Equity Shares held in the Company	2,78,830	2,88,522
List of other Companies in which directorship are held	Nil	Namra Finance Limited
Chairmanship / Membership of Committees (includes only Audit and Stakeholder Relationship Committee)	Chairmanship: Nil Membership: Nil	Chairmanship: Nil Membership: 1

Note: The Directorships held by Directors as mentioned above, do not include Directorships of Private Limited Companies.

Place: Ahmedabad

Date: 05.08.2017

By Order of the Board

Registered Office:

502-503, Sakar III,
Opp. Old High Court,
Off Ashram Road,
Ahmedabad 380014
Gujarat

Jayendra Patel
(Vice Chairman & Managing Director)
DIN: 00011814



Arman Financial Services Limited

Registered Office: 502-503, Sakar-III, Opp. Old High Court, Off Ashram Road, Ahmedabad-380014, Gujarat
Ph: +91-79-4050 7000, 2754 1989; Fax: +91-79-2754 3666 | Email: finance@armanindia.com Website: www.armanindia.com
CIN: L55910GJ1992PLC018623

ATTENDANCE SLIP

25th Annual General Meeting
Thursday, September 28, 2017

PLEASE FILL ATTENDANCE SLIP AND HAND OVER IT AT THE ENTRANCE OF THE MEETING HALL

Joint holder may obtain additional slip on request

DP ID	
FOLIO / CLIENT ID	

.....
(First Name)

.....
(Middle Name)

.....
(Last Name)

No of Shares held:

I hereby record my presence at the 25th Annual General Meeting of the Company held on Thursday, 28th September, 2017 as at 12.00 noon at
Ahmedabad Textile Mills Association (ATMA) Hall, Opp. City Gold Cinema, Ashram Road, Ahmedabad-380009

(Strike out whichever is not applicable)

.....

Signature of the Shareholder / Proxy



ARMAN FINANCIAL SERVICES LIMITED

Registered Office: 502-503, Sakar-III, Opp. Old High Court, Off Ashram Road, Ahmedabad-380014, Gujarat

ROUTE MAP

TO THE VENUE OF THE ANNUAL GENERAL MEETING



Venue distance from

Railway Station: 4 Kms | **Airport:** 10 Kms



Arman Financial Services Limited

Registered Office: 502-503, Sakar-III, Opp. Old High Court, Off Ashram Road, Ahmedabad-380014, Gujarat
 Ph: +91-79-4050 7000, 2754 1989; Fax: +91-79-2754 3666 | Email: finance@armanindia.com Website: www.armanindia.com
 CIN: L55910GJ1992PLC018623

PROXY FORM - (FORM NO MGT-11)

Pursuant to Section 105 (6) of the Companies Act, 2013 and Rule 19 (3) of the Companies (Management and Administration) Rules, 2014

Name of the Member(s):

Registered address:

E-mail address:

Folio number / Client ID:

DP ID:

I/ We, being the Member(s) of shares of the above named Company, hereby appoint

1
 Name
 Address
 E-mail address
 Signature

Or failing him/her

2
 Name
 Address
 E-mail address
 Signature

Or failing him/her

3
 Name
 Address
 E-mail address
 Signature

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 25th Annual General Meeting of members of the Company, to be held on Thursday, 28th September, 2017 at 12.00 noon at Ahmedabad Textile Mills Association (ATMA) Hall, Opp. City Gold Cinema, Ashram Road, Ahmedabad-380009 and at any adjournment thereof in respect of such resolutions as are indicated below:

No.	Resolutions
1	Adoption of the Financial Statements and Reports thereon and the Consolidated Financial Statements for the financial year ended on March 31, 2017
2	Declaration of the Dividend on Equity shares
3	Reappointment of Shri Aakash Patel as a Director
4	Reappointment of Shri Jayendra Patel as a Director
5	Appointment of Samir M. Shah & Associates, Chartered Accountants as the Statutory Auditors & fix their remuneration

Signed this day of..... 2017

Signature of the Member

Affix Revenue
Stamp Here

Signature of the Proxy holder(s)

Note: This proxy form in order to be effective must be duly completed and deposited at the registered office of the Company not less than 48 hours before commencement of the meeting.