



Arman Financial Services Limited

501-504, SAKAR III, OPP. OLD HIGH COURT, OFF. ASHRAM ROAD, AHMEDABAD-380 014. GUJARAT, INDIA
PH. : +91-79-40507000, 27541989 FAX : +91-79- 27543666 e-mail : finance@armanindia.com Website : www.armanindia.com

Date: August 26, 2019

| | |
|---|---|
| To, BSE Limited Phiroze Jeejeebhoy Tower, Dalal Street, Mumbai-400001 SCRIPT CODE: 531179 | To, National Stock Exchange of India Limited "Exchange Plaza" C-1, Block G, Bandra Kurla Complex, Bandra, Mumbai- 400051 SYMBOL: ARMANFIN |
|---|---|

Dear Sir,

SUB: SUBMISSION OF ANNUAL REPORT FOR THE FY 2018-19

Pursuant to Regulation 34 (1) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 we hereby enclose copy of Annual Report for the FY 2018-19.

Kindly take it on your record.

Thanking you,

Yours Faithfully,

For, Arman Financial Services Limited

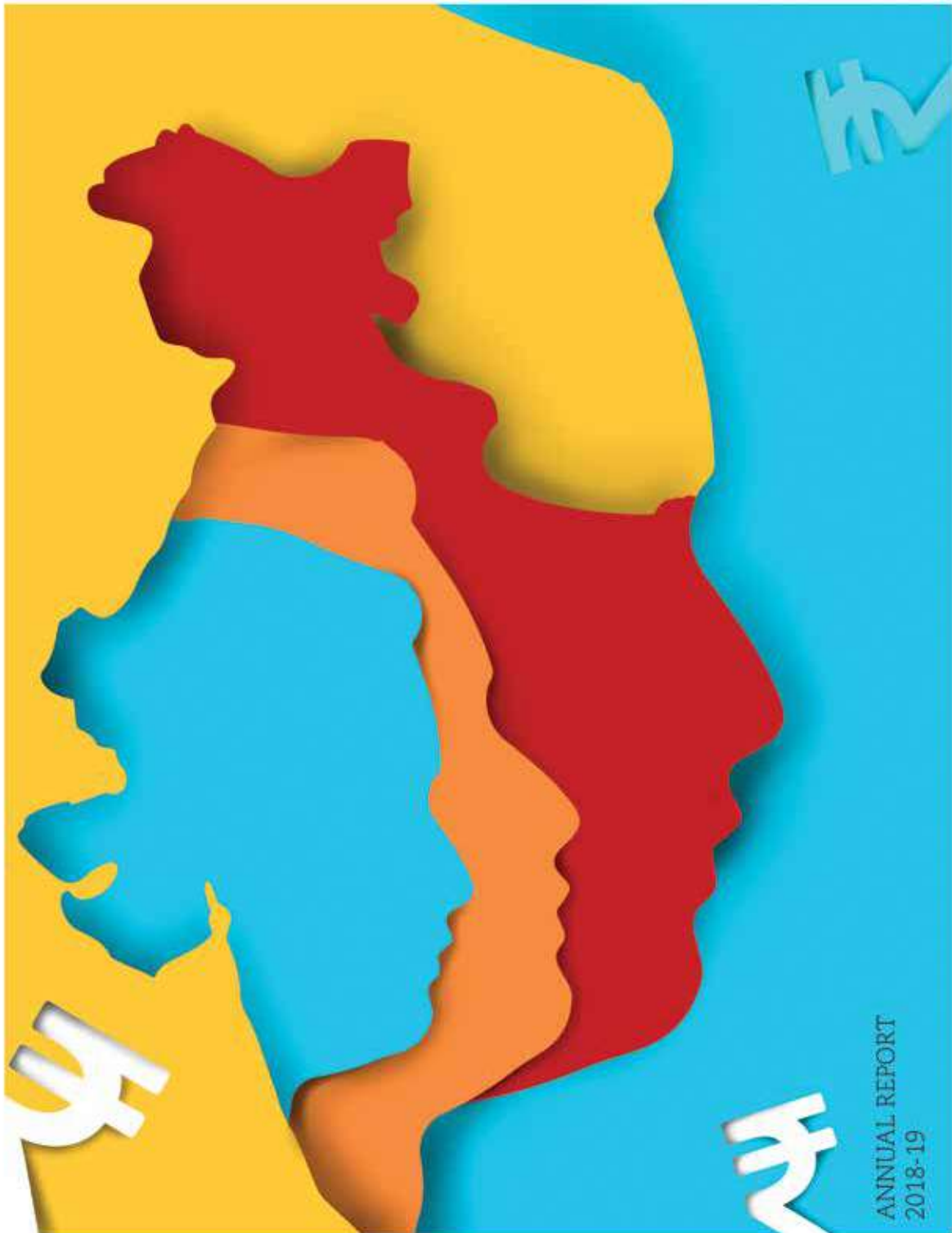
Jaimish Patel
Company Secretary



Encl: as above



Arman Financial Services Limited



**SUPPORTING
India UnInc.**

Forward-looking statements

This document contains statements about expected future events and financial and operating results of Arman Financial Services Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the management's discussion and analysis of the Arman Financial Services Limited Annual Report 2018-19.

Contents

| | |
|---|-----|
| Supporting IndiaUnInc. | 2 |
| About Arman | 10 |
| From the Chairman's desk | 16 |
| In conversation with the Executive Director | 18 |
| Management Discussion and Analysis | 22 |
| Corporate Information | 45 |
| Directors' Report | 46 |
| Corporate Governance Report | 67 |
| Consolidated Financial Statements | 83 |
| Standalone Financial Statements | 117 |
| Namra Finance Limited | |
| Directors' Report | 162 |
| Financial Statements | 175 |



Why?

Because India UnInc.
is India's real
growth engine.

IT CONTRIBUTES
CLOSE TO
50%
OF INDIA'S
GDP.

Because India UnInc. is
India's largest employer.

AN NSSO ESTIMATE
STATES THAT
84.7%
OF JOBS
IN THE
INDIAN ECONOMY
ARE IN THE
INFORMAL OR
UNORGANISED
SECTOR.

**BECAUSE,
FROM A BUSINESS
PERSPECTIVE,
INDIA UNINC.
IS EXPONENTIALLY
BETTER THAN
INDIA INC.
IN EVERY
MATRIX.**

1) The return on investment
per sq. ft.

A seller on a pavement generates a higher ROI in proportion to the area and the cost of the space occupied compared to almost any mainstream showroom.

2) Equitable distribution
of earnings

The profit of a food stall owner selling a plate of food is divided more equally with the entire supply chain as opposed to a star-rated restaurant, where the owner retains bulk of the profits.

3) Decision-making power

To capitalise on an opportunity, a roadside entrepreneur can make an instant decision on all matters, such as discounting, purchasing, etc., while a ground-level employee of India Inc. has to fight through bureaucracy and red tape. By the time the decision comes, the opportunity is lost.

4) Equal opportunity market

This market is open to all – male, female, transgender, old, young, abled and specially-abled, skilled, and the not-so-skilled. How many corporates in India Inc. can boast of such diversity?

5) Change management

Consider the road side seller of seasonal wares for Indian festivals. He will have to change his products, prices, pitch, customer segmentation, supply chain, inventory and working capital requirement more than a dozen times a year. For a corporation, a change in a product line can take years.


.... the list is endless!

**BECAUSE
INDIA UNINC.
HAS MORE
MANAGEMENT
GURUS THAN
INDIA INC.
CAN EVER
IMAGINE.**

**BECAUSE
INDIA UNINC.
EXPERIENCES
MORE MIRACLES
WITH OPEN EYES THAN
INDIA INC.
CAN EVER
DREAM OF.**

THIS TRANSPIRES FOR SOME
FUNDAMENTAL REASONS.

THEIR FOOD DEPENDS ON IT.
THEIR SLEEP DEPENDS ON IT.
THEIR FAMILY DEPENDS ON IT.
THEIR EXISTENCE DEPENDS ON IT.



**BECAUSE, IF INDIA
IS TO REAP THE BENEFITS OF
YOUTH DIVIDEND,
IT WILL PRIMARILY BE THROUGH
INDIA UNINC.
OTHERWISE IT WILL BECOME
A YOUTH NIGHTMARE.**

India is getting younger with every passing year. By 2020, the average age in India will be 29, and it is set to become the world's youngest country with 64% of its population falling in the working-age bracket. This demographic potential offers India and its growing economy an unprecedented edge that economists believe could add a significant 2% to the GDP growth rate.

Not all of the youth will come from urban areas with college degrees and find themselves at corporate offices. A large portion will be absorbed by India UnInc and micro-entrepreneurship.

BECAUSE,
UNLIKE COMMON BELIEF,
IT IS
INDIA UNINC.
THAT ABSORBS
A MAJORITY
OF THE 4
MN-PLUS ADDITION
TO THE WORKFORCE
ANNUALLY.

India Inc., on the other hand, is saturated with the thought of reducing the workforce by deploying technology solutions such as AI, IoT, Robotics, Automation, etc.

Supporting India UnInc.

Creating & nurturing women entrepreneurs

Over nine years in microfinance, we have supported the dreams of aspiring women residing in rural India.

Their drawbacks were that they were born poor; they resided in the locales which remained backward for no fault of theirs; they did not get the luxury of education, and they had to fight every day for survival against odds largely beyond their control.

And because of these reasons they were literally banished from the India Inc. society.

But like all others, they had their aspirations.

They desired to contribute to the family.

They hoped to earn respect.

They wished for a better life.

All we did was, we believed in their dreams, rekindled their hope, trusted their ability, and funded their small dreams. In doing so, we helped them to look beyond their gloomy today to a brighter tomorrow.

And today, the success of over seven lakh women entrepreneurs of India UnInc. residing in over 13,000 villages of India are squarely responsible for the growth and sustainability of this one constituent of India Inc.

73%

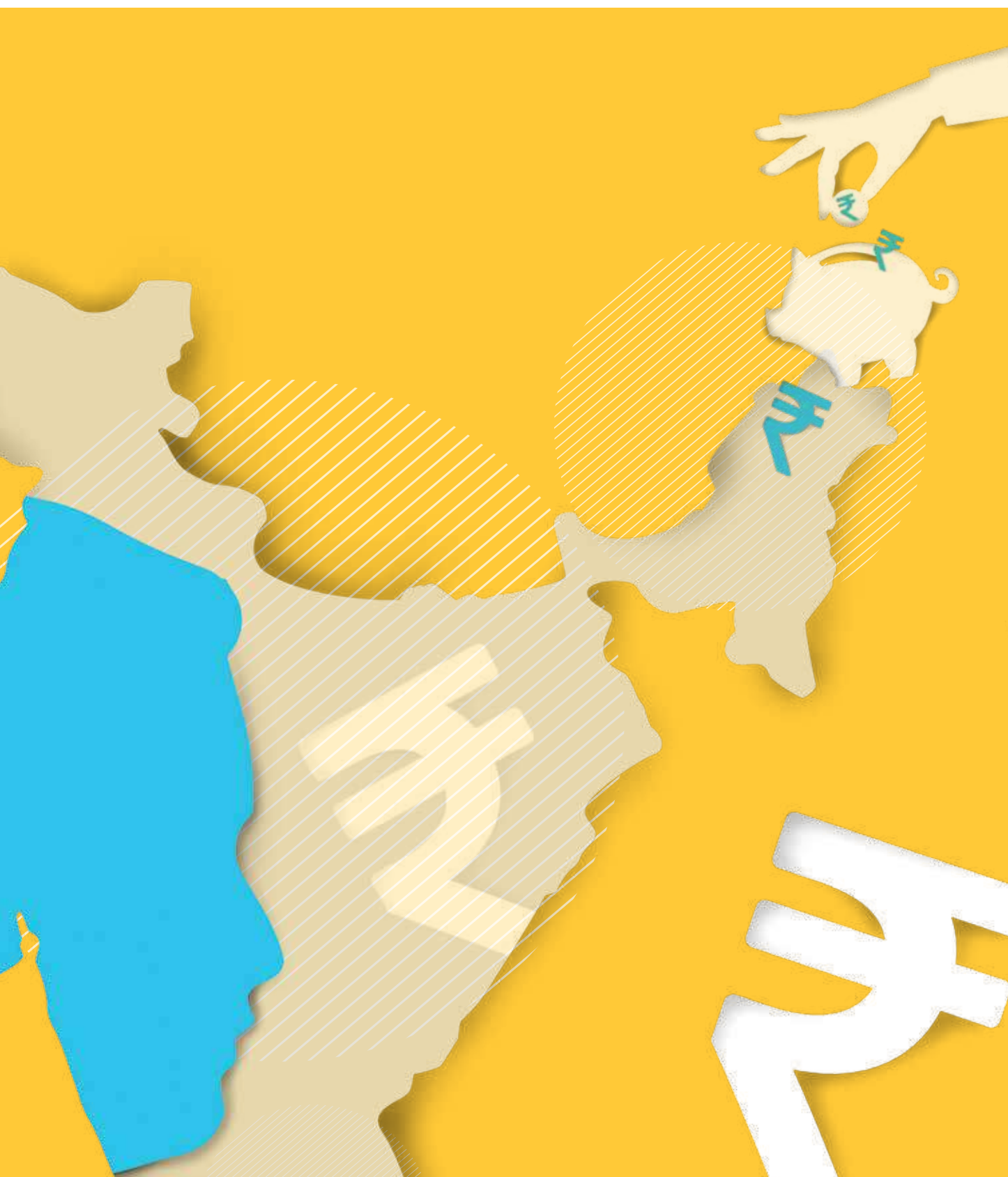
Revenue growth (5-yr CAGR)

68%

Net Profit growth (5-yr CAGR)

48%

Networth growth (5-yr CAGR)



Supporting India UnInc.

Supporting MSME entrepreneurs

Over three years, we supported the business aspirations of multiple small businesses and establishments – all trying to survive in the harsh realities of the rural India ecosystem.

They had more than their share of problems. Their legacy. Their being. Their culture. Their practices. Their background. Their business. Their lack of thought. Their meager requirements. Their small successes.

All this did not inspire confidence among the fund providers of India Inc. They labelled these fund seekers as high-risk, low-quality, or sub-prime applicants.

But like all other entrepreneurs, they had their ambitions.

They yearned for more money.

They hoped for a bigger establishment.

They wished for a better life for their family.

All we did was that we noticed the helplessness and hope in their eyes as we crossed their establishments. We determined to provide wings to their aspirations. We created a solution for providing loans to the Rural Micro-Enterprise (MSME).

And today, 35,000 MSMEs of India UnInc. operating in some of the most unknown dots on the Indian map have given us revenue cumulating ₹30.73 crore since the inception of this vertical; these so-called 'high-risk' applicants have ensured our collection is more than 99.5%.

26,488

Clients (March 31, 2019)

155.29

Disbursement since inception (₹ crore)





About Arman Financial Services

Supporting India UnInc. Building India bottom up.

An RBI-registered category 'A' Non-Banking Finance Company – Asset Finance Company (NBFC-AFC), Arman Financial Services Limited (Arman), along with its wholly owned subsidiary, Namra Finance Ltd. (Namra), also a RBI registered Non-Banking Finance Company - Microfinance Institution (NBFC-MFI), invest in the small dreams of the unorganised sector residing in rural and semi-rural locales across six states.

Headquartered in Ahmedabad, Gujarat, Arman, and its subsidiary provide three financial services, Two-Wheeler Finance, Group-Based Microfinance, and Micro-Enterprise (MSME) Loans. Business operations are spearheaded by Mr. Jayendra Patel, who is supported by a team of 1,600 enthusiastic and experienced team members.

Shareholder information

BSE Code: 531179

Face value per share: ₹10/-

Earnings per share: ₹30.74

**Book value per share
(Fully diluted): ₹153.72**

Dividend per share: ₹1.40



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 value

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.

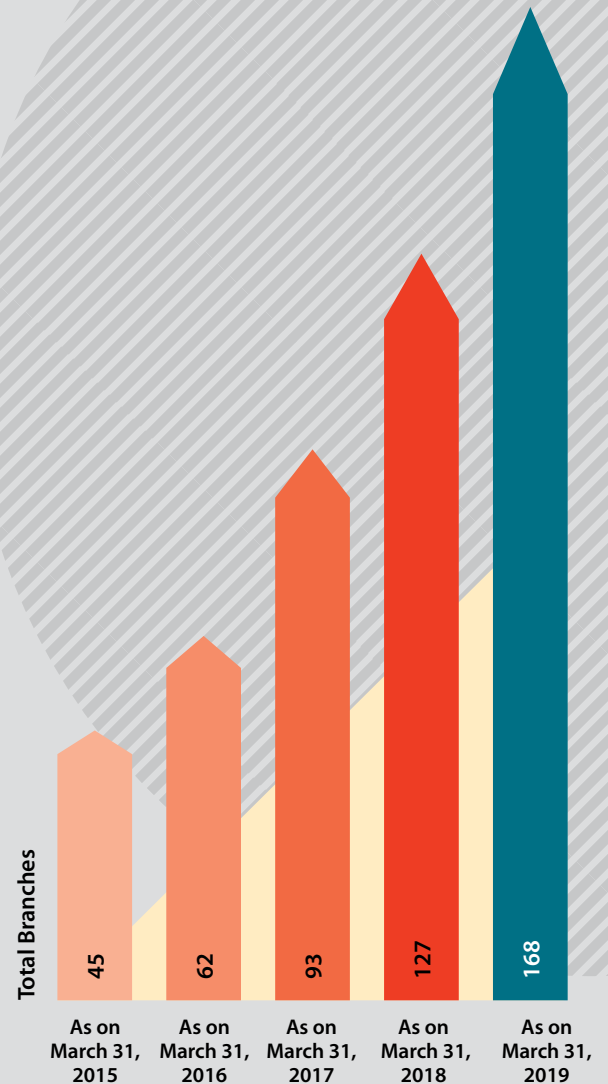
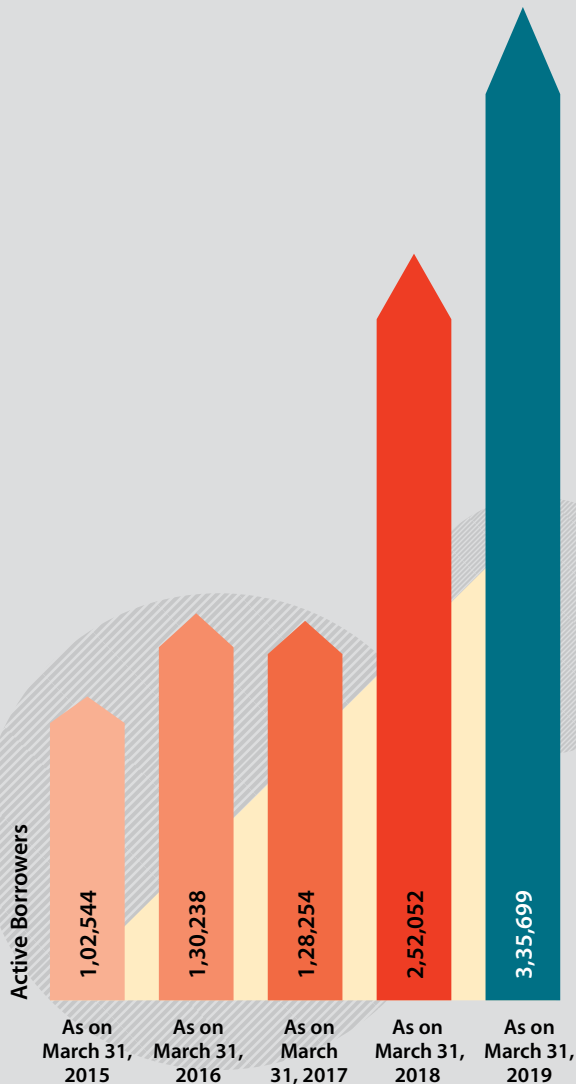
 To the society, we are committed to improving the status of living for a large section of the population through our passion for financial inclusion.

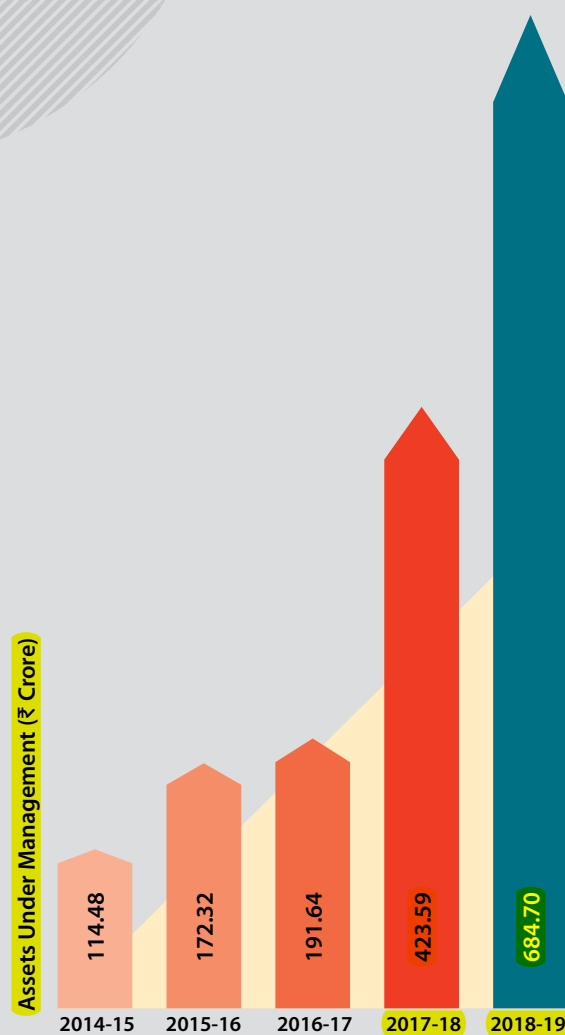
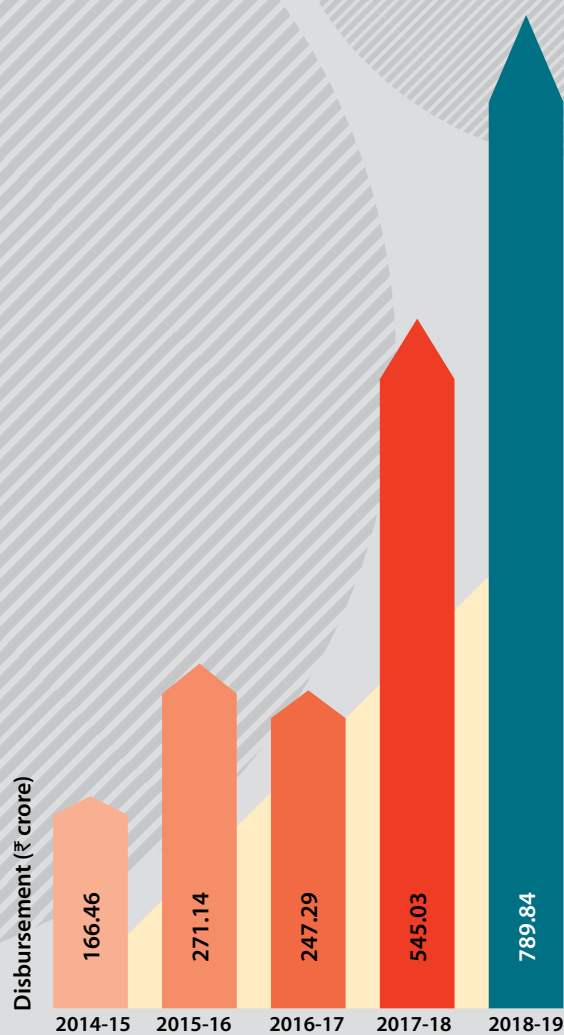
 To our employees, we are committed to offering a rewarding workplace that encourages mutual respect, communication, openness to challenge, and the opportunity for both personal and professional growth.

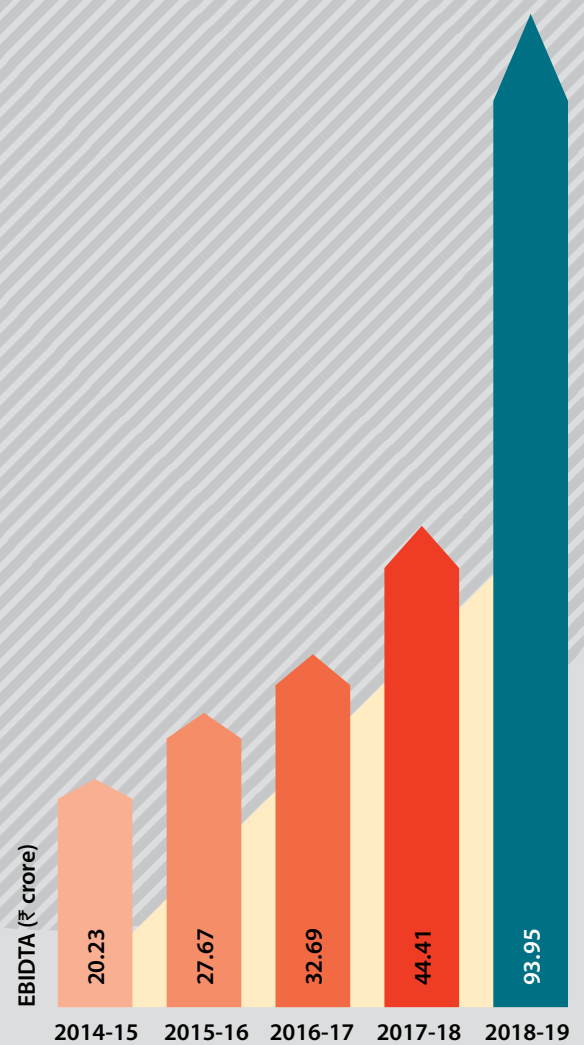
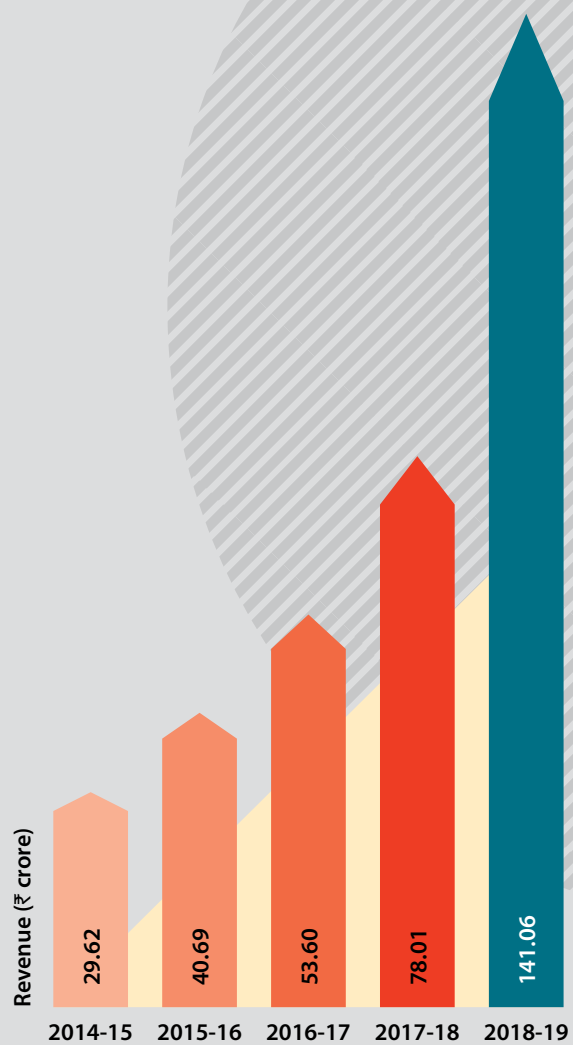
 To our investors, we are committed to creating value and consistently delivering outstanding financial returns.

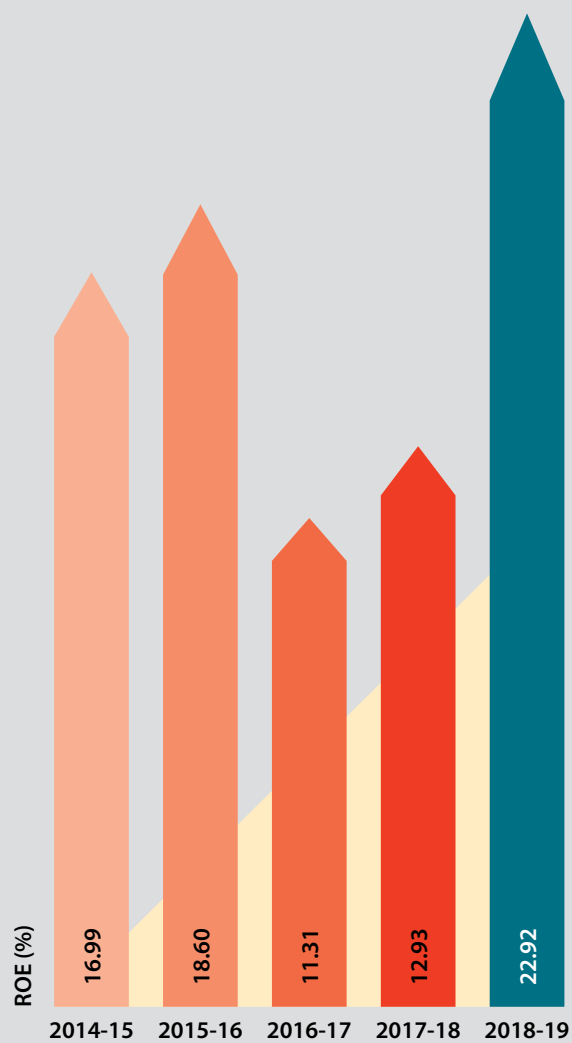
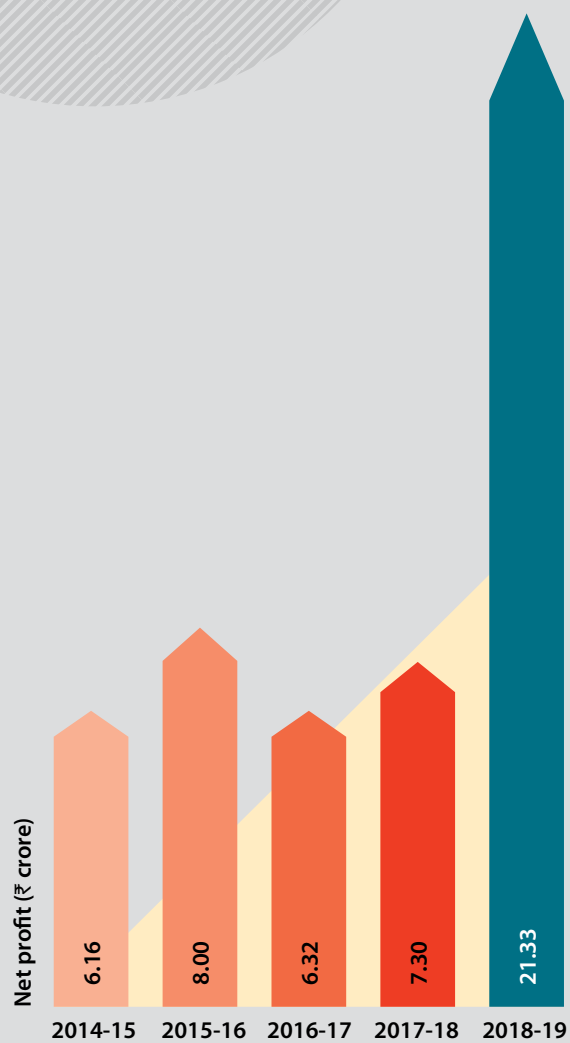


Making a significant difference to India UnInc. year-after-year.











“Our efforts will remain focused on creating a responsible business that meets our customers’ needs and a culture where our teams put customers first. This is the key to our long-term success.”

Dear friends,

India UnInc. represents a large and ever-growing opportunity.

This is primarily because this segment of society has been neglected by the Government and the ‘privileged section’ of the Indian society for decades. This has led to a considerable section of the Indian population left to languish at the bottom of the societal pyramid; and the volumes in this basket continued to increase with each passing year of growing indifference towards them.

But over the last decade or so, two words – ‘Financial Inclusion’ -- have made a meaningful difference in assisting impoverished Indians in their journey out of the dungeons of poverty.

Financial inclusion has played a significant role in energising the economy and broad-basing the Government of India’s developmental agenda. The engine of financial empowerment is gathering



momentum, driven by policy measures and the Nation Building passion of a handful of entrepreneurs determined to lend a helping hand to these aspirers. They have successfully uplifted millions till now. Arman is one among those handful who have participated with zeal and enthusiasm in this empowerment wave riding across India.

But the job at hand is only becoming more challenging. For microfinance as a sector has only touched one pain-point - uplifting the earnings potential and respect of women in rural India.

There are numerous other challenges which this segment confronts every day. The way I look at it is that each such challenge represents an opportunity for India Inc. to create successful and sustainable business models.

I am pleased to state that at Arman, we have successfully set foot on this path. Our MSME loan segment has delivered yet another year of robust growth with negligible NPAs. This is very heartening for two reasons:

One, this suggests that this segment, which was, all the while considered inconsequential, is providing momentum to India's economic engine.

Two, the so-called 'risky assets' of India UnInc., in reality, are more ethical and disciplined as compared to their India Inc. counterparts.

Moving ahead, we will continue to leverage our knowledge capital to create other new products pivoted on the theme of financial inclusion and economic empowerment of the disadvantaged sections of society.

2018-19 in retrospect

From a business standpoint, it was satisfying to note that we are back to winning ways. Our growth numbers in each business vertical and the cumulative business were immensely gratifying. Our margins remained healthy. More importantly, our cash flow continued to remain robust (owing to multiple rounds of fund infusion and operational cash flow) which helped in sustaining the growth momentum as liquidity dried due to the NBFC crisis towards the close of the year.

But more than the numbers and performance, our digital success gave me immense pleasure. We achieved a significant milestone - we moved to 100% cash-less disbursements for our business divisions. For me, this is important because we successfully educated our customers and our field force on technology, its operations, and its benefits. This effort, I believe, will go a long way in reducing the divide between the two India's - UnInc. and Inc.

During the year, we appointed Mr. Alok Prasad as the Non-Executive Chairman. He is a very reputed and respected personality in the NBFC sector and more particularly in the Microfinance space. I am sure his knowledge and expertise will help in taking Arman to a new orbit in operational efficiency and in identifying opportunities that flank our core business philosophy.

Fiscal 2018-19 was heartening as CARE Ratings have upgraded the ratings for both Arman & Namra from BBB to BBB+.

Besides, the MFI grading for Namra was upgraded from MFI-2 to MFI-2+, which is one step below the highest possible grading. This strengthens the credibility in our robust and resilient business model. These upgrades will help attract other marquee investors and lenders who are interested in being part of our growth story.

We are only as good as our people who drive our scale and excellence. Over the preceding two years, our achievements have been the direct outcome of the teamwork and commitment of our employees. I thank the entire team whose determined dedication and discipline efforts have made Arman one of the leading players in the financial inclusion space.

In closing, I conclude with this one statement - our efforts will remain focused on creating a responsible business that meets our customers' needs and a culture where our teams put customers first. This is the key to our long-term success.

I take this opportunity to extend my heartfelt gratitude to our valued customers, investors, bankers, the State, and Central Government, and all other stakeholders for their relentless support, encouragement and motivation extended to us. I also thank my colleagues on the Board for their invaluable advice and guidance.

Warm regards

Jayendra Patel

Operational review

**“Serving India UnInc.
is a happy feeling with
great prospects.”**

*In conversation with Mr. Aalok Patel, Executive Director, on
the performance and prospects of the Company*





Were you happy with the Company's performance in 2019-20?

It was a satisfying year. Despite the significant headwinds faced by the NBFC sector in the second half of the financial year, we were able to achieve our target. This showcases the robustness of the business model and the resilience of the organisation to withstand disruptive headwinds. While revenue grew by 81% over the previous year, Net Profit increased by 192%. We are confident that market liquidity issues will not have a significant impact on our growth trajectory as we have a rich vintage with a diversified debt portfolio and a naturally positive ALM.

How did you fund this growth despite the constrained liquidity in the financial markets?

Our strong vintage, conservative risk framework, controlled growth, and positive ALM were key differentiators that ensured we receive continuous support from lenders, both old and new. In retrospect, I can say that business funding also happened at the right time. Our deal with SAIF Partner for equity infusion concluded in April 2018. It brought-in the much-needed Tier 1 capital, which provided us legroom to drive growth.

This was further replenished by a 2nd foreign NCD transaction with Symbiotics, a refinancing deal with NABARD, and a MOSEC (Multi-originator securitisation) transaction with Kotak-Mahindra Bank during the course of the year.

Towards the close of the fiscal, we completed four separate MOSEC transactions, where multiple NBFCs pooled Microfinance or Two-Wheeler loans were securitised with banks. We also completed our third foreign NCD transaction at the beginning of Fiscal 2020.

These transactions not only provided the necessary fuel to catalyse growth but also diversified our debt portfolio – reducing our reliance on banks for funding our growth aspirations. We are confident that this diversification will help us tide over liquidity shortages in the future and allow us to reduce our overall cost of borrowings. I also expect that the liquidity shortage, from a macroeconomic perspective, will ease by the third quarter of Fiscal 2020.

What were some of the heartening features of the year's performance?

We achieved an important milestone in our digital journey – we moved to 100% cash-less disbursements for all our business verticals. This helped in better control over cash and reduced the risk in our business. Moreover, this initiative reduced the TAT (turnaround time) in disbursing loans significantly.

Additionally, I'm also quite pleased with our progress to implement a new ERP system for the Microfinance division. This new solution is an integrated cloud-based software with both mobile and web interfaces, and once fully implemented, will increase operational efficiency and controls, and reduce TAT. Many describe the process of converting from a legacy system to a new system as "changing the tyre on your car while it is in motion". The complexity of software conversion in the MFI space is even more challenging, but I'm confident that the efforts will be well worth it once fully implemented.

How did the microfinance vertical perform in 2018-19?

This vertical continued to register healthy growth both in terms of revenue and profitability. Revenue growth was primarily owing to our footprint expansion in the states of our presence; we made a small entry into Rajasthan, which I am confident will provide a decent contribution to business growth in the current year. I am happy to state that our Net NPAs declined from more than 1% of the MFI AUM in Q4/2017-18 to 0.55% in Q4/2018-19. This only vindicates the effectiveness of our conservative approach and our diligence in adding quality assets to our portfolio. We have an excellent team to continue our growth trajectory in the immediate future.

You seem pleased with the performance of the MSME vertical. Could you share the reasons?

The MSME segment registered a stellar performance with a significant surge in business growth. Even as we continued to secure more business from the areas of our presence, we set foot in

Madhya Pradesh for MSME loans. From a profitability perspective, this high-margin vertical generated the highest Return on Assets among our other verticals.

We are also very happy with the asset quality of the new MSME portfolio, with NPAs far lower than the industry and indeed, lower than our own expectations. The success of our MSME division can be squarely attributed to our unique underwriting process, doorstep collections, and of course, our rural focused customers – it gives us a significant advantage in maintaining a very high recovery rate. We look forward to growing this business with cautious enthusiasm.

What is the situation with the two-wheeler financing space?

This is a highly competitive market for we had strategised to focus only on the urban areas of Gujarat. In the previous year, the new third-party insurance law dampened offtake of two-wheelers; this coupled with increased registration costs, compliance burden, and weak consumer sentiments, resulted in a decline in two-wheeler sales. Two-Wheeler registrations in Gujarat dipped by almost 20% in first half of calendar 2019 versus the same period in 2018, one of the sharpest declines in the last decade. Despite these headwinds, we

We have started a new revenue vertical to finance Rural Two-Wheelers using a unique model.

grew the book by 13% in the previous year, thanks to our strong dealer relationships. To strengthen the revenue generation capability of this vertical, we commenced a pilot to foray into the Rural 2-Wheeler market to help us maintain and expand our Two-Wheeler business segment. This business is akin to the cash-collection model used in the Microfinance and MSME space. We hope to make good ground in this rural space in the coming year. I expect that personal transportation will never go out of style, and with the emerging rural class, the new rural segment will keep us well positioned in the long-term. We expect the urban Two-Wheeler space to show signs of recovery during the Diwali season of 2019.

How are you strengthening your internal system to manage the expanding business presence and growing volumes?

We have invested in an organisation wide-new ERP system which will streamline operations, make processes more accurate (by eliminating human

intervention), and provide a host of data at the click of a button for faster and more informed decisions. Moreover, our people will graduate from doing transaction related jobs into more knowledge-based work, which I believe will add value to the organisation. We will continue to leverage the digital platform for providing solutions to our field force for enhancing their productivity and improving the customer experience. We are also working to upgrade our existing system for the Two-Wheeler and MSME divisions, which will commence in 2019-20.

What is your estimate for the current year?

While we are confident on our own ability to deliver a strong growth in the current year, we will closely monitor the macroeconomic environment to adjust our projections throughout the year in light of the recent slowdown of the economy and rural consumer spending. We will not sacrifice quality for quantity. Risk will always trump volumes. That said, I expect another great year ahead.

My optimism stems from important realities

• We have adequate liquidity in the pipeline to fund our growth aspirations; we have diversified our funding base to ensure that our funding sources do not dry up despite the NBFC liquidity crisis gripping India, and we expect the situation to ease going forward.

• We have set our focus on maximising returns from our existing geographies – we will continue to expand our branch network in these states and focus on customer acquisition.

• We continue to make our process more efficient using IT-based solutions, which will optimise our cost structure.

• We have started a new revenue vertical to finance Rural Two-Wheelers using a unique model, and hope to generate healthy volumes and returns therefrom.

• We have a very strong upper and middle management team that is primed to grow.

Management Discussion and Analysis

Economic overview

India, the bright star in the global economic village, appeared to slow a little in 2018-19 as India's GDP growth dipped for the second consecutive year. According to the National Statistical Office (NSO), the nation achieved a GDP growth of 6.8% in 2018-19 down from 7.2% in 2017-18.

The dismal growth of the India economy was primarily owing to the sub-optimal performance in the second half of the year – in Q4 of 2018-19 India's GDP growth declined to 5.8%, the lowest in five years.

A slowdown in the fourth quarter GDP was due to temporary factors like the stress in the NBFC (non-banking financial company) sector affecting consumption finance. The first quarter of the current fiscal is also expected to witness relatively slow growth.

Furthermore, India's industrial production contracted to 0.1% in March 2019, the lowest in 21 months, mainly due to the manufacturing sector slow down. On an annual basis, IIP growth slowed to a three-year low of 3.6% in the 2018-19 fiscal as against 4.4% in the previous fiscal.

Besides, the NSO released the annual Periodic Labour Force Survey (PLFS), confirming that the unemployment rate was at 6.1% in 2017-18.

Despite this gloom, there were some factors to cheer.

According to the data released by the Ministry of Statistics and Programme Implementation, the per-capita income at current prices during 2018-19 is estimated to have attained a level of ₹1,26,406 (₹10,533.83 monthly) as compared to ₹1,14,958 (₹9,579.83 a month) for 2017-18, showing a rise of 10%.

Revenue from Goods and Services Tax (GST) witnessed a 10% growth from the year-ago period at ₹1.13 trillion in April (for March 2019), the highest ever since its implementation. This growth is encouraging as it indicates that the tax base is increasing gradually with GST getting stabilised.

India moved up by 23 places in the World Bank's Ease of Doing Business Index 2018 to the 77th rank.

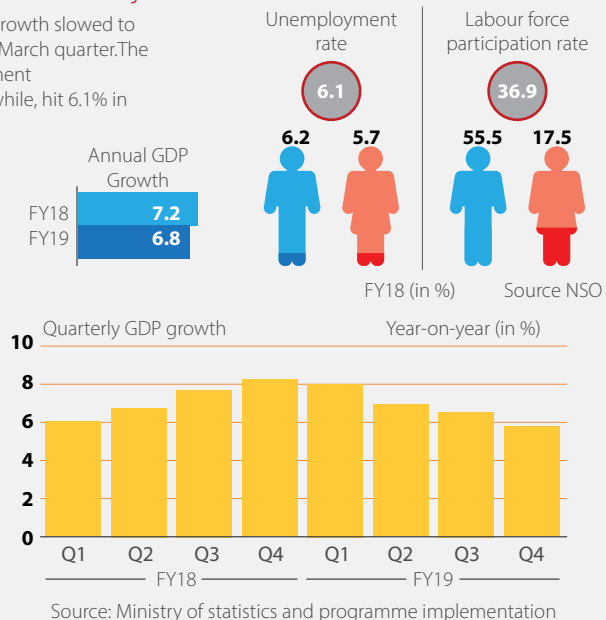
Going forward, there continues to be optimism on India's growth prospects.

According to Moody's, the Indian economy is expected to grow at 7.3% in calendar years 2019 and 2020.

The International Monetary Fund (IMF) has forecast India's GDP growth at 7.0% in 2019 (2019-20) and 7.2% in 2020. The institution's optimism is pivoted on the expected recovery of investment and robust consumption amid a more expansionary stance of monetary policy and some expected impetus from fiscal policy. (Source: Business Standard).

Double whammy

Economic growth slowed to 5.8% in the March quarter. The unemployment rate, meanwhile, hit 6.1% in 2017-18





Microfinance in India

Non-Banking Finance Company-Microfinance Institutions (NBFC-MFIs) hold the largest share of the portfolio in micro-credit.

Stabilising itself after the twin shocks of demonetisation and GST, the Microfinance sector registered a stellar performance demonstrating rapid, regionally-balanced and resilient growth.

Microfinance Institutions Network (MFIN) members constitute 53 NBFC-MFIs and these members account for approximately 90% of the total NBFC-MFI AUM in India. Collectively, MFIN members have disbursed 3.25 crore loans worth ₹82,928 crore during 2018-19. Loans disbursed increased by 28% in

value and 44% in terms of loan amount disbursed over the previous year.

Apart from the growth in loan size and loan accounts, the growth in the NBFC-MFIs workforce was also heartening at 34%, now totalling to 1,04,973 people.

In 2018-19, NBFC-MFIs received a total of ₹35,759 crore in debt funding (from banks and other financial institutions). It represents a growth of 63% compared to 2017-18. Total equity grew by 42% during the same period to ₹14,206 crore.

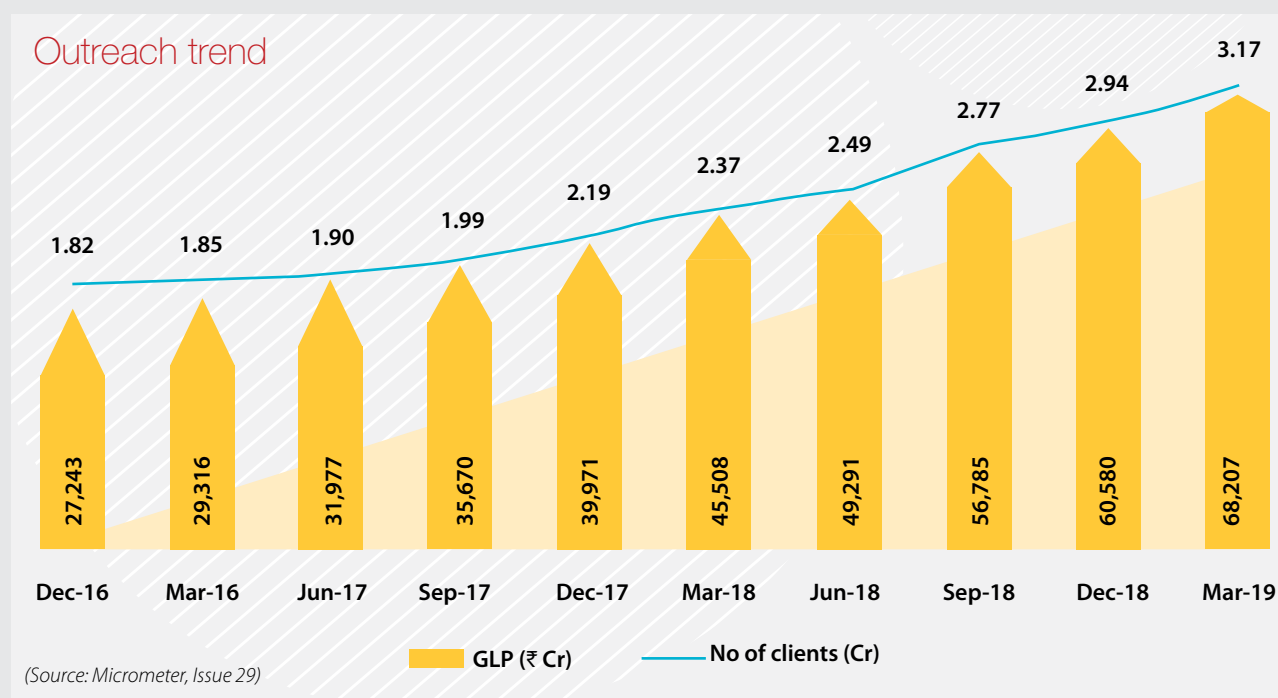
Investors continued to support the NBFC-MFIs with an equity infusion of around ₹4,350 crore in 2018-19 as against ₹4,100 crore in 2017-18.

As on March 31, 2019, aggregated GLP (Gross Loan Portfolio) of NBFC-MFIs

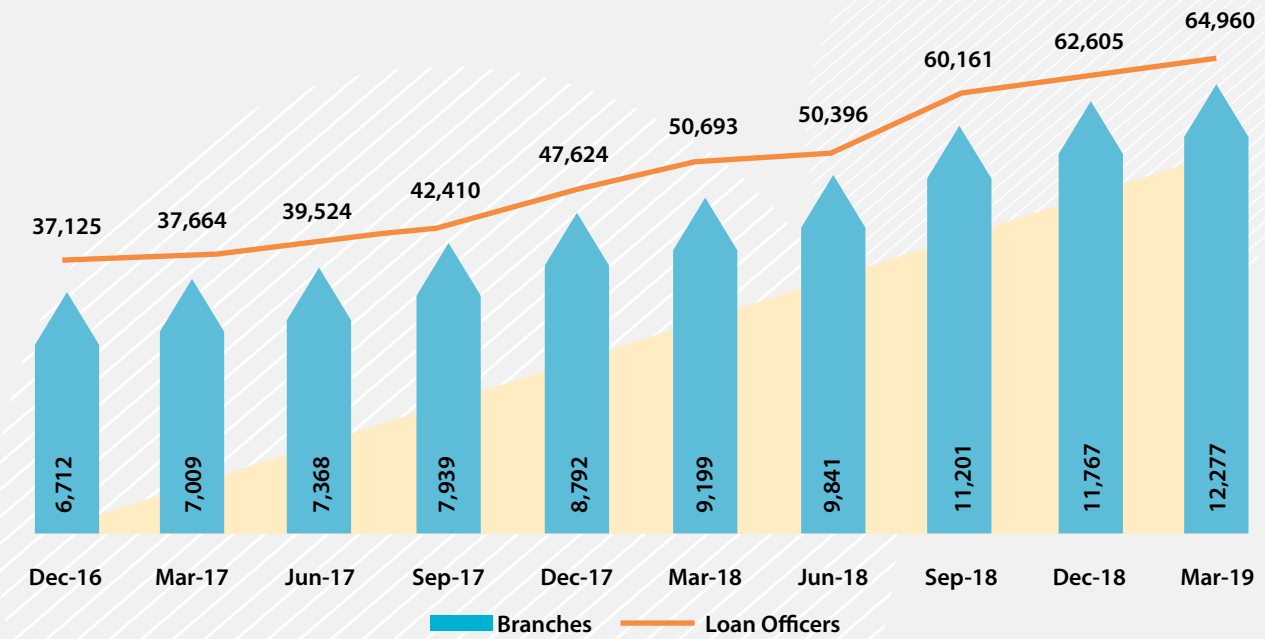
stood at ₹68,207 crore, registering an impressive 47% year-on-year growth compared to March 2018. The total number of microfinance accounts was 9.33 crore at the end of March 2019, recording an increase of 21.9%.

The microfinance industry is likely to grow at 20-22% in the current financial year, and the industry will require external capital of ₹3,500-4,700 crore over the next three years.

The NBFC- MFI sector – progressing over the years

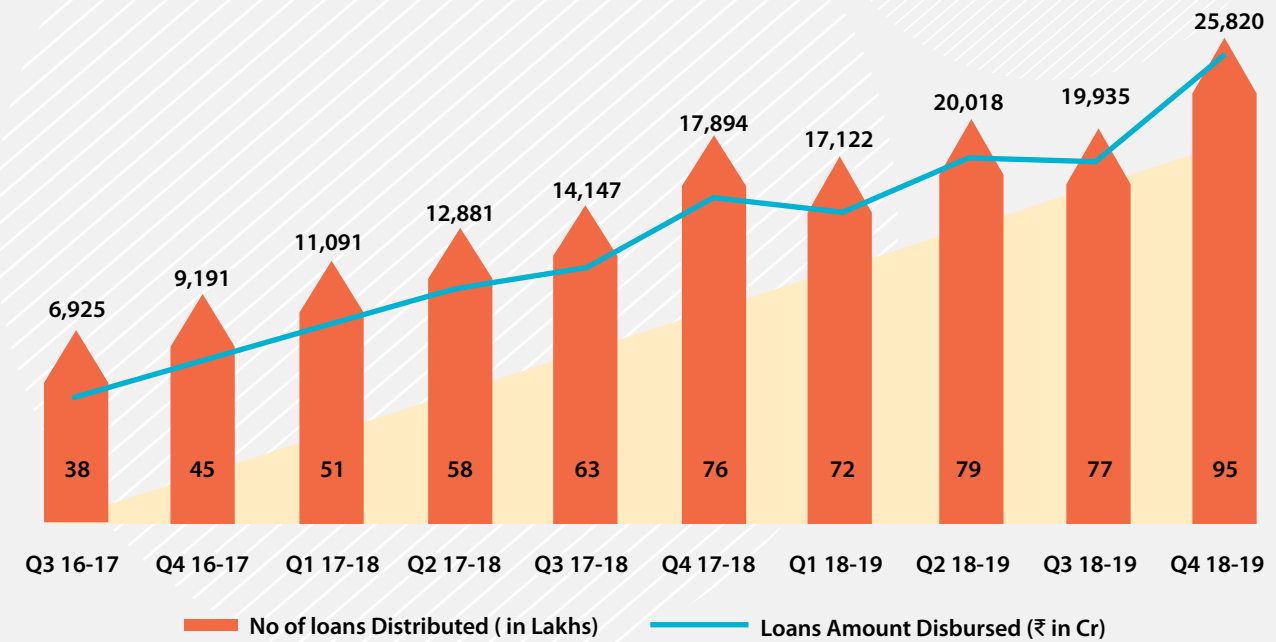


Branch network



(Source: Micrometer, Issue 29)

Disbursement trend



(Source: Micrometer, Issue 29)

Nine P's that make microfinance work in India

Microfinance companies have contributed quietly to one of India's biggest success stories. Regulators, lenders, state-level officials though sometimes question the sustainability of this business. They cite the AP crisis of 2010 and demonetisation as instances that have challenged the stability of the sector. The reality though is contrary to the perception - the smart recovery of the agile sector has genuinely showcased the resilience of the sectoral business model. The faith in the microfinance sector rests on nine pillars mentioned below.

Poor: Microfinance lends to individuals who have a yearly income of less than

₹100,000 in rural areas and less than ₹160,000 in semi-urban areas. Such persons are still considered poor (if not the poorest). Surprisingly, almost all of them repay their loans on time. Although demonetisation brought heavy defaults to the MFI sector, many borrowers who couldn't pay in November and December 2016 subsequently paid back their loans.

Portfolio: The sustained and rapid growth of the portfolio of microfinance lending (including banks, SFBs, and regular NBFCs) showcases the continuing demand for microfinance. Growing aspiration of rural India and increasing awareness of this microcredit as a trustworthy and sustainable funding source are the drivers for the Microfinance sector.

Promoters: Microfinance companies are relatively recent. Some started a decade ago, while some others in the

last few years. The promoters of these companies are professionals with extensive experience in finance. They are also passionate about empowering India's poor. This combination of business focus (in an increasingly competitive market) and social impact by the management of microfinance companies helps sustain it.

People: Both inside and outside microfinance companies are committed. Many of the field staff have just finished high school, yet they are quickly trained by MFIs (microfinance institutions) and equipped with the values and processes to transact financial business with hundreds of women borrowers. The passionate and dedicated field force feel that they are getting a chance to make a difference in the lives of people. As such, they bring their capabilities while working in remote areas. Microfinance also has an ecosystem of experts around it: rating agencies, consultants,



Less secure = More reliable

The asset quality improved with the 90 days past due delinquencies (dpd) level declining from a peak of 11.6% in June 2017 to 3.9% in December 2018, supported by lower write-offs, better recoveries, high portfolio growth, and robust collections post-demonetisation.

(Source: Business Today, April 2019)



technology providers, financiers, who, over the last few years, have developed domain knowledge and contribute to the sector's growth.

Processes: In the recent past, MFIN members have invested in aligning their operations with the best-practices prevalent in the country. Their use of technology is akin to large banks. Many of them use mobile/tablet based loan processing and servicing for their staff. They have large databases of borrowers, often geotagged with route planning algorithms. Some of them have persons doing credit modeling and data analytics. Microfinance companies have improved their customer protection. Call centers are part of a well-run grievance redressal mechanism. Even small and medium companies have training centers and curriculum for their staff.

Pradesh: Microfinance is now rapidly growing in all Indian states (barring

Andhra Pradesh and Telangana, where an AP law — challenged in the SC — severely restricts operations). In addition to being rapid, the growth of the microfinance sector is becoming more regionally-balanced. This resilience shows that India's states, including less well-developed ones, are together making microfinance a more stable and balanced business.

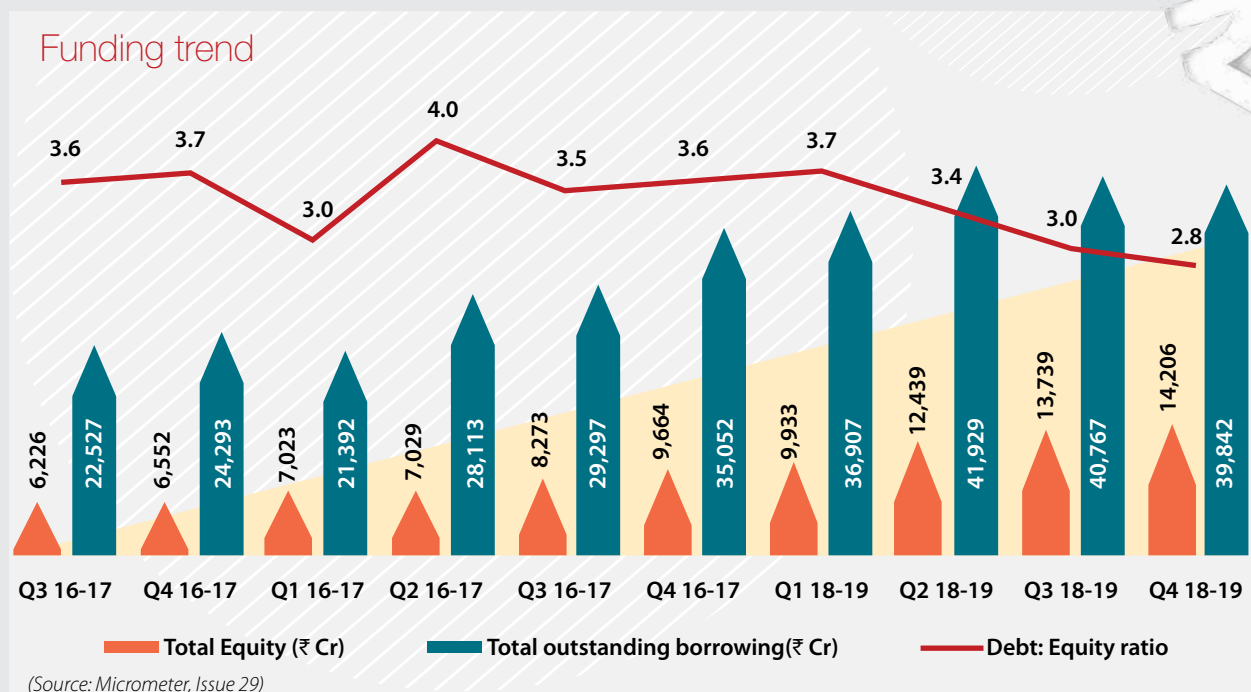
Policy makers: India's top policy makers have recognised the microfinance sector's potential for contribution to national goals. The sector's regulator, RBI, from the Governor downwards, regularly meet MFIN to discuss their concerns. So does the Department of Financial Services. Some state governments invite MFIN members to attend the State-Level Bankers' Committee meeting. This recognition is also attracting global funding agencies to invest in Microfinance institutions.

Proactive: MFIN and its members have been taking proactive steps to

build the resilience of its members. Members hold quarterly meetings in the twelve biggest states to discuss common issues. Recognising that other lenders are also reaching to the same borrower, members, as a cohesive force, are working with banks and SFBs to implement a Mutually Accepted Code of Conduct.

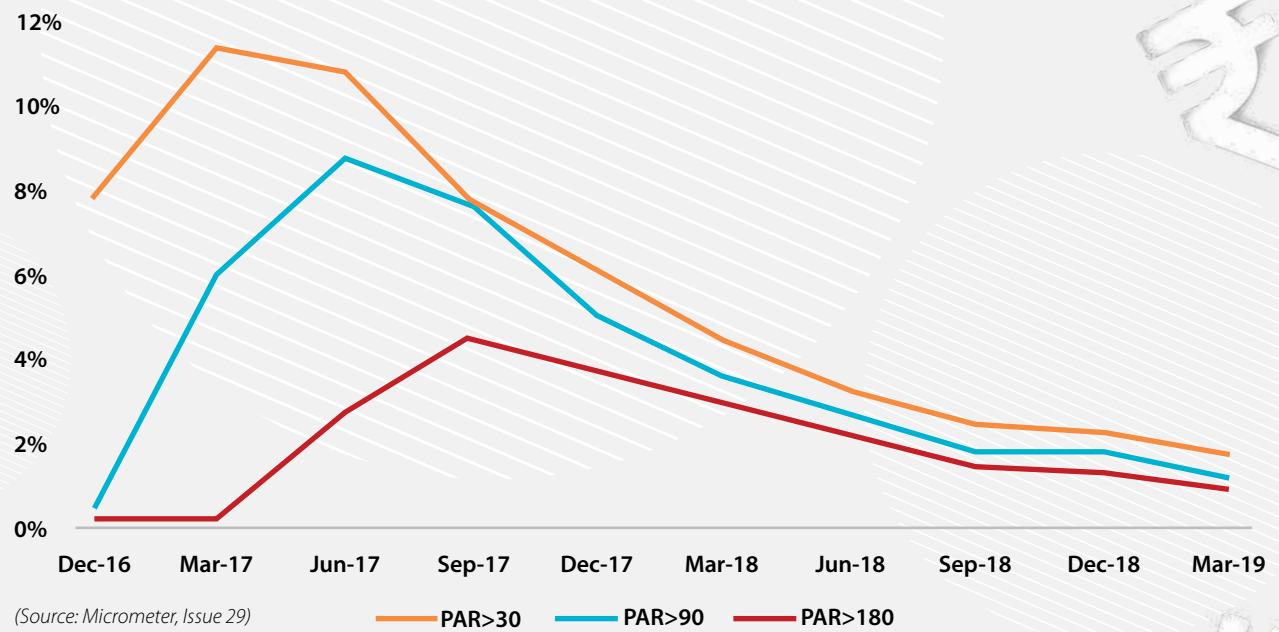
Profits: The sector is showing operational and financial profits and abysmally low NPAs. Moreover, hard-nosed private equity investors have recognised this superior performance. Their growing investments in microfinance organisations demonstrates their faith in the stability and sustainability of the sector.

These are just nine of many reasons why microfinance will continue to grow, earn, and contribute to India's progress.





PAR trend



Business operations

Arman Financial Services Ltd is a category 'A' Non-Banking Finance Company (NBFC) active in the 2-Wheeler, MSME, and Microfinance Lending business.

The Microfinance division operates through its wholly-owned subsidiary, Namra Finance Ltd, an NBFC-MFI. Arman Financial Services manages the 2-Wheeler and MSME loans.

With more than two decades of experience in the lending business, the Company is making an essential contribution to India's financial inclusion objective across six Indian states.

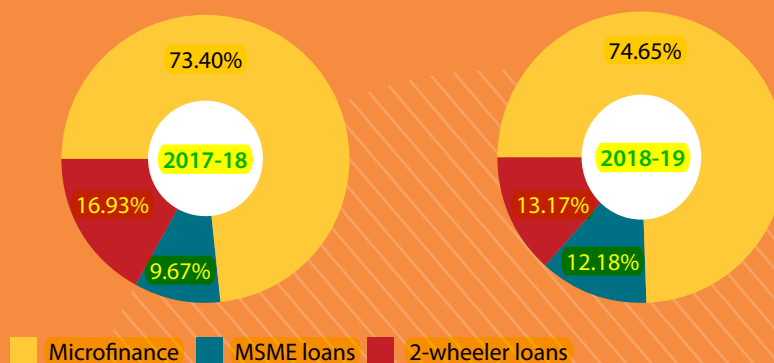
The Group operates mostly in unorganised and underserved segments of the economy and primarily serves niche rural markets in Gujarat, Madhya Pradesh, Uttar Pradesh, Maharashtra, Uttarakhand, and Rajasthan through its network of 165 branches and 55 dealer touch-points.

The Company's ability in establishing and nurturing relations and its deep understanding of its customer base allows it to align its products and services with customer needs and bring in high operating efficiencies within its system. The recent foray in financing the needs of the MSME sector showcases this competitive advantage.

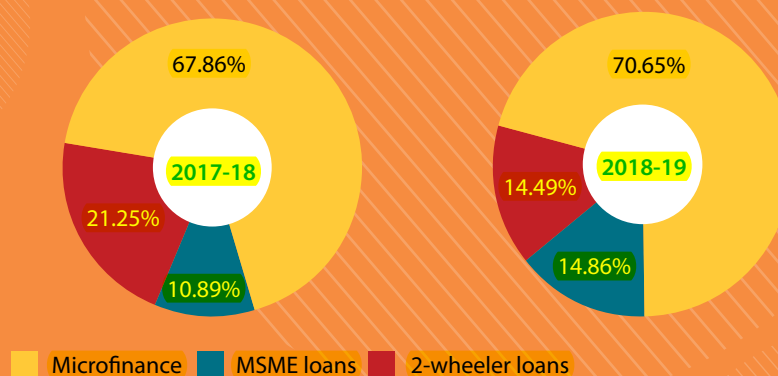




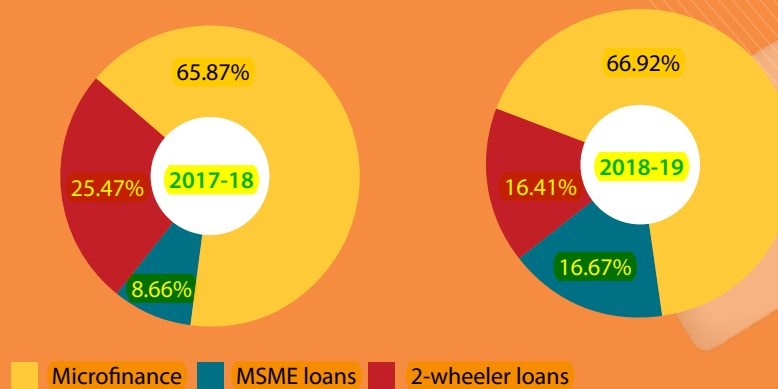
Disbursement break-up (%)



AUM break-up (%)



Revenue break-up (%)



Revenue vertical 1

Microfinance

Operated under its wholly-owned subsidiary Namra Finance Ltd., the microfinance business is the key growth driver for the Company. The Microfinance business was launched by Arman in 2010 and demerged into Namra in 2013 due to RBI's newly prescribed NBFC-MFI guidelines.

Positives

Rural concentration

- Serve areas and clients where it is simply not possible for banks to provide financial services.

Extremely conservative risk framework

- Focused on establishing its presence in small, uncluttered rural pockets that enjoy a culture of financial discipline.
- Prefer a "second mover advantage", which means that the Company will only foray into a new area once the area has a proven track record and the credit culture has been established.
- Static center model.
- Process discipline and robust credit filters facilitate in maintaining pristine asset quality.

- Centralised underwriting with telephonic verification.
- 100% cashless disbursement.

Stringent disbursement discipline

- Low ticket size compared to the industry average.
- No Top-Up/Mid-Tenure loans. No Mid-Tenure cross selling. Avoiding over-leverage to any particular client.

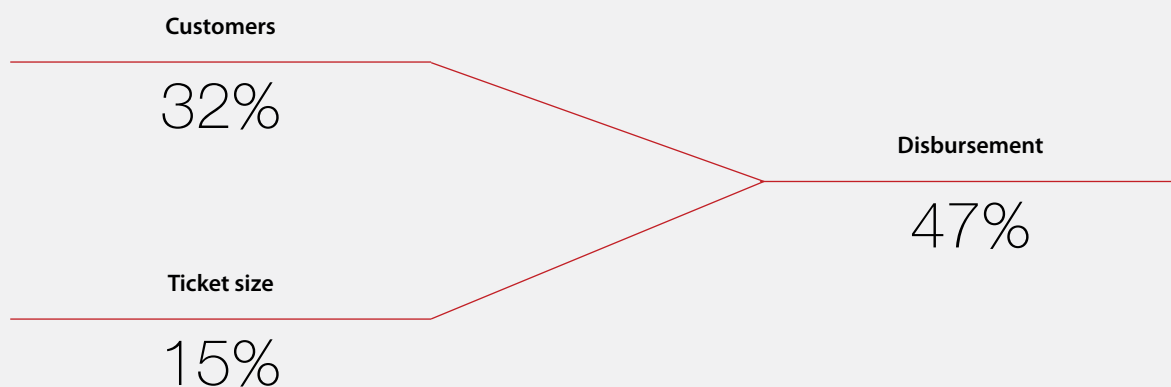
Controlled growth targets and "bottom-up" projections.



Customer is king

Despite the Company's highly conservative risk framework and disciplined adherence to it stringent credit filters, customer addition has been the primary growth driver for its microfinance business. About 32% of its growth in disbursements is owing to new customers. This only suggest the huge brand pull of the Company and the relevance of its operating model.

FY14-19 CAGR (%)



Performance

Despite the liquidity crunch in the third quarter of the year under review, the division reported healthy growth.

In 2018-19, the Company forayed into Rajasthan with four pilot branches in Chittorgarh and Pratapgarh districts. Moreover, the Company entrenched its presence in the existing states – by opening 27 new branches in these areas.

As a result, disbursements increased by 47.50% from ₹400.06 crore in 2017-18 to ₹589.59 crore in 2018-19. Revenue grew to ₹95.29 crore in 2018-19 against ₹52.71 crore in 2017-18 – a growth of 80.78 %. The active customer base increased from 198,751 as on March 31, 2018, to 273,071 as on March 31, 2019, as the AUM swelled from ₹287.46 crore to ₹483.74 crore over the same period.

The team achieved 100% cashless disbursement across all locations. This facilitated faster loan disbursement, reduced the risk of cash loss and improved cash management.

Dedicated focus on collections through improved customer relations helped in reducing the NPAs – the Net NPA as on March 31, 2019, stood at 0.55% against 1.13% as on March 31, 2018.

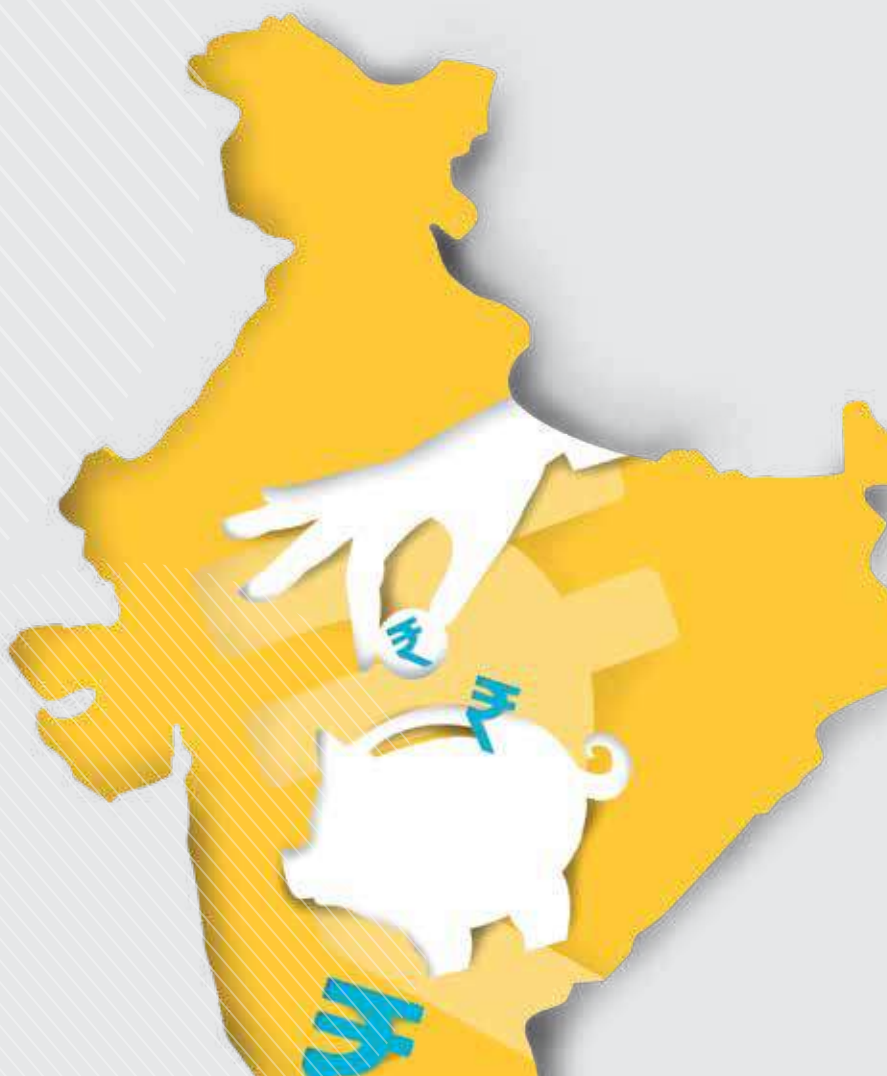
The Company launched an integrated mobile interface for its field staff for onboarding customers, doing a real-time credit check for all loan applications and going completely paperless (except where paper documents are statutorily required) for both loan applications and loan servicing. This technology has been successfully implemented in 90 branches till date.

Priorities

The Company will continue to strengthen its presence across its footprint with a special focus on Rajasthan and Uttar Pradesh, its two most recent geographic additions.

From a service perspective, the team will continue to engage more meaningfully with its customers across every district to understand areas of improvement; this would also help in unearthing new growth opportunities.

From a technology standpoint, the team will move to a 100% deployment of its mobile interface. In addition, the Company is implementing the rollout of a new ERP software for Microfinance. This solution promises to substantially improve collection efficiency and generate a more accurate and detailed MIS for the management team.



Position



6

States covered



13,340

Villages covered



273,071

Active Customers (March 31, 2019)



589.59

Disbursements, 2018-19 (₹ crore)



95.29

Revenue, 2018-19 (₹ crore)



21.22

Profit before Tax, 2018-19 (₹ crore)



483.74

Assets under Management,
March 31, 2019 (₹ crore)



99.28

Collection efficiency, 2018-19 (%)



0.55

Net NPA, March 31, 2019 (%)



407

Customers per field officer, 2018-19



87.87

Disbursement per field officer, 2018-19
(₹ in Lakhs)

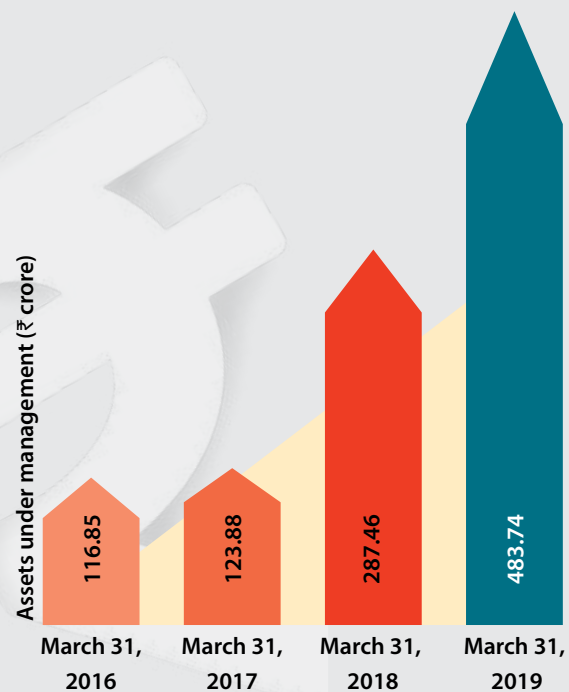
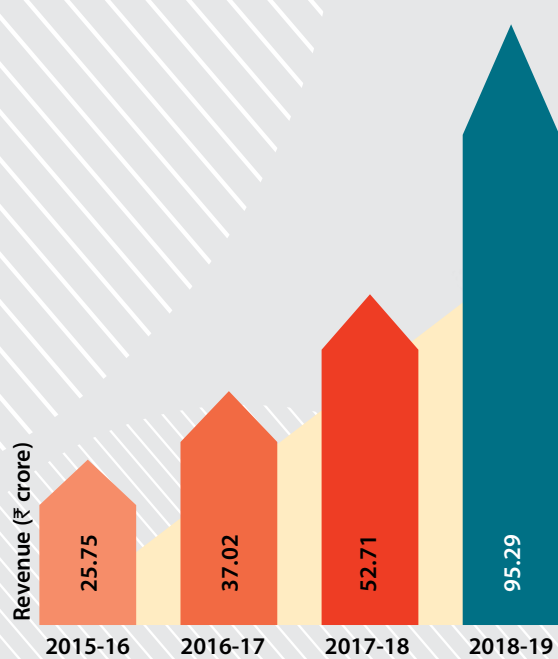
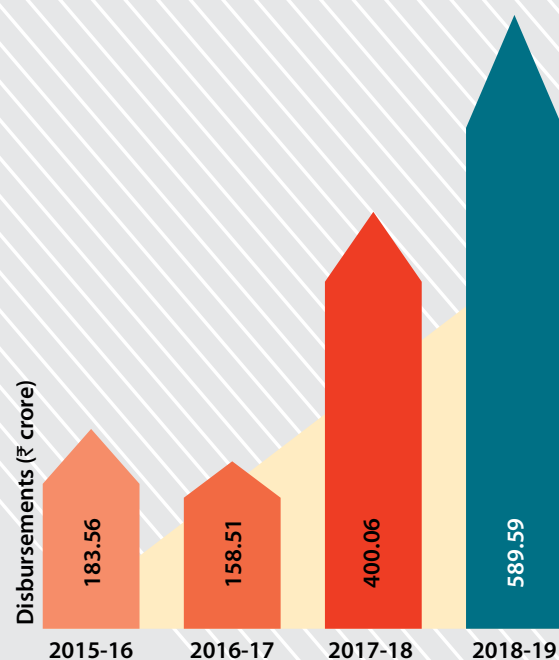
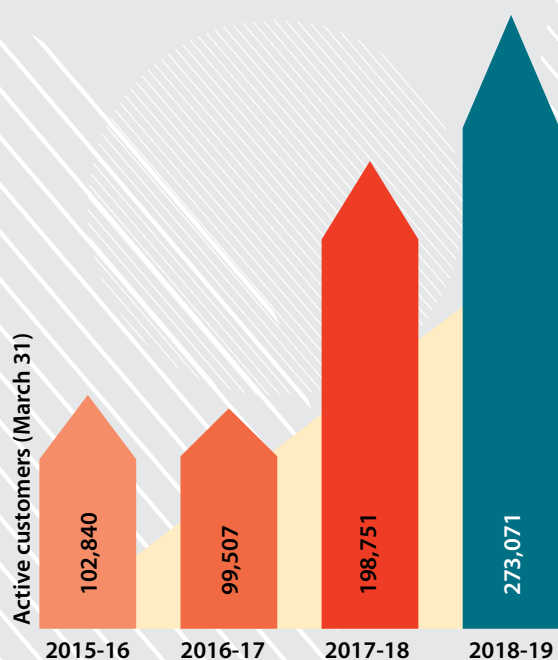


14.20

Revenue per field officer, 2018-19
(₹ in Lakhs)



Progress



Revenue vertical 2

MSME loans

MSME funding is a new product line, an extension of the microfinance business, in which the Company provides loans of ₹40,000 to 1,50,000 to small business owners in rural areas who are deprived of formal funding options. These are individual non-group unsecured loans. As a start, the Company has established its presence in Gujarat and Madhya Pradesh.

Positives

- Leverages local knowledge (from the microfinance database) to ascertain prospective opportunities and worthy clients
- Collection from the customer's doorstep which facilitates regular contact with customers

Performance

This business registered a stellar performance. The Company continued to entrench its presence in existing states as it added nine new branches in 2018-19. Disbursements increased by 82.63% from ₹52.67 crore in 2017-18 to



2

States covered



16

Districts covered



26,488

Active Customers (March 31, 2019)



96.19

Disbursements, 2018-19 (₹ crore)



23.86

Revenue, 2018-19 (₹ crore)



24

Branches



99.22

Assets under Management,
March 31, 2019 (₹ crore)



99.87

Collection efficiency, 2018-19 (%)



0.03

Net NPA, March 31, 2019 (%)



223

Customers per field officer, 2018-19



80.77

Disbursement per field officer, 2018-19
(₹ in Lakhs)



20.05

Revenue per field officer, 2018-19
(₹ in Lakhs)



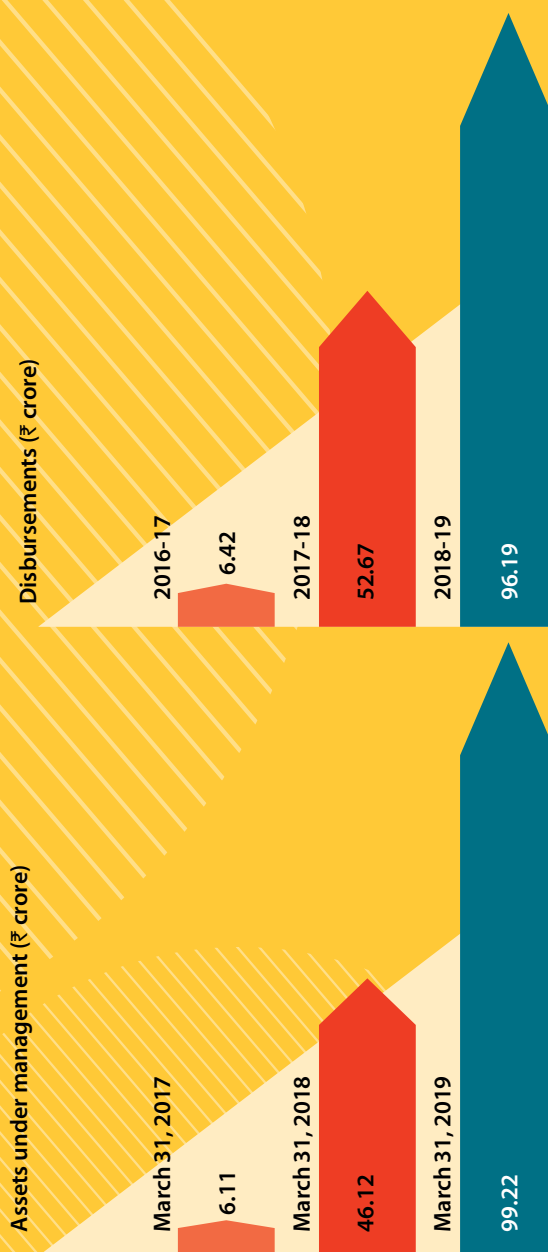
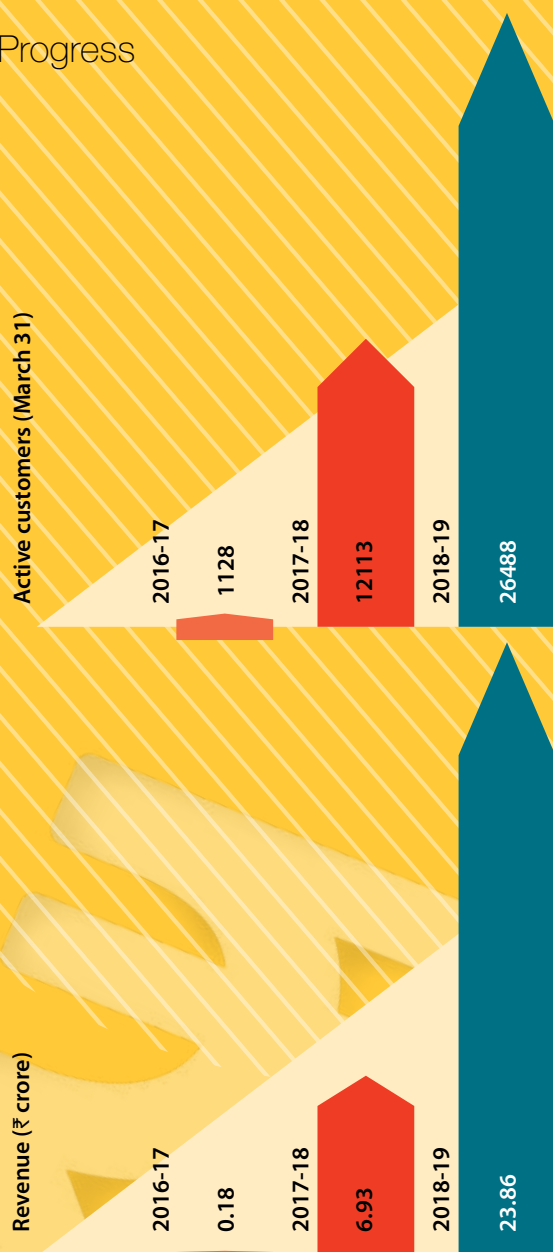
₹96.19 crore in 2018-19, while revenue grew by 244% from ₹6.93 crore to ₹23.86 crore during the same period. Moreover, this revenue vertical has registered the highest Return on Assets among all the product lines.

Priorities

While there is an opportunity to expand rapidly and increase disbursements, the Company has adopted a strategy of cautious aggression where asset qual-

ity will be the topmost priority. As the team gains experience in this product vertical, it would expand its presence meaningfully in the coming months and years.

Progress



Revenue vertical 3

2-wheeler loans

This vertical is an urban-centric, cash-less and asset-backed funding business. For this vertical, the Company has strategically concentrated its presence in its home state, Gujarat, and is a strong regional player with a high market-share. Business accrues through presence at vehicle OEM dealer showrooms.

Positives

- Established its competence through a growing presence in several towns and cities in Gujarat.
- Established a tablespace in more than 60 dealer showrooms which provide majority of the business.
- Enjoys a preferred financing partner status owing to its value-added services - flexibility in terms of loan tenure, initial down payment, processing fees and service speed.

Performance

The business faced headwinds during the year under review, as 2018-19 was a significant washout for the 2-wheeler segment with sales volumes of 2-wheelers registering a growth of only 4.9% over the previous fiscal. This lackluster growth was owing to the dull consumption ecosystem in India, further accentuated by the new third-party insurance law. Despite these challenges and negative two-wheeler sales growth in the last two quarters, the team performed well as the Company's market share increased in its operational geographies. The Company also forayed into the Rural belts through its MSME branches. Total Disbursements stood at ₹104.06 crore in 2018-19 against ₹92.29 crore in 2017-18; revenue from the vertical increased from ₹20.39 crore to ₹23.86 crore over the same period. The

rural 2-wheeler disbursement was ₹7.90 crore in 2018-19 and Rural 2-wheeler AUM was ₹6.79 crore. The Company plans to expand its reach into the rural two-wheeler market in the coming years.

Priorities

The muted growth in the last few years was owing to increased competition and margin pressures. However, the Company remains committed to sustain and expand its two-wheeler financing business as and when the competitive intensity subsides. The product was in a pilot phase in 2018-19; the overall response to the product and quality of book is promising and provides an avenue for sustained growth in the 2-wheeler segment.

Position



36,113

Active Customers (March 31, 2019)



104.06

Disbursements, 2018-19 (₹ crore)



23.02

Revenue, 2018-19 (₹ crore)



101.74

Assets under Management, March 31, 2019 (₹ crore)



201

Staff strength

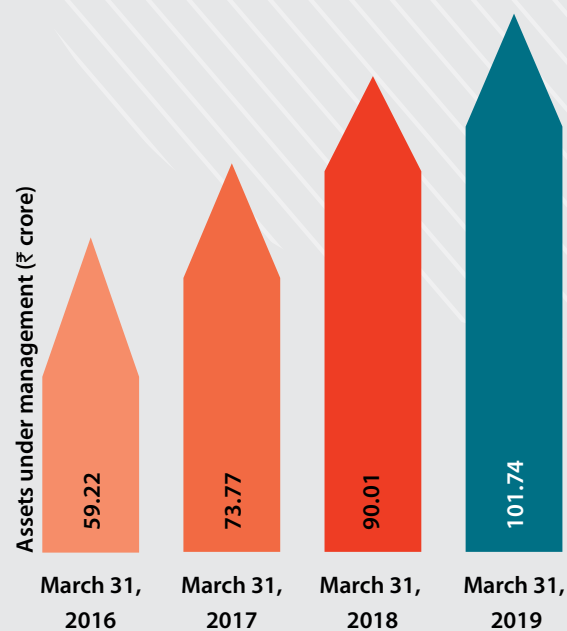
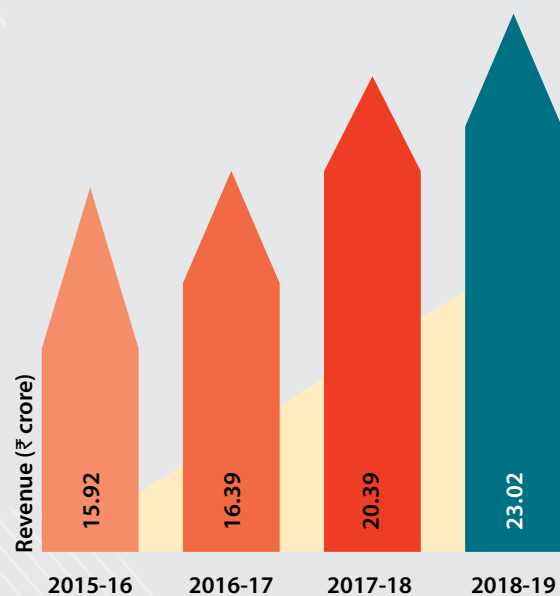
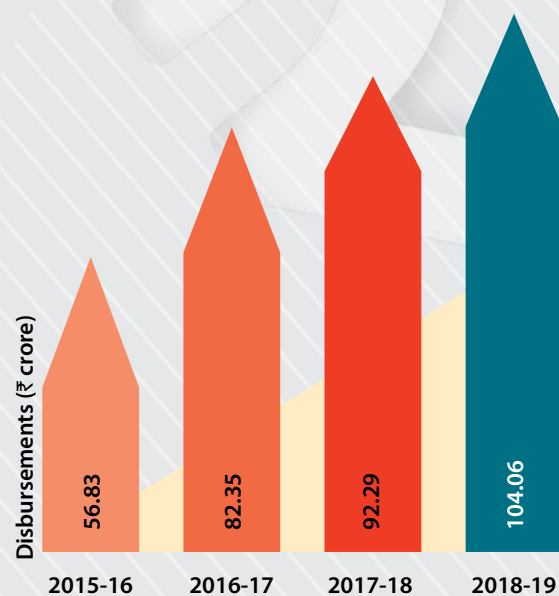
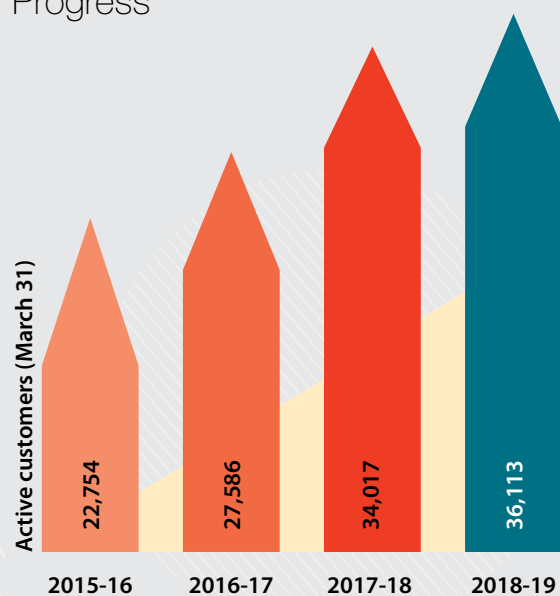


4.00

Net NPA, March 31, 2019 (%)



Progress



Promise & prospects



India - Compelling growth fundamentals

BIG POPULATION, FAST ECONOMY



1.3 Bn/7.0%

YOUNG POPULATION



65% The percentage of population born after 1980

WELL CONNECTED



776 mm Mobile phone users in 2018
481 mm Internet users, 2nd largest in world in Dec 2017

ROAD NETWORK



33 Lakh Km
2nd largest in world

BIG FUTURES

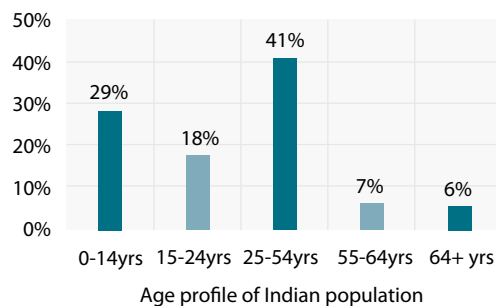
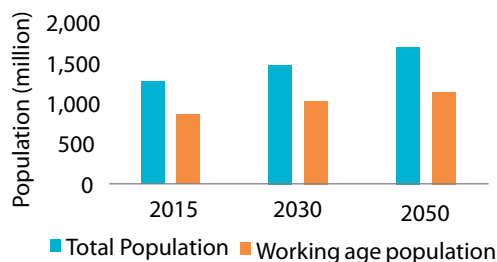


7 mn The number of college graduates per year

SCOOTING ALONG



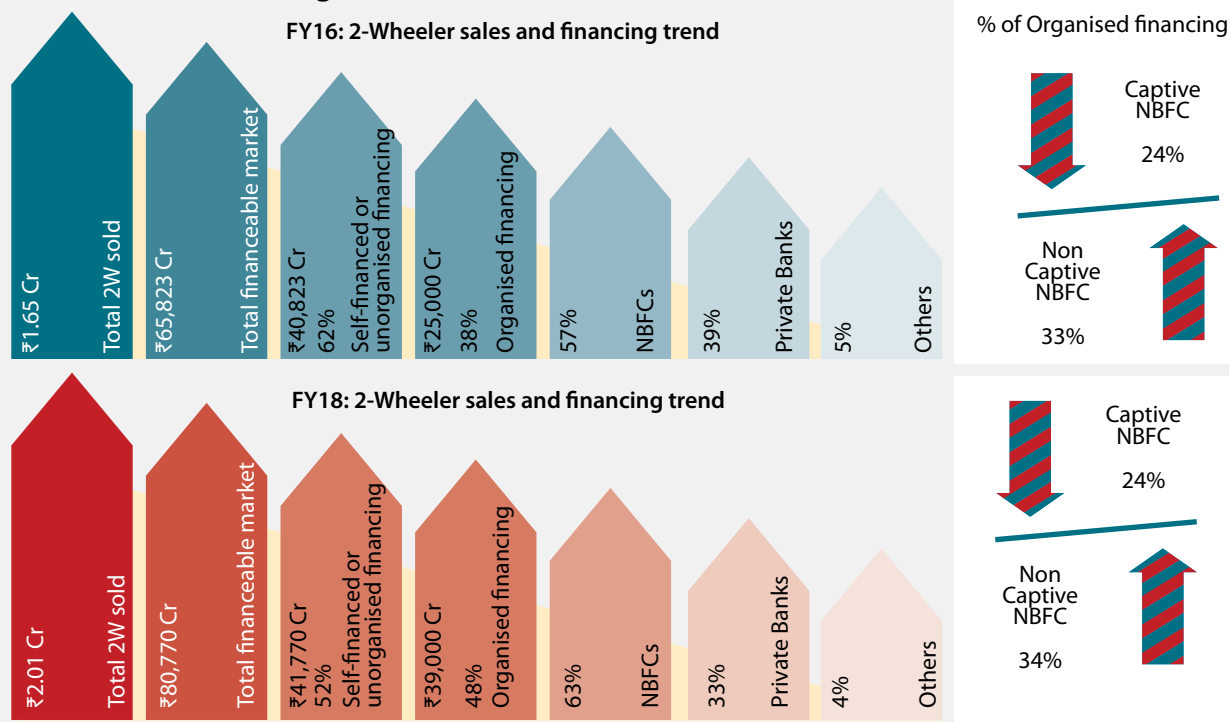
20 mn The number of two-wheelers sold in India in 2018



Consumer spending 60% of GDP

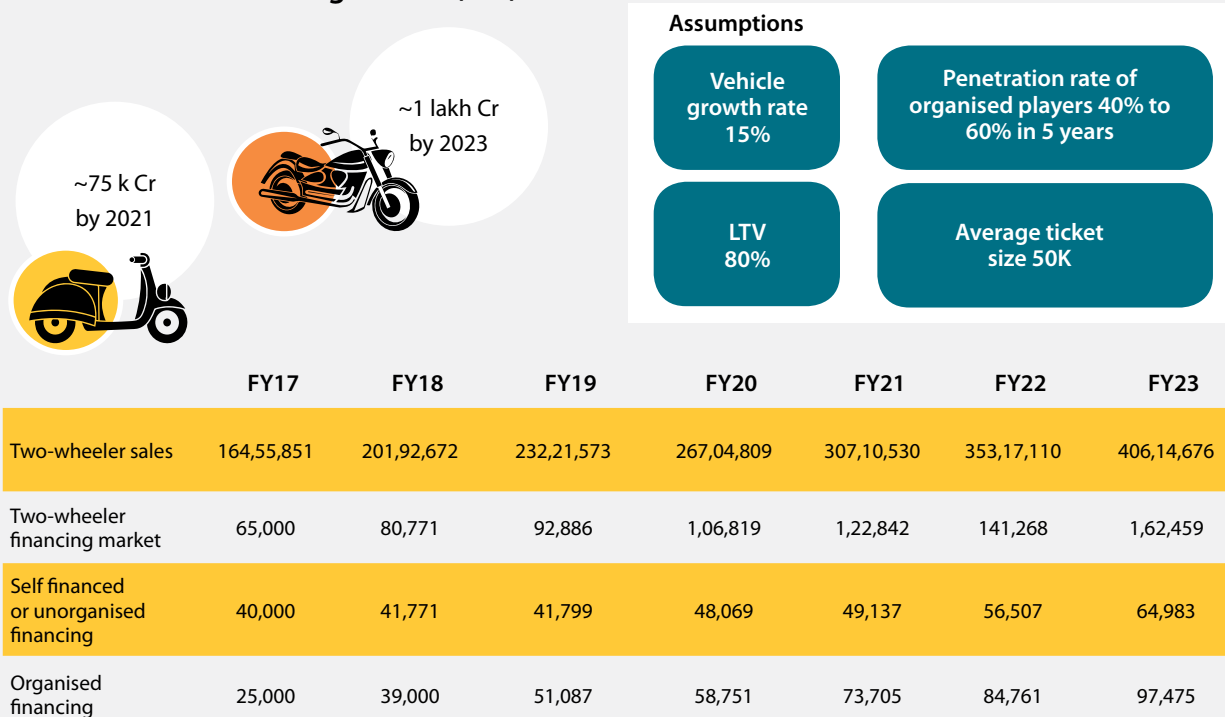
Source: Two-wheeler Finance: The next big wave in Consumer Finance? -- A Report by Vivriti Capital

Two-wheeler financing market (1/3)



Source: Two-wheeler Finance: The next big wave in Consumer Finance? -- A Report by Vivriti Capital

Two-wheeler financing market (2/3)



Source: Two-wheeler Finance: The next big wave in Consumer Finance? -- A Report by Vivriti Capital

Risk management

“The only strategy that is guaranteed to fail is not taking risks.”

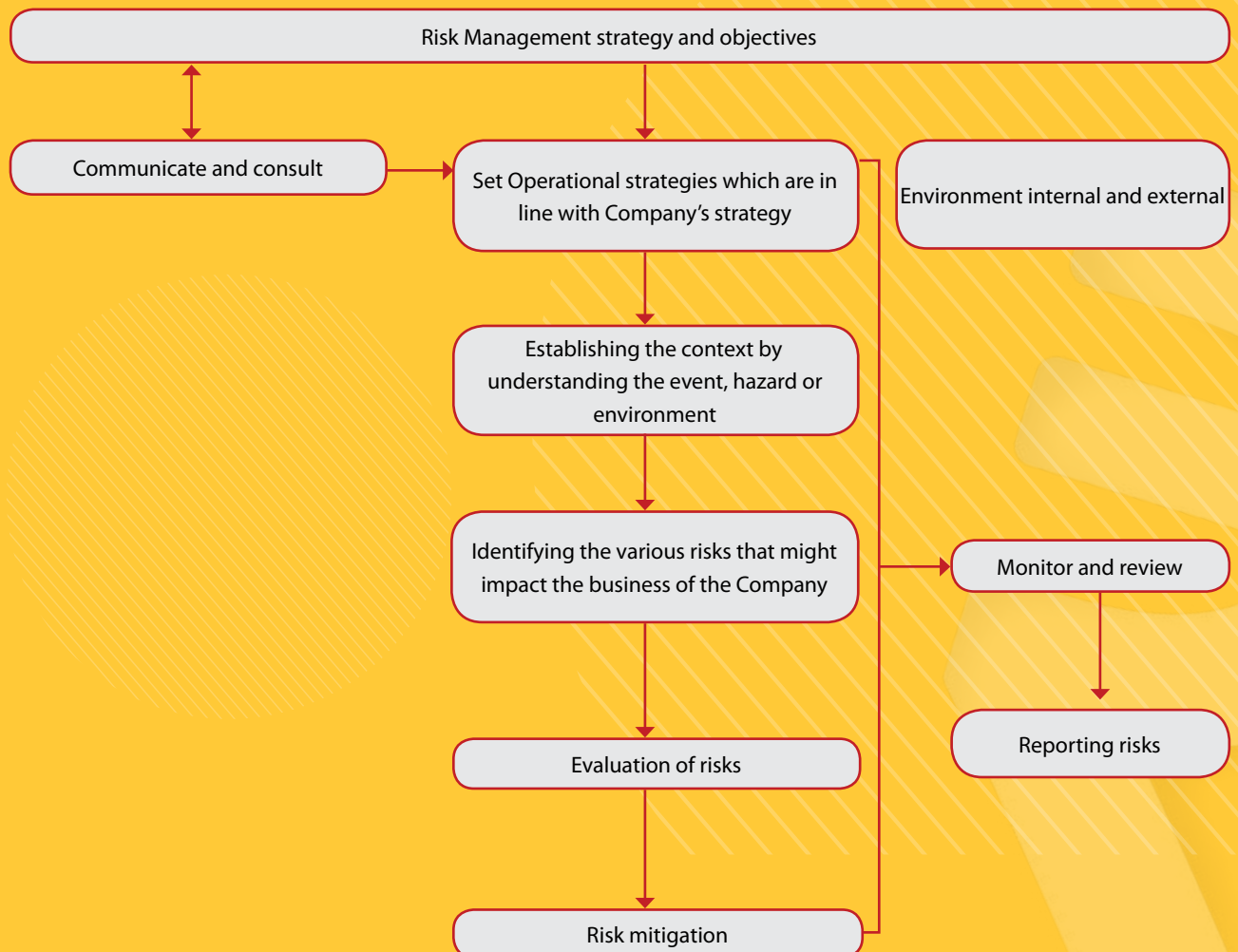
Mark Zuckerberg

Arman is cognizant of the reality that risks, along with their mitigation, are critical in the ever-changing environment in which it operates. The Company has a well-established risk management

framework that enables it to be resilient while performing its business activities despite various challenges from the external environment. It encompasses strategy and operations and seeks

to identify proactively, address, and mitigate existing and emerging risks. A thread-bare analysis is undertaken for every strategic business decision by the top management.

Arman’s multi-level risk management framework



Policy risk

Populists' announcements could severely impact cash collection in the short-term and business growth over the medium-term

Mitigation: This reality will impact the entire microfinance sector, and Arman will be no exception. While such announcements could happen anytime, the microfinance sector has made numerous representations to the nodal agencies at the Centre and in various states of its presence on the benefits of microfinance in assisting structured and disciplined growth of the rural masses in India. These representations have helped in minimising such announcements. MFIN has strong advocacy with all levels of the government and policy-makers.

Dependence risk

The Company depends primarily on the microfinance segment for its overall business growth and sustainability.

Mitigation: Microfinance will continue to be the dominating business segment over the coming years owing to the growing demand from rural masses pan-India. However, the Company, owing to its microfinance experience, has created flanking revenue verticals, which, over time, should become substantial revenue and profitability drivers for the Company. Over the medium-term, the Company will endeavour to arrive at an interesting equilibrium between its mass and niche products that meet its growth and profitability aspirations.

Geographic concentration risk

Being concentrated in a handful of states could restrict business growth.

Mitigation: The Company is a cautious mover. Rather than move with speed across the Indian landmass, the Company practices a policy of making a knowledge-based entry into any state and then creating an entrenched presence before moving to the next. Over the years, the Company has moved on from its traditional bastion (Gujarat) to other states. In 2017-18, it established a strong presence in Uttar Pradesh and Maharashtra. While it continued to embed its presence in that state, the Company established a small presence in Rajasthan in 2018-19 to test the opportunity in that region. This steady footprint expansion will enable the Company to seamlessly sustain growth while journeying towards its goal - a pan-India presence.



Service risk

A deterioration in service quality could impact business prospects going forward.

Mitigation: Increasing competition in this space has made service quality a critical differentiator. Arman understands this business reality. To ensure, quality service, the Company has adopted a multi-pronged approach.

- Recruiting and nurturing local talent for managing field operations which helps in better understanding and timely resolution of customer issues.
- Implementing a digital solution for enhancing the speed and accuracy of service delivery.
- Maintaining a close connect with customers to understand their challenges.
- A robust 3-layer grievance redressal mechanism from field to head-office level.

These realities have helped the Company to strengthen business relations and secure referral business.

Reputation risk

Incorrect and inappropriate communication by various stakeholders could dent the Company's reputation

Mitigation: The management is familiar with the reality that in this customer-facing business, reputation is critical for sustaining success. In keeping with this belief, the management has neatly woven ethics and governance into the organisational fabric. The outcome of this is reflected in important developments

- Multiple rounds of funding by leading global financial institutions, government agencies, and leading public and private banks.
- Rating upgrade for both Arman & Namra from BBB to BBB+; also the MFI grading for Namra has been upgraded from MFI-2 to MFI-2+, which is one step below the highest possible grading.
- Mr. Alok Prasad, an eminent personality in NBFC and more particularly in the Microfinance space joined the Company as the Non-Executive Chairman.

Liquidity risk

The on-going liquidity crunch owing to the NBFC crisis could impede the Company's ability in securing funds to meet its growth aspiration.

Mitigation: The Company has earned respect in the financial circles for its timely and complete repayment of all loans taken. As a result, despite the financial crisis, which has impacted the financial services segment in the recent past, the Company has been able to grow consistently. Moreover, with every passing year, the Company has only expanded its lending partner base to balance the mix of borrowing between PSU, Private Sector Banks, Small Finance Bank, NBFCs and Foreign Investors. Moreover, the Company has a policy of maintaining liquid funds equivalent to its disbursement commitment of the following month. .

Finally, the Company has a natural positive ALM ratio as its loans to customers are of short tenure while its borrowings are longer term in nature; therefore, there is no risk of default even if market liquidity stops completely.



Giving back to the society

At Arman, we believe that educating women is a sustainable means of eliminating household poverty and improving healthy livelihood of the entire family.

In keeping with this belief, we focused on addressing health issues of woman. We distributed Reusable Sanitary Pads (a sustainable solution as it lasts for a year) and imparted Menstrual Hygiene Awareness in more than 30 remote villages of Gujarat.

We collaborated with a specialised organisation, Unipads India Pvt. Ltd, manufacturer and supplier of reusable cloth pads; which also drives menstruation hygiene campaigns amongst the deprived.

Step-1

As a first step we shortlisted the branches, villages and detailed list of customers to be covered. With the help of branch and area heads and Unipads India Pvt. Ltd we conducted awareness activities.

Step-2

We launched a low-cost simple solution. Unipads are reusable cloth pads which can be washed and reused for more than one year. These pads are healthy and skin friendly as no chemicals and gels are used in its manufacturing process. This is the best option for women who cannot spend on menstrual hygiene products due to lack of financial resources. Unlike disposable pads, Unipads are environment friendly as they do not have to be disposed.

Step-3

With the help of Unipads, we distributed Reusable sanitary pads among our female customers in different villages in Gujarat by spreading awareness on menstrual hygiene. As a part of this activity, Unipads team interacted with women of these remote villages and imparted knowledge on right menstrual practices, why reusable sanitary pads are a good option, how to use it and its wash and care instructions.



Why menstrual hygiene?

💰 A woman spends almost 2,500-3,000 days of her life menstruating, which is almost 6-7 years of her life.

💰 Only 18% women in India use sanitary pads due to lack of accessibility and affordability of high cost disposable sanitary pads.

💰 Stigmatisation has produced an immense gap in knowledge about menstruation and hygienic practices among women and girls, leading to increased health risks, absence from school and work and loss of dignity.



Statutory Reports



CORPORATE INFORMATION

BOARD OF DIRECTORS

1. **Late Mr. Chinubhai R. Shah**
Chairman (upto 25.05.2018)
2. **Mr. Alok N. Prasad**
Chairman (w.e.f. 01.08.2018)
3. **Mr. Jayendrabhai B. Patel**
Vice Chairman & Managing Director
4. **Mr. Aalok J. Patel**
Joint Managing Director (w.e.f. 21.08.2019)
5. **Mr. Kaushikbhai D. Shah**
Independent Director
6. **Mrs. Ritaben J. Patel**
Director
7. **Mr. Aakash J. Patel**
Director
8. **Mr. Ramakant D. Nagpal**
Independent Director
9. **Mr. Mridul Arora**
Nominee Director (w.e.f. 12.04.2018)

BOARD COMMITTEES

◆ Audit Committee

Mr. Kaushikbhai D. Shah
Chairman
Mr. Chinubhai R. Shah (upto 25.05.2018)
Member
Mrs. Ritaben J. Patel
Member
Mr. Alok N. Prasad (w.e.f. 01.08.2018)
Member
Mr. Ramakant D. Nagpal (w.e.f. 01.08.2018)
Member

◆ Stakeholders Relationship Committee

Mr. Chinubhai R. Shah (upto 25.05.2018)
Chairman
Mr. Alok N. Prasad (w.e.f. 01.08.2018)
Chairman
Mr. Kaushikbhai D. Shah
Member
Mr. Jayendrabhai B. Patel
Member

◆ Nomination and Remuneration Committee

Mr. Ramakant D. Nagpal
Chairman
Mr. Chinubhai R. Shah (upto 25.05.2018)
Member
Mr. Kaushikbhai D. Shah
Member
Mr. Alok N. Prasad (w.e.f. 01.08.2018)
Member

CHIEF EXECUTIVE OFFICER

Mr. Jayendrabhai B. Patel

CHIEF FINANCIAL OFFICER

Mr. Aalok J. Patel (upto 25.05.2018)
Mr. Vivek A. Modi (w.e.f. 26.05.2018)

COMPANY SECRETARY

Mr. Jaimish G. Patel

STATUTORY AUDITOR

M/s Samir M. Shah & Associates

INTERNAL AUDITOR

M/s Dharmesh Parikh & Co.

SECRETARIAL AUDITOR

M/s Pinakin Shah & 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; secretarial@armanindia.com
Website: www.armanindia.com

REGISTRAR & SHARE TRANSFER AGENT

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

BANKERS

IDBI Bank Ltd
State Bank of India
Dena Bank (merged with Bank of Baroda)
HDFC Bank Limited
The Federal Bank Limited
Oriental Bank of Commerce
AU Small Finance Bank Limited

DEBENTURE TRUSTEE

Catalyst Trusteeship Limited

DIRECTOR'S REPORT

Dear Members,

The Board of Directors of the Company with immense pleasure present their 27th Director's Report together with the Audited Financial Statement for the year ended on March 31, 2019.

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 | |
|---|----------------|--------------|--------------|--------------|
| | 2018-19 | 2017-18 | 2018-19 | 2017-18 |
| Total Revenue | 1,41,06,00,080 | 78,02,01,329 | 46,93,75,621 | 27,31,96,180 |
| Profit Before Interest and Depreciation | 93,95,10,722 | 44,41,23,099 | 29,79,47,680 | 15,43,31,042 |
| Finance Charges | 62,82,14,401 | 34,24,61,588 | 20,25,79,752 | 10,84,86,332 |
| Depreciation | 48,43,865 | 37,32,412 | 10,98,840 | 10,71,855 |
| Net Profit Before Tax | 30,64,52,456 | 9,79,29,099 | 9,42,69,088 | 4,47,72,855 |
| Current Tax | 9,77,10,000 | 3,44,40,000 | 2,97,10,000 | 1,38,40,000 |
| Deferred Tax (Asset)/Liability | (72,24,816) | (62,12,318) | (18,63,608) | (11,26,905) |
| Sort/(Excess) provision of income tax of earlier year | 26,35,462 | (32,55,291) | 26,35,462 | Nil |
| Net Profit After Tax | 21,33,31,810 | 7,29,56,708 | 6,37,87,234 | 3,20,59,760 |
| Basic Earnings Per Share | 30.74 | 10.21 | 9.19 | 4.63 |

2. OPERATIONS

Your Company continues to engage 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.

Though FY19 was a very challenging year for the entire NBFC sector due to the liquidity crisis, the Company has grown consolidated AUM by 62% and has managed to generate a record profit. The AUM of the company increased from ₹423.59 crores to ₹684.70 crores. Consolidated disbursements totaled ₹790 crores compared to ₹542 crores the previous year, a 46% increase. The impact of demonetization, which resulted in increased loan losses in FY18, is behind us and we are poised to grow considerably in the coming years. The

Company has received an Equity infusion from a SAIF Partners managed fund during the year, which will increase the equity base of the Company by ₹56.67 Crores on a fully diluted bases.

Income from operations during the year under review was ₹141.06 crores against ₹78.02 crores for the previous year, resulting in an increase of 80.80%. Earnings before Interest & Taxes (EBIT) for the current year is ₹93.47 crores (₹44.04 crores in previous year) thereby resulting in increase of 112.23%. Net Profit after Taxes amounted to ₹21.33 crores (₹7.30 crores in previous year) thereby resulting in increase of 192% in the fiscal year. The basic earning per share is ₹30.74 (Previous year ₹10.21) thereby resulting in increase of 201.07%.

3. DIVIDEND

Your Directors are pleased to recommend a Dividend of ₹1.40/- net of tax (Previous Year ₹1.00/-) per equity share of ₹10/- each (i.e. 14%) for the year ended March 31, 2019, subject to approval by the members at the ensuing Annual General Meeting.



4. 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: ₹1,28,00,000/-
- Transfer to general reserve: ₹10,00,000/-

5. MATERIAL CHANGES & COMMITMENT AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There are no material changes and commitments, that would affect financial position of the Company from the end of the financial year of the Company to which the financial statements relate and the date of the director's report.

6. CREDIT RATING & GRADING

During the year under review, Credit Analysis and Research Limited ('CARE') reviewed the ratings on various bank facilities and debt instrument of the Company, and its subsidiary. CARE upgraded its rating for long term bank facility to "CARE BBB+"; stable (Triple B plus; outlook stable). CARE also affirmed its rating on the Non-Convertible Debentures ("NCD") at "CARE BBB+"; stable (Triple B plus; outlook stable). The Grading of Namra Finance Limited (WOS) has also improved from 'MFI 2' (MFI two) to 'MFI 2+' (MFI two plus) by CARE during the current fiscal.

7. 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 ("SEBI LODR Regulations"). The said policy is available at the Company website at the link <https://www.armanindia.com/corporategovernance.aspx> → Policy For Material Subsidiary.

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.

Further pursuant to Section 136 of Companies Act, 2013, financial statements of the Company, consolidated along with relevant documents and separate audited accounts in respect of subsidiary are available on the website of the Company.

8. UNCLAIMED DIVIDEND & SHARES

During the year Company has transferred unclaimed dividend for the year 2010-11 of ₹ 3,03,557/- to Investor Education and Protection Fund pursuant to provision of Section 124 of the Companies Act, 2013 which remained unclaimed for a period of more than seven years.

Further, during the year 15,810 shares on which dividend had remained unclaimed for last 7 years were transferred to Investor Education & Protection Fund in accordance with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, after complying due procedure. Members desirous of claiming their shares and dividend may refer to the refund procedure for claiming the aforementioned amounts/shares transferred to the IEPF Authority, as detailed on www.iepf.gov.in. Underlying shares on which dividend has remained unclaimed from 2011-12 onwards, will be due for transfer to IEPF account during the year and individual notices to that effect will be sent to concerned shareholders. Shareholders who have not yet encashed their unclaimed/unpaid amounts are requested to correspond with the Company's Registrar and Transfer Agents, at the earliest to avoid transfer of dividend and underlying shares to IEPF.

9. LOANS, GUARANTEES AND INVESTMENTS

Except the loans, guarantees and investments made in subsidiary Company, there were no other 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 KEY MANAGERIAL PERSONNEL

The Board of Directors consists of 8 members, of which 3 are Independent Directors and 1 is a Nominee Director. 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, Mr. Aakash Patel [DIN-02778878] and Mr. Jayendrabhai Patel [DIN-00011814] will retire by rotation at the ensuing AGM and being eligible, offer themselves for reappointment.

a) Cessation

During the year Mr. Chinubhai R. Shah (DIN-00558310), Chairman & Independent Director of the Company has given his resignation from the office of Directorship citing health issue w.e.f. 25.05.2018. The Board had accepted his resignation and placed on record its appreciation & deep gratitude for the valuable guidance and for uninterrupted leadership for last 24 years and acknowledged his integrity, fairness, leadership, keen insight and prudent judgment as a member of the Board. Mr. Shah passed away shortly thereafter on 06.06.2018 at his home in Ahmedabad. He was a visionary and a strong leader – astute, generous and charismatic. He will be greatly missed by all of the Arman family.

b) Appointment

During the year Mr. Mridul Arora (DIN-03579584) has been appointed as Nominee Director (Non-Executive) w.e.f. 12.04.2018 pursuant to investment agreement executed by Company with SAIF Partners India V Limited and provision of Article of Association of the Company.

During the year Mr. Alok Prasad (DIN: 00080225) was appointed as an Additional Director (Independent) by the Board of Directors to hold the office from 01.08.2018 till the conclusion of 26th Annual general Meeting.

The Shareholders of the Company by way of ordinary resolution, at the 26th Annual General Meeting has confirmed his appointment for a period of 5 years with effect from 01.08.2018.

c) Reappointment

Mr. Kaushikbhai D. Shah (DIN- 00024305) was appointed as an Independent Director at the 22nd Annual General Meeting held on September 24, 2014 for a period of five years and accordingly he holds office upto September 23, 2019. Considering his knowledge, vast experience, skillset in respective fields and significant contribution and guidance made by him during last 25 years, the Board has on the recommendation of the Nomination and Remuneration Committee and subject to approval of members at the ensuing Annual General meeting, re-appointed him as an Independent Director for another term of 5 years, not liable to retire by rotation. Mr. Kaushikbhai D. Shah has given declaration that he continues to meet the criteria of independence as laid down under Section 149(6) of the Companies, Act 2013 and rules made thereunder and under the SEBI LODR Regulation. Based on disclosure provided by him, he is not disqualified from being appointed as Director under section 164 of the Companies Act, 2013 and is independent from the management.

Mr. Aalok Patel (DIN-02482747) was appointed as an Executive Director & C.F.O. of the Company for a period of 5 years w.e.f. July 01, 2015 by the shareholders of the Company in the 23rd Annual General Meeting of the Company. Thereafter he relinquished his position as a CFO w.e.f. May 25, 2018 however he continued his position as an Executive Director.

After considering his valuable contribution to the Company, Board has appointed him as a Joint Managing Director for a period of 5 years with effect from August 21, 2019. His appointment is subject to approval of Members and other concerned authorities, if any.

d) Key Managerial Personal (KMP)

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



- 1) Mr. Jayendrabhai B. Patel – Vice Chairman & Managing Director and C.E.O.
- 2) Mr. Aalok J. Patel – Joint Managing Director
- 3) Mr. Vivek A. Modi – C.F.O. (w.e.f. 26.05.2018)
- 4) Mr. Jaimish G. Patel – Company Secretary & Compliance Officer

12. MEETING OF THE BOARD & AUDIT COMMITTEE

The Board during the financial year 2018-19 met 7 (seven) times and Audit Committee met 5 (five) 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

As per Section 4 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, your Company has constituted an Internal Complaints Committee for redressal of complaints against sexual harassment. There were no complaints/cases filed/ pending with the Company during the financial year.

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 March 31, 2018, 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 March 31, 2019 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

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018.

19. AUDITORS AND AUDIT REPORTS

a) Statutory Auditors

M/s Samir M. Shah & Associates, Chartered Accountants (FRN: 122377W) were appointed as a Statutory Auditors of the Company with the approval of members at the 25th Annual General Meeting to hold office till the conclusion of the 30th Annual General Meeting, subject to ratification of their appointment at every Annual General Meeting ('AGM'). However as per Companies (Amendment) Act, 2017 effective from May 07, 2018, the provisions relating to ratification of the appointment of Statutory Auditors at every AGM is not required and hence your Directors have not proposed the ratification of M/s Samir M. Shah & Associates at ensuing AGM. Auditor's Report for the year under review does not contain any qualifications, reservations or adverse remarks.

b) 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 2018-19. The Secretarial Audit Report is annexed herewith as "Annexure-3". The Secretarial Audit Report does not contain any qualification, reservation or adverse remarks.

Pursuant to Regulation 24A of SEBI LODR Regulations, a Secretarial Compliance Report for the year ended March 31, 2019 is annexed as "Annexure-3B" and a Certificate regarding

status of Directors as required under schedule V, para C, Clause 10(i) of SEBI LODR Regulation is also annexed.

20. 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 <https://www.armanindia.com/corporategovernance.aspx> --> Policy For Materiality Of Related Party Transactions

21. 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 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.

22. 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.

23. 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.

24. 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 for the FY 2018-19.

25. 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.

26. 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.

27. 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: <https://www.armanindia.com/corporategovernance.aspx> --> Whistler Blower Policy

28. 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.

29. 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.

30. 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

The details of foreign exchange earnings and outgo during the year under review given below:

Expenditure in foreign currency: ₹ 27,50,000/-

Earnings in foreign currency: Nil

31. SHARES & SHARE CAPITAL

• 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.

• Issue of Compulsorily Convertible Debentures (CCDs)

Your Company has issued and allotted 16,66,667 Unsecured Compulsorily Convertible Debentures ("CCDs") of ₹300/- each aggregating ₹50 crores on April 12, 2018 pursuant to shareholder's approval obtained in Extra Ordinary General meeting of the Company held on March 29, 2018

These CCDs will be converted into 18,90,417 ordinary equity shares of ₹10/- each on a following manner:

- 16,66,667 CCDs will be converted into 16,66,667 ordinary equity shares; and
- up to a maximum of 2,23,750 ordinary equity shares of the Company will be issued, at the option of the holder of the CCDs, upon the conversion of the aggregate accrued but unpaid coupon (net of withholding taxes in India and interest paid in cash) on such CCDs.

• Employees Stock Option Plan

During the financial year under the review, there has been no change in the Authorised Capital of the Company. However, the paid-up Equity Share Capital of the Company as on March 31, 2019 was ₹6,95,22,980/- as compared to ₹6,92,46,530 in the previous year. The increase in share capital is due to the issue and allotment of 27,645 Ordinary Equity Shares to the eligible employees of the Company / Subsidiary Company pursuant to 'Arman Employee Stock Option Plan 2016'. Further, the Company has granted 9,000 and 2,500 stock options to the eligible employees of the Company / Subsidiary Company on 25.05.2018 and 13.10.2018 respectively. Particulars of



Employee Stock Options granted, vested, exercised and allotted during the year are given in "Annexure-5".

32. 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.

33. 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.

34. SCHEME OF ARRANGEMENT

On April 04, 2018, the Company entered into an investment agreement with SAIF Partners India V Limited (Investment Agreement). Pursuant to this Investment Agreement, SAIF had invested ₹50,00,00,100/- in the Company on April 12, 2018 by issuance of Compulsorily Convertible Debentures (CCDs). Pursuant to Clause 5.3.3 of the Investment Agreement, the Company is required to extinguish its 12,04,474 Class 'A' Ordinary Equity Shares (Class 'A' Equity) from the Equity Share Capital of the Company in accordance with relevant applicable laws. This Class 'A' Equity bears inferior voting rights than the Ordinary Equity Shares (Ordinary Equity). Each Class 'A' Equity has one vote per one lakh shares.

The Board of Directors in its meeting held on October 13, 2018 have approved the Scheme of Arrangement ("Scheme") between Company and its shareholders for reorganization of share capital of the Company by way of consolidation of different classes of equity shares Pursuant to Section 230 read with Section 66 of the Companies Act, 2013 and rules made thereof. Pursuant to the scheme, the Company will extinguish its 12,04,474 Class 'A' Ordinary Equity Shares (Class 'A' Equity) from the Equity Share Capital and will allot 7,82,908 Ordinary Equity Shares of ₹10/- each to the holder of Class "A" Ordinary Equity Shares.

The Company has filed the Scheme along with other documents as per checklist on November 05, 2018 with BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE"). The Company has received no objection certificate from BSE and NSE on March 12, 2019. The Company has

also filed the Scheme with Hon'ble National Company Law Tribunal ("NCLT"), Ahmedabad bench on March 29, 2019 for its approval. The Company has obtained the shareholder's approval in the NCLT convened meeting held on July 22, 2019 and now the scheme is pending before the NCLT for final approval.

35. DETAILS OF FRAUDS REPORTED BY THE AUDITORS

During the year under review, neither the statutory auditor nor the secretarial auditor have reported to the Audit Committee under Section 143(12) of the Companies Act, 2013 any instances of fraud committed against the Company by its officers or employees.

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

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. GRATITUDE & ACKNOWLEDGEMENTS

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 of Directors of,
Arman Financial Services Limited

Jayendra Patel

(Vice Chairman & Managing Director)

DIN: 00011814

Aalok Patel

(Joint Managing Director)

DIN: 02482747

Date: August 21, 2019

Place: Ahmedabad

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

Part "A" - Subsidiaries

| SRN | Particulars | Amount (₹ in Lakhs) |
|-----|--|-----------------------|
| 1. | Name of the Subsidiary Company | Namra Finance Limited |
| 2. | Reporting period of the Subsidiary Company | March 31, 2019 |
| 3. | Reporting Currency of the Subsidiary Company | INR |
| 4. | Share Capital | 2417.50 |
| 5. | Reserves & Surplus | 5570.04 |
| 6. | Total Assets | 49482.08 |
| 7. | Total Liability | 41494.55 |
| 8. | Investment | 270.16 |
| 9. | Turnover | 9529.38 |
| 10. | Profit before tax | 2121.83 |
| 11. | Provision for tax | 626.39 |
| 12. | Profit after tax | 1495.45 |
| 13. | Dividend | Nil |
| 14. | Extent of shareholding (in percentage) | 100% |

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

Part "B" - Associates and Joint Ventures: None

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 2018-19:

| Name of Director | Designation | Remuneration of the Directors for 2018-19 (₹ in Lakhs) | Ratio of remuneration of the directors to the median remuneration of the employees |
|---------------------------|-----------------------------------|--|--|
| Chinubhai R. Shah* | Chairman & Independent Director | 0.53 | 0.29:1 |
| Aalok Prasad [#] | Chairman & Independent Director | 0.97 | 0.52:1 |
| Jayendra Patel | Vice Chairman & Managing Director | 19.65 | 10.62:1 |
| Aalok Patel | Executive Director | 11.46 | 6.19:1 |
| Kaushikbhai Shah | Independent Director | 1.70 | 0.92:1 |
| Ramakant Nagpal | Independent Director | 1.08 | 0.58:1 |
| Ritaben Patel | Non-Executive Director | 1.13 | 0.61:1 |
| Aakash Patel | Non-Executive Director | Nil | N.A. |
| Mridul Arora [@] | Nominee Director | Nil | N.A. |

* upto May 25, 2018

[#] w.e.f. August 01, 2018

[@] w.e.f. April 12, 2018

Note: Sitting Fees paid to Non-Executive Directors; Independent Directors and Nominee Director are 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 | Nature of Payment | Percentage increase in remuneration |
|--------------------|-----------------------------------|-------------------|-------------------------------------|
| Chinubhai R. Shah* | Chairman & Independent Director | Sitting fee | N.A. |
| Aalok Prasad* | Chairman & Independent Director | Sitting fee | N.A. |
| Jayendra Patel | Vice Chairman & Managing Director | Remuneration | -7.44% |
| Aalok Patel | Executive Director | Remuneration | 15.06% |
| Kaushikbhai Shah | Independent Director | Sitting fee | 13.33% |
| Ramakant Nagpal | Independent Director | Sitting fee | 54.29% |
| Ritaben Patel | Non-Executive Director | Sitting fee | 0.00% |
| Aakash Patel | Non-Executive Director | Sitting fee | N.A. |
| Mridul Arora® | Nominee Director | Sitting fee | N.A. |
| Vivek Modi | Chief Financial Officer | Remuneration | 0.00% |
| Jaimish Patel | Company Secretary | Remuneration | 17.32% |

* upto May25, 2018

w.e.f. August 01, 2018

® w.e.f. April 12, 2018

iii. The percentage increase in the median remuneration of employees in the financial year 2018-19: 05.56%

iv. There were 424 employees on the rolls of Company as on March 31, 2019.

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:

The Average salaries of the employees of the Company were increased by 5.56% while the KMP's remuneration increased by 6.23% in the current year. Annual increments to KMPs, if any, are decided by the Nomination and Remuneration Committee within the salary scale approved by the members and are effective from April 1, of each year. There was no exceptional circumstance for increase for managerial personnel in the last financial year.

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 MARCH 31, 2019

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial 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 March 31, 2019 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 March 31, 2019 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, 2018;
 - 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, 2018;

Based on our verification, we have observed that the SEBI

regulations mentioned at (e), (g) and (h) are not applicable to the Company during the year as it has not:

- i. Listed debt capital;
 - ii. Proposed to delist its equity shares; and
 - iii. 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;
- 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.

Pinakin Shah & Co.
Company Secretary,

Pinakin Shah
Proprietor
FCS: 2562; COP: 2932

Date: August 21, 2019

Place: Ahmedabad

Note: This report is to be read with our letter of even date which is annexed as **Annexure-3A** forms an integral part of this report.

ANNEXURE-3A

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.

Pinakin Shah & Co.
Company Secretary,

Pinakin Shah
Proprietor
FCS: 2562; COP: 2932

Date: August 21, 2019

Place: Ahmedabad

ANNEXURE-3B

SECRETARIAL COMPLIANCE REPORT OF ARMAN FINANCIAL SERVICES LIMITED FOR THE YEAR ENDED ON MARCH 31, 2019

We, Pinakin Shah & Co., Practicing Company Secretary have examined:

- all the documents and records made available to us and explanation provided by Arman Financial Services Limited ("the listed entity"),
- the filings / submissions made by the listed entity to the stock exchanges,
- website of the listed entity,
- any other document / filing, as may be relevant, which has been relied upon to make this certification.

for the year ended on March 31, 2019 ("Review Period") in respect of compliance with the provisions of:

- the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and
- the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

The specific Regulations, whose provisions and the circulars / guidelines issued thereunder, have been examined, include:

- Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;
- Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013;
- Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

and based on the above examination, we hereby report that, during the Review Period:

- The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder, except in respect of matters specified below:

| Sr. No | Compliance Requirement (Regulations/ circulars / guidelines including specific clause) | Deviations | Observations/ Remarks of the Practicing Company Secretary |
|--------|--|------------|---|
| | Nil | | |

- The listed entity has maintained proper records under the provisions of the above Regulations and circulars / guidelines issued thereunder insofar as it appears from my/our examination of those records,
- The following are the details of actions taken against the listed entity / its promoters / directors / material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts / Regulations and circulars / guidelines issued thereunder:

| Sr. No. | Action taken by | Details of violation | Details of action taken E.g. fines, warning letter, debarment, etc. | Observations/ remarks of the Practicing Company Secretary, if any. |
|---------|-----------------|----------------------|---|--|
| | Nil | | | |

- The listed entity has taken the following actions to comply with the observations made in previous reports:

| Sr. No. | Observations of the Practicing Company Secretary in the previous reports | Observations made in the secretarial compliance report for the year ended 31st March, 2019 | Actions taken by the listed entity, if any | Comments of the Practicing Company Secretary on the actions taken by the listed entity |
|---------|--|--|--|--|
| | Nil | | | |



We further certify that no actions have been taken against the listed entity/ its Promoters/ Directors/ material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/ Regulations and circulars/ guidelines issued thereunder during the period under review.

Pinakin Shah & Co.
Company Secretary,

Pinakin Shah
Proprietor
FCS: 2562; COP: 2932

Date: May 21, 2019
Place: Ahmedabad

ANNEXURE-4

FORM NO. MGT 9 EXTRACT OF ANNUAL RETURN As on financial year ended on March 31, 2019

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 | November 26, 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 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; 40092570 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 credit granting (Vehicle Finance & MSME) | 64920 | 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% | 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 | 1357516 | - | 1357516 | 19.60 | 1393801 | - | 1393801 | 20.05 | 0.44 |
| B | Central /State Govt.(s) | - | - | - | - | - | - | - | - | - |
| C | Bodies Corporate | 165400 | 1204474 | 1369874 | 19.78 | 165400 | 1204474 | 1369874 | 19.70 | -0.08 |
| D | Banks/ FIs | - | - | - | - | - | - | - | - | - |
| E | Any Other | - | - | - | - | - | - | - | - | - |
| | Sub-total (A1):- | 1522916 | 1204474 | 2727390 | 39.39 | 1559201 | 1204474 | 2763675 | 39.75 | 0.37 |
| (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) | 1522916 | 1204474 | 2727390 | 39.39 | 1559201 | 1204474 | 2763675 | 39.75 | 0.37 |
| B | Public Shareholding | | | | | | | | | |
| (1) | Institutions | | | | | | | | | |
| A | Mutual Funds | - | - | - | - | - | - | - | - | - |
| B | Financial Institutions/Banks | 200 | - | 200 | 0.00 | - | - | - | - | - |
| C | Central /State Government(s) | - | - | - | - | - | - | - | - | - |
| D | Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| E | Insurance Companies | - | - | - | - | - | - | - | - | - |
| F | Foreign Institutional Investors | - | - | - | - | - | - | - | - | - |
| G | Foreign Portfolio Investor | 4720 | - | 4720 | 0.07 | 4720 | - | 4720 | 0.07 | - |
| H | Qualified Foreign Investor | - | - | - | - | - | - | - | - | - |
| I | Alternate Investment Fund | - | - | - | - | 2530 | - | 2530 | 0.04 | 0.04 |
| J | Others | - | - | - | - | - | - | - | - | - |
| | Sub-Total (B1) | 4920 | - | 4920 | 0.07 | 7250 | - | 7250 | 0.10 | 0.03 |
| (2) | Non-Institution | | | | | | | | | |
| A | Bodies Corporate | 170639 | 30700 | 201339 | 2.91 | 157752 | 30700 | 188452 | 2.71 | -0.20 |
| B | Individuals | | | | | | | | | |
| | (i) Individuals holding nominal share capital upto 2 lakh | 1597869 | 275740 | 1873609 | 27.06 | 1628487 | 224140 | 1852627 | 26.65 | -0.41 |
| | (ii) Individuals holding nominal share capital in excess of 2 lakh | 1677688 | - | 1677688 | 24.23 | 1658823 | - | 1658823 | 23.86 | -0.37 |
| C | Others | - | - | - | - | - | - | - | - | - |
| D | Non-Resident Repatriates | 4171 | - | 4171 | 0.06 | 193106 | - | 193106 | 2.78 | 2.72 |
| E | Non-Resident Non-Repatriates | 113954 | - | 113954 | 1.65 | 108483 | - | 108483 | 1.56 | -0.09 |
| F | Clearing Members | 58501 | - | 58501 | 0.84 | 36691 | - | 36691 | 0.53 | -0.32 |
| G | Others (Non-Resident Indians) | 135700 | 13700 | 149400 | 2.16 | - | 13700 | 13700 | 0.20 | -1.96 |
| H | IEPF Authority | 113681 | - | 113681 | 1.64 | 129491 | - | 129491 | 1.86 | 0.22 |
| | Sub-Total (B2) | 3872203 | 320140 | 4192343 | 60.54 | 3912833 | 268540 | 4181373 | 60.14 | -0.40 |
| | Total B=(B1) + (B2) | 3877123 | 320140 | 4197263 | 60.61 | 3920083 | 268540 | 4188623 | 60.25 | -0.37 |
| | Total (A+B): | 5400039 | 1524614 | 6924653 | 100.00 | 5479284 | 1473014 | 6952298 | 100.00 | 0.00 |

Note: above detail includes 12,04,474 Class "A" ordinary equity shares (unlisted) held by Promoters in physical form.

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 | 288522 | 4.17 | - | 288522 | 4.15 | - | -0.02 |
| 2 | Aakash Patel | 278830 | 4.03 | - | 278830 | 4.01 | - | -0.02 |
| 3 | Aalok Patel | 247809 | 3.58 | - | 247809 | 3.56 | - | -0.01 |
| 4 | Jayendra Patel -HUF | 196000 | 2.83 | - | 196000 | 2.82 | - | -0.01 |
| 5 | Namra Holdings & Consultancy Services LLP | 1369874 | 19.78 | - | 1369874 | 19.70 | - | -0.08 |
| 6 | Rita Patel | 296674 | 4.28 | - | 296674 | 4.27 | - | -0.02 |
| 7 | Amit Manakiwala | 13244 | 0.19 | - | 13244 | 0.19 | - | 0.00 |
| 8 | Himani Manakiwala | 35637 | 0.51 | - | 30606 | 0.44 | - | -0.07 |
| 9 | Maulik Manakiwala | 800 | 0.01 | - | 800 | 0.01 | - | 0.00 |
| 10 | Sajni Aalok Patel | 41316 | 0.60 | - | 41316 | 0.59 | - | 0.00 |

Note: above detail includes 12,04,474 Class "A" ordinary equity shares (unlisted) held by Namra Holdings & Consultancy Services LLP in physical form.

c. Change in Promoter's 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 | Himani Manakiwala | | | | |
| | At the Beginning of the year | 35637 | 0.62 | 35637 | 0.62 |
| | Sale-07.06.2018 | 37 | 0.00 | 35600 | 0.62 |
| | Sale-08.06.2018 | 4994 | 0.08 | 30606 | 0.54 |
| | At the end of the year | | | 30606 | 0.54 |

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

| SRN | Name | Particulars | Shareholding at the beginning of the year | | Cumulative Shareholding at end of the year | |
|-----|----------------------------------|-------------|---|-------------------|--|-------------------|
| | | | No. of Shares | % of total Shares | No. of Shares | % of total Shares |
| 1 | Mukul Agrawal | Public | 575000 | 10.05 | 575000 | 10.00 |
| 2 | Babulall Dugar | Public | 135815 | 2.37 | 135815 | 2.36 |
| 3 | Avinash P Wadhwa | Public | 120000 | 2.10 | 120000 | 2.09 |
| 4 | IEPF Authority | IEPF | 113681 | 1.99 | | |
| | Add: transfer - corporate Action | | 15810 | 0.26 | 129491 | 2.25 |
| 5 | Vinod Kumar Dugar | Public | 91730 | 1.60 | 91730 | 1.60 |
| 6 | Bharati Jain | Public | 83140 | 1.45 | | |
| | Less: Market Sell | | 3294 | 0.06 | 79846 | 1.39 |
| 7 | Debashish Neogi | Public | 78288 | 1.37 | | |
| | Add: Market Purchase | | 32785 | 0.56 | 111073 | 1.93 |
| 8 | Om Prakash Damani | Public | 74251 | 1.30 | 74251 | 1.29 |
| 9 | Adarsh Zacharias Augustine | Public | 69000 | 1.21 | | |
| | Add: Market Purchase | | 13273 | 0.22 | 82273 | 1.43 |
| 10 | Chetan Jayantilal Shah | Public | 50000 | 0.87 | 50000 | 0.87 |
| 11 | Vijaykumar Pahva | Public | 0 | 0.00 | | |
| | Add: Market Purchase | | 56022 | 0.97 | 56022 | 0.97 |

Note: Company has identified top 10 share holder based on the holding as on beginning of the year as well as at the end of the year.

Note: The above % does not include DVR shares that have 1 vote per 1 lakh shares.



e. Shareholding of Directors and Key Managerial Personnel:

| SRN | 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 | 288522 | 5.04 | 288522 | 5.04 |
| 2 | Aakash Patel | 278830 | 4.87 | 278830 | 4.87 |
| 3 | Aalok Patel | 247809 | 4.33 | 247809 | 4.33 |
| 4 | Rita Patel | 296674 | 5.19 | 296674 | 5.19 |
| 5 | C. R. Shah | 200 | 0.00 | - | - |
| 6 | Aalok Prasad | - | - | - | - |
| 7 | K. D. Shah | - | - | - | - |
| 8 | R. K. Nagpal | - | - | - | - |
| 9 | Mridul Arora | - | - | - | - |
| 10 | Vivek Modi | 25 | 0.00 | 25 | 0.00 |
| 11 | Jaimish Patel | - | - | 825 | 0.01 |

Note: The above % does not include DVR shares that have 1 vote per 1 lakh shares

V. **INDEBTEDNESS** - Indebtedness of the Company including interest outstanding/accrued but not due for payment. (Amount in ₹)

| Particulars | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|----------------------------------|-----------------------|----------|-----------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i. Principal Amount | 86,05,57,980 | 15,26,40,015 | 0 | 1,01,31,97,995 |
| ii. Interest due but not paid | 0 | 0 | 0 | 0 |
| iii. Interest accrued but not due | 10,97,349 | 0 | 0 | 10,97,349 |
| Total (i + ii + iii) | 86,16,55,329 | 15,26,40,015 | 0 | 1,01,42,95,344 |
| Change in Indebtedness during the financial year | | | | |
| Addition | 57,95,98,593 | 0 | 0 | 57,95,98,593 |
| (Reduction) | 0 | (10,09,80,772) | 0 | (10,09,80,772) |
| Net Change | 57,95,98,593 | (10,09,80,772) | 0 | 47,86,17,821 |
| Indebtedness at the end of the financial year | | | | |
| i. Principal Amount | 1,39,00,51,161 | 5,16,59,243 | 0 | 1,44,17,10,404 |
| ii. Interest due but not paid | 0 | 0 | 0 | 0 |
| iii. Interest accrued but not due | 5,12,02,761 | 0 | 0 | 5,12,02,761 |
| Total (i + ii + iii) | 1,44,12,53,922 | 5,16,59,243 | 0 | 1,49,29,13,165 |

VI. **REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

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

(Amount in ₹)

| SRN | Particulars of Remuneration | Name of MD/WTD/ Manager/Director | | Total Amount |
|-----|--|---|-------------------------------------|--------------|
| 1 | Gross salary | Jayendra Patel (Managing Director & CEO) | Aalok Patel (Executive Director) | |
| | i. Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961 | 17,93,846/- | 11,46,000/- | 29,39,846/- |
| | ii. Value of perquisites u/s 17(2) Income Tax Act, 1961 | 1,71,154/- | - | 1,71,154/- |
| | iii. Profits in lieu of salary under Section 17(3) Income Tax Act, 1961 | - | - | - |
| 2 | Stock Option | - | - | - |
| 3 | Sweat Equity | - | - | - |
| 4 | Commission | - | - | - |
| 5 | Total (A) | 19,65,000/- | 11,46,000/- | 31,11,000/- |

Ceiling as per the Act

₹1,00,19,214/- (Being 10% of the profit of ₹10,01,92,140/- of the Company calculated as per section 198 of the Act.

B. Remuneration to other Directors

(Amount in ₹)

| Particulars of Remuneration | Name of Directors | | | | | |
|---|-------------------|-----------------|-------------------|------------------|-------------------|--------------------|
| Director | C. R. Shah* | Alok Prasad# | K. D. Shah | R. K. Nagpal | Ritaben Patel | Total |
| -Fees for attending Board/ Committee Meetings | 52,500/- | 97,500/- | 1,70,000/- | 107,500/- | 1,12,500/- | 5,40,000/- |
| -Commission | - | - | - | - | - | - |
| -Others, please specify | - | - | - | - | - | - |
| Total (B) | 52,500/- | 97,500/- | 1,70,000/- | 107,500/- | 1,12,500/- | 5,40,000/- |
| Total Managerial Remuneration (A)+(B) | | | | | | 36,51,000/- |

* upto May 25, 2018

w.e.f. August 01, 2018

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

(Amount in ₹)

| SRN | Particulars of Remuneration | Key Managerial Personnel | | Total Amount |
|--------------|---|--------------------------|-----------------------------------|--------------------|
| 1 | Gross salary | Vivek Modi (C.F.O.) | Jaimish Patel (Company Secretary) | |
| i. | Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961 | 19,80,000/- | 3,66,032/- | 23,46,032/- |
| ii. | Value of perquisites u/s 17(2) Income Tax Act, 1961 | - | - | - |
| iii. | Profits in lieu of salary under Section 17(3) Income Tax Act, 1961 | - | - | - |
| 2 | Stock Option | - | 2,35,125/- | 2,35,125/- |
| 3 | Sweat Equity | - | - | - |
| 4 | Commission | - | - | - |
| Total | | 19,80,000/- | 6,01,157/- | 25,81,157/- |

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

There were no material penalties/punishment/compounding of offences for the year ended on March 31, 2019.

ANNEXURE-5

Disclosure pursuant to Regulation 14 of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 For Financial Year 2018-19

The Nomination and Remuneration Committee (Compensation Committee) of the Company, inter alia, administers and monitors the Arman Employee Stock Option Plan 2016 ("ESOP 2016") of the Company in accordance with applicable SEBI regulations.

- Relevant disclosures in terms of the "Guidance Note on Accounting for Employee Share-based Payments" issued by ICAI has been made in Note no. 27 of the Notes to Accounts forming part of the Annual Report 2018-19 of the Company.
- Diluted earnings per share pursuant to the issue of share on exercise of options will be calculated in accordance with relevant Accounting Standard issued by ICAI when shares will be allotted from time to time.
- Details related to Arman Employee Stock Option Plan 2016 ("ESOP 2016"):



a. The description of the existing scheme is summarized as under:

| SRN | Particulars | ESOP 2016 | | |
|-----|---|--|---|--|
| | | Grant I May 26, 2017 (Option Granted 97,500) | Grant II May 25, 2018 (Option Granted 9,000) | Grant III October 13, 2018 (Option Granted 2,500) |
| a. | | | | |
| b. | Date of shareholders' approval | September 22, 2016 | | |
| c. | Total number of options approved under ESOP | 1,25,000 options | | |
| d. | Vesting requirements | The options would vest not earlier than one year and later than three years from the date of grant of options. | | |
| e. | Exercise price or pricing formula | ₹50/- | | |
| f. | Maximum term of options granted | 3 years | | |
| g. | Source of shares | Primary | | |
| h. | Variation in terms of options | None | | |

b. Method used to account for ESOP: Intrinsic Value

c. The difference between the employee compensation cost so computed as per intrinsic value and the employee compensation cost if Company would have used the fair value of the options and the impact of this difference on profits and on EPS of the Company:
Not Applicable

d. Option movement during the year:

| Particulars | Details |
|---|---------|
| Number of options outstanding at the beginning of the period | 97,500 |
| Number of options granted during the year | 11,500 |
| Number of options forfeited / lapsed during the year | 3,390 |
| Number of options vested during the year | 28,485 |
| Number of options exercised during the year | 27,645 |
| Number of shares arising as a result of exercise of options | 27,645 |
| Money realized by exercise of options (INR), if scheme is implemented directly by the company | 1382250 |
| Loan repaid by the Trust during the year from exercise price received | N.A. |
| Number of options outstanding at the end of the year | 97,500 |
| Number of options exercisable at the end of the year | 77,965 |

e. Weighted-average exercise prices and weighted-average fair values of that options whose exercise price either equal or exceed or is less than the market price of the stock:

| Particulars | Weighted average exercise price | Weighted average fair value of options |
|--|---------------------------------|--|
| Exercise price equals/exceeds than market price of the stock | Not Applicable | Not Applicable |
| Exercise price less than market price of the stock | ₹50/- | ₹302.24 |

f. Employee-wise details of options granted during the financial year 2018-19:

i. Senior managerial personnel:

| Name of Employee | Designation | No of Options Granted during the year | Exercise Price |
|------------------|-------------|---------------------------------------|----------------|
| Vivek Modi | C.F.O. | 6500 | ₹50/- |
| Ravi Patel | HR Head | 2500 | ₹50/- |

ii. Other Employees who were granted, during the year, options amounting to 5% or more of the options granted during the year.

| Name of Employee | Designation | No of Options Granted during the year | Exercise Price |
|----------------------|------------------|---------------------------------------|----------------|
| Vivek Modi | C.F.O. | 6500 | ₹50/- |
| Amol Shivajirao More | District Manager | 1500 | ₹50/- |
| Mecolina Christian | OPS-Coordinator | 1000 | ₹50/- |
| Ravi Patel | HR Head | 2500 | ₹50/- |

- iii. employees who were granted option, during one year, equal to or exceeding 1% of the issued capital of the Company at the time of grant: Nil
- g. A description of the method and significant assumptions used during the year to estimate the fair value of options including the following information:

| Particulars | Details | | |
|---|--|-----------------|------------------|
| i. Weighted-average values of: | Grant I | Grant II | Grant III |
| Share price at grant date | ₹190/- | ₹379/- | ₹312/- |
| Exercise price | ₹50/- | ₹50/- | ₹50/- |
| Expected volatility | 41.35% | 39.68% | 41.05% |
| Expected option life | 3 years | 3 years | 3 years |
| Expected dividend yield | 0.52% | 0.29% | 0.35% |
| The risk-free interest rate | 6.60% | 7.42% | 7.42% |
| Any other inputs to the model | N.A. | N.A. | N.A. |
| ii. The method used and the assumptions made to incorporate the effects of expected early exercise | Black – Scholes Method | | |
| iii. How expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility | The calculation of expected volatility is based on historical stock prices. Volatility was calculated using standard deviation of daily change in stock price. | | |
| iv. Whether and how any other features of the option grant were incorporated into the measurement of fair value, such as market condition | N.A. | | |



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 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 March 31, 2019 the strength of the Board was 8 (Eight) comprising of Vice-Chairman & Managing Director and Executive Director, two Non-Executive Directors, one Nominee Director and three Independent Directors. Independent Directors are free from any business or other relationship that could materially influence their judgment.

None of the Directors on the Board hold directorships in more than eight (8) Listed Companies or ten (10) public companies or act as an Independent Director in more than seven (7) Listed Companies. Further, none of them is a member of more than ten (10) committees or Chairman of more than five (5) committees across all the public companies in which he or she is a Director. Necessary disclosures regarding Committee positions in other public companies as on March 31, 2019 have been made by the Directors.

Independent Directors are Non-Executive Directors as defined under Regulation 16(1)(b) of the SEBI Listing Regulations and Section 149(6) of the Act. The maximum tenure of Independent

Directors is in compliance with the Act. All the Independent Directors have confirmed that they meet the criteria of independence as mentioned under Regulation 16(1) (b) of the SEBI Listing Regulations and Section 149(6) of the Act.

Details of Directors as on March 31, 2019 and their attendance at the Board meetings and Annual General Meeting ("AGM") during the financial year ended March 31, 2019 are given below:

| Name of the Director | Category | Attendance Particular | | Directorship including Arman ⁵ | Name & Catagory of Directorships of the Listed Companies (including Arman) | Committee Membership | |
|---------------------------|----------|-----------------------|----------|---|--|----------------------|--------|
| | | Board Meeting | Last AGM | | | Chairman | Member |
| Alok Prasad [#] | C-ID | 3 | No | 3 | • Arman Financial Services Limited (Independent Director) | 1 | 3 |
| Jayendra Patel | VC-MD | 7 | No | 2 | • Arman Financial Services Limited (Vice Chairman & Managing Director) | - | 1 |
| Aalok Patel | ED | 6 | No | 2 | • Arman Financial Services Limited (Executive Director) | - | 1 |
| Aakash Patel | NED | 1 | No | 1 | • Arman Financial Services Limited (Non-Executive Director) | - | - |
| Ritaben Patel | NED | 5 | No | 2 | • Arman Financial Services Limited (Non-Executive Director) | - | 2 |
| K. D. Shah | ID | 5 | Yes | 5 | • Arman Financial Services Limited (Independent Director) • Amol Dicalite Limited (Independent Director) • W H Brady and Company Limited (Independent Director) • Brady And Morris Engineering Company Limited (Independent Director) | 4 | 4 |
| R. K. Nagpal | ID | 5 | Yes | 3 | • Arman Financial Services Limited (Independent Director) | 1 | 1 |
| Mridul Arora [@] | ND | 5 | No | 2 | • Arman Financial Services Limited (Nominee Director) | - | - |

[#] w.e.f. August 01, 2018

[@] w.e.f. April 12, 2018

⁵ Exclude 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.

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

None of the Directors except Mr. Jayendra Patel, Mr. Aalok Patel, Mrs. Ritaben and Mr. Aakash Patel have relationships amongst directors inter-se.



• **MATRIX SETTING OUT THE SKILLS/EXPERTISE/COMPETENCE OF THE BOARD OF DIRECTORS**

| SRN | Name of the Directors | Skills/Expertise/Specialization |
|-----|-----------------------|---|
| 1 | Alok Prasad | Mr. Alok Prasad is a veteran banker with over 35 years of regulatory, banking, and financial services experience. He is regarded as an expert for financial inclusion and more broadly, access to finance matters. Currently, he is connected with a number of Banks and NBFCs as a Strategic Adviser and Board Member. |
| 2 | Jayendra Patel | Mr. Jayendra Patel has more than 25 years of Senior Managerial and board level experience in the finance sector and has managed the Company's growth. He has the ability to combine experience, knowledge & perspective to make sound business decisions. His understanding and the vision are among the key enablers for the consistent performance of the Company. |
| 3 | Aalok Patel | Mr. Aalok Patel brings a vast array of innovative knowledge to the Company. His Understanding of finance sector with specific emphasis on various factors influencing the business in the sector. He has the ability to analyse key financial statements, assess financial viability, contribute to strategic financial planning & efficient use of resources. He also excels to equity analysis and valuation as well; his research has been quoted in reputable business journals. |
| 4 | Aakash Patel | Mr. Aakash Patel has over 8 years of computer and business experiences, which includes over 3 years of experience as a consultant with Deloitte, 2 years with Intellitools as a software developer, and amongst others companies such as Hewlett Packard, EMC Corporation, Softscapellnc, Sumtotals Systems. |
| 5 | Ritaben Patel | Mrs. Ritaben J. Patel, is a Graduate in Economics. She also holds Banking qualifications from First National Bank of Chicago, USA. She has worked with various US banks like First National Bank of Chicago, Golf Mill Bank, Morton Grove Bank in various capacities for more than a decade. |
| 6 | K. D. Shah | Mr. K. D. Shah has over 35 years of experience providing consulting and professional services to global companies in the field of business consulting and audit & assurance. He has extensive Finance and Accounting experience and an established track record in the field of audit. His experience as a business consultant extends from developing complex financial models to detailed business plans for start-ups and expansion project. In addition, his background includes considerable expertise in advising foreign companies on entry / exit strategies. |
| 7 | R. K. Nagpal | Mr. R. K. Nagpal is a performance driven professional having over 3 decades of experience in Banking & NBFC sector. In his long and vast career in Banking, he acted among other positions as Senior Internal auditor of Central Bank of India and played a crucial role in unearthing scams and frauds. He has also carried out large number of special audit assignments involving inspection of large borrower accounts for reporting of diversion of funds and unearthed Maritime Import/ Export LC frauds. |
| 8 | Mridul Arora | Mr. Mridul Arora focuses on consumer internet/mobile investments with a keen interest in fin-tech and health-tech. Prior to joining SAIF, Mridul was an Engagement Manager with McKinsey & Company where he focused on financial services, in particular banking, insurance, and asset management. |

• **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 7 (Seven) times in financial year and details of which are summarized as below:

| SRN | Date of Meeting | Board Strength | No of Director Present |
|-----|--------------------|----------------|------------------------|
| 1 | April 12, 2018 | 7 | 3 |
| 2 | May 25, 2018 | 8 | 6 |
| 3 | August 09, 2018 | 8 | 6 |
| 4 | September 13, 2018 | 8 | 4 |
| 5 | October 13, 2018 | 8 | 6 |
| 6 | November 13, 2018 | 8 | 7 |
| 7 | February 09, 2019 | 8 | 7 |

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 comprises following Directors:

| SRN | Name of Director | Designation | Chairman / Member |
|-----|-------------------------------|------------------------|-------------------|
| 1 | Mr. K. D. Shah | Independent Director | Chairman |
| 2 | Mr. C. R. Shah [@] | Independent Director | Member |
| 3 | Mr. Alok Prasad [#] | Independent Director | Member |
| 4 | Mr. R. K. Nagpal [%] | Independent Director | Member |
| 5 | Mrs. Ritaben Patel | Non-Executive Director | Member |

[@]Vacated on May 25, 2018

[#] w.e.f. August 01, 2018

[%] w.e.f. August 01, 2018

The Committee members possess sound knowledge of accounts, finance, audit, governance and legal matters. The Chairman of the Audit Committee, Mr. K. D. Shah was present at the last Annual General Meeting held on September 17, 2018.

MEETING AND ATTENDANCE DURING THE YEAR

During the period under review, the Audit Committee met 5 (five) times on May 25, 2018; August 09, 2018; October 13, 2018; November 13, 2018 and February 09, 2019.

The attendance at the meetings is as under:

| Name of Directors | No. of meetings Held | No. of Meetings attended |
|-------------------------------|----------------------|--------------------------|
| Mr. K. D. Shah, Chairman | 5 | 5 |
| Mr. C. R. Shah [@] | 5 | 1 |
| Mr. Alok Prasad [#] | 5 | 3 |
| Mr. R. K. Nagpal [%] | 5 | 4 |
| Mrs. Ritaben Patel | 5 | 4 |

[@]Vacated on May 25, 2018

[#] w.e.f. August 01, 2018

[%] w.e.f. August 01, 2018



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:

| SRN | Name of Director | Designation | Chairman / Member |
|-----|------------------------------|----------------------|-------------------|
| 1 | Mr. R. K. Nagpal | Independent Director | Chairman |
| 2 | Mr. C. R. Shah [@] | Independent Director | Member |
| 3 | Mr. Alok Prasad [#] | Independent Director | Member |
| 4 | Mr. K. D. Shah | Independent Director | Member |

[@]Vacated on May 25, 2018

[#] w.e.f. August 01, 2018

• MEETING AND ATTENDANCE DURING THE YEAR

| Name of the Director | No. of meetings Held | No. of Meetings attended |
|------------------------------|----------------------|--------------------------|
| Mr. R. K. Nagpal | 2 | 1 |
| Mr. C. R. Shah [@] | 2 | 1 |
| Mr. Alok Prasad [#] | 2 | 1 |
| Mr. K. D. Shah | 2 | 2 |

[@]Vacated on May 25, 2018

[#] w.e.f. August 01, 2018

• REMUNERATION TO DIRECTORS

The Vice Chairman Managing Director and Executive Director get the salary including perquisites. Remuneration paid for the year ended March 31, 2019 was as under:

| Name of the Director | Remuneration (₹) | Period of appointment | Approving Authority |
|----------------------|--------------------|--------------------------------------|----------------------|
| Jayendra Patel | 19,65,000/- | Five years w.e.f. September 01, 2016 | 24 th AGM |
| Aalok Patel | 11,46,000/- | Five years w.e.f. July 01, 2015 | 23 rd AGM |
| Total | 31,11,000/- | | |

The criteria for making payments to the Vice Chairman Managing Director and Executive 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 and Independent 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 |
|-------------------------------|-----------------------|---------------------------|
| Mr. C. R. Shah [@] | 52,500/- | 200 |
| Mr. Alok Prasad [#] | 97,500/- | Nil |
| Mr. K. D. Shah | 1,70,000/- | Nil |
| Mr. R. K. Nagpal | 1,07,500/- | Nil |
| Mr. Aakash Patel | Nil | 2,78,830 |
| Mr. Mridul Arora [%] | Nil | Nil |
| Mrs. Ritaben Patel | 1,12,500/- | 2,96,674 |

[@] Vacated on May 25, 2018

[#] w.e.f. August 01, 2018

[%] w.e.f. April 12, 2019

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.

| SRN | Name of Director | Designation | Chairman / Member |
|-----|------------------------------|-----------------------------------|-------------------|
| 1 | Mr. C. R. Shah [@] | Independent Director | Chairman |
| 2 | Mr. Alok Prasad [#] | Independent Director | Chairman |
| 3 | Mr. K. D. Shah | Independent Director | Member |
| 4 | Mr. Jayendra Patel | Vice Chairman & Managing Director | Member |

[@] Vacated on May 25, 2018

[#] w.e.f. August 01, 2018

• MEETING AND ATTENDANCE DURING THE YEAR

| Name of the Director | No. of meetings Held | No. of Meetings attended |
|------------------------------|----------------------|--------------------------|
| Mr. C. R. Shah [@] | 4 | 1 |
| Mr. Alok Prasad [#] | 4 | 3 |
| Mr. K. D. Shah | 4 | 4 |
| Mr. Jayendra Patel | 4 | 4 |

[@] Vacated on May 25, 2018

[#] w.e.f. August 01, 2018



• SHARE TRANSFER COMMITTEE

The Stakeholder Relationship Committee has delegated power of approving transfer of securities to Share Transfer Committee comprising of Mr. Jayendra Patel and Mr. Aalok Patel. 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 34 times during the year to approve transfer/ transmission/ duplicate issuance/demat of equity shares. It transferred 10300 equity shares submitted through physical transfer deed.

During the year, the Company has not received any complaint from the shareholder. The quarterly statements on investor complaints received and disposed of 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 role of the Finance & Investment Committee is:

- i. To review business strategies;
- ii. To approve capital expenditure proposals;
- iii. To recommend the Board for approval capital expenditure proposals;
- iv. To review progress of the approved projects; and
- v. To obtain secured/unsecured loan not exceeding the limit prescribed under section 180(1)C from time to time as may be required for the purposes of the business of the Company.
- vi. To enter into routing transactions with banks for opening, operation

• COMPOSITION

The Finance & Investment Committee was reconstituted on November 13, 2018 which comprises following members:

1. Mr. Aalok Patel, Chairman
2. Mr. Jayendra Patel
3. Mr. Vivek Modi

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. The Risk management committee comprises following members:

1. Mr. Jayendra Patel, Chairman
2. Mr. Aalok Patel
3. Mr. Vivek Modi

7. PERFORMANCE EVALUATION OF BOARD, COMMITTEES AND DIRECTORS

Nomination and Remuneration Committee empowered the Board to carry out the entire performance evaluation process. Further, at a separate meeting held on May 25, 2018, Independent Directors evaluated performance of Executive Directors, Board as a whole and Chairman. The director, whose performance was being evaluated did not take part in such evaluation. Evaluation form on various parameters enumerated below:

• Board Evaluation

Composition, responsibilities, stakeholder value and responsibility, Board development, diversity, governance, leadership, directions, strategic input, etc.

• Executive Directors Evaluation

Skill, knowledge, performance, compliances, ethical standards, risk mitigation, sustainability, strategy formulation and execution,

financial planning & performance, managing human relations, community involvement and image building, interface with industry forums etc.

• Independent Directors Evaluation

Participation, managing relationship, ethics and integrity, objectivity, brining independent judgement, time devotion, protecting interest of minority shareholder's, domain knowledge contribution, etc.

• Chairman Evaluation

Managing relationships, commitment, leadership effectiveness, promotion of training and development of directors etc.

• Committees Evaluation

Terms of reference, participation of members, responsibility delegated, functions and duties, objectives alignment with company strategy, composition of committee, committee meetings and procedures, management relations.

8. SPECIAL RESOLUTIONS PASSED

• Annual General Meeting

| Year | Venue of A.G.M | Day, Date & Time | No. of Special Resolutions |
|---------|----------------------|--|----------------------------|
| 2015-16 | ATMA Hall, Ahmedabad | Thursday, September 22, 2016, 12.00 p.m. | 2 |
| 2016-17 | ATMA Hall, Ahmedabad | Thursday, September 28, 2017, 12.00 p.m. | 0 |
| 2017-18 | ATMA Hall, Ahmedabad | Friday, September 07, 2018, 12.00 p.m. | 6 |

• Details of Resolution Passed through Postal Ballot

There was no resolution passed by the shareholders through postal ballot during the year.

9. FAMILIARIZATION PROGRAMME

The Company in compliance with Regulation 25(7) of SEBI (LODR) Regulations, 2015 has apprised/ familiarized about the business performance, product and processes, business model, nature of the industry in which the Company operates, roles and responsibilities of the Board Members under the applicable laws, etc., on a periodic basis and the details of such familiarization programme is available at <https://www.armanindia.com/corporategovernance.aspx>--> Familiarization Programme.

All new Directors inducted into the Board, if any during the year under review are introduced to the Company through appropriate orientation sessions. Presentations are made by senior management officers to provide an overview of the Company's operations and to familiarize the new Directors with the operations. They are also introduced to the organization's culture, services, constitution, Board procedures, matters reserved for the Board.

10. DISCLOSURE ON MATERIAL SIGNIFICANT RELATED PARTY TRANSACTIONS

During the year, there has 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 <https://armanindia.com/corporategovernance.aspx> --> Policy Of Related Party Transactions

11. 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.

12. 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 releases are 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 half year. 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.

13. 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 tollfree number 18001027626 i.e. (1800-10-ARMAN) has been established for the Shareholders for communicating any grievances.

c) Annual General Meeting

The 27th Annual General Meeting will be held on Monday, September 23, 2019, 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: August/September 2019

Second quarter results: November/December 2019

Third quarter results: January/February 2020

Annual results: April/May 2020

Annual General Meeting: August/September 2020

e) Book Closure

The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, September 17, 2019, to Monday, September 23, 2019 (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 March 31, 2019, 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 September 16, 2019; 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 September 16, 2019.

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 before the entire amount of unclaimed dividend 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 2019-20 has been paid to both the exchanges. The Company has also paid the Annual Custodial fees to both the depositories.

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 2018-19 is furnished below:

| Months | Share price BSE | | Share price NSE | |
|-----------------|-----------------|---------|-----------------|---------|
| | High (₹) | Low (₹) | High (₹) | Low (₹) |
| April, 2018 | 449.70 | 315.20 | 449.85 | 315.05 |
| May, 2018 | 438.00 | 358.60 | 450.00 | 360.00 |
| June, 2018 | 397.80 | 335.65 | 391.00 | 330.00 |
| July, 2018 | 393.90 | 321.10 | 393.50 | 318.50 |
| August, 2018 | 449.00 | 370.00 | 444.80 | 361.35 |
| September, 2018 | 419.50 | 335.25 | 415.95 | 331.50 |
| October, 2018 | 374.95 | 264.95 | 361.90 | 257.00 |
| November, 2018 | 439.00 | 289.00 | 395.00 | 312.20 |
| December, 2018 | 409.00 | 325.00 | 400.00 | 355.50 |
| January, 2019 | 439.00 | 366.05 | 430.50 | 360.00 |
| February, 2019 | 414.00 | 354.00 | 406.40 | 351.55 |
| March, 2019 | 400.00 | 356.00 | 400.00 | 352.60 |

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 Exchanges.

n) Distribution of Shareholding as on March 31, 2019

- 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 | 2745 | 389874 | 6.78 | 1588 | 183740 | 3.20 | 4333 | 573614 | 9.98 |
| 2 | 501-1000 | 313 | 232698 | 4.05 | 27 | 23200 | 0.40 | 340 | 255898 | 4.45 |
| 3 | 1001-2000 | 158 | 233092 | 4.06 | 10 | 14500 | 0.25 | 168 | 247592 | 4.31 |
| 4 | 2001-3000 | 56 | 139636 | 2.43 | 1 | 2200 | 0.04 | 57 | 141836 | 2.47 |
| 5 | 3001-4000 | 37 | 136115 | 2.37 | 0 | 0 | 0.00 | 37 | 136115 | 2.37 |
| 6 | 4001-5000 | 26 | 121249 | 2.11 | 1 | 4500 | 0.08 | 27 | 125749 | 2.19 |
| 7 | 5001-10000 | 36 | 268984 | 4.68 | 0 | 0 | 0.00 | 36 | 268984 | 4.68 |
| 8 | Above 10000 | 67 | 3957636 | 68.85 | 3 | 40400 | 0.70 | 70 | 3998036 | 69.56 |
| TOTAL | | 3438 | 5479284 | 95.33 | 1630 | 268540 | 4.67 | 5068 | 5747824 | 100.00 |

Note: Above detail excludes 12,04,474 Class "A" ordinary equity shares (unlisted) held by Promoters which are in physical form.

- On the basis of Category:

| Category | No of Shares Held | % to Total Shares Held |
|----------------------------|-------------------|------------------------|
| Promoters | 15,59,201 | 27.13% |
| Alternate Investment Fund | 2,530 | 0.04% |
| Foreign Portfolio Investor | 4,720 | 0.08% |
| Individual | 35,11,450 | 61.09% |
| Bodies Corporate | 1,88,452 | 3.28% |
| NRI's & Foreign Nationals | 3,15,289 | 5.49% |
| IEPF Authority | 1,29,491 | 2.25% |
| Clearing Members | 36,691 | 0.64% |
| TOTAL | 57,47,824 | 100.00% |

Note: Above detail excludes 12,04,474 Class "A" ordinary equity shares (unlisted) held by Promoters.

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 51600 equity shares. As on March 31, 2019, 95.33% 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 Demat 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 with Stock Exchanges and is also placed before the meetings of the Board of Directors.

r) Outstanding GDRs/ADRs/Warrants or any convertible instrument as on March 31, 2019

There were no outstanding GDRs/ADRs/Warrants or any convertible instrument as on March 31, 2019.

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, E-mail: finance@armanindia.com

(2) Bigshare Services Private Limited

A/802- Samudra Complex, Nr. Klassic Gold Hotel, Girish Cold Drink, Off C.G. Road, Ahmedabad- 380009, Gujarat.

Phone: +91-79-40024135 E-mail: bssahd@bigshareonline.com

u) Commodity price risks and commodity hedging activities: N.A.

v) Credit Ratings

During the year under review, Credit Analysis and Research Limited ('CARE') reviewed the ratings on various bank facilities and debt instrument of the Company, and its subsidiary. CARE upgraded its rating for long term bank facility to "CARE BBB+"; stable (Triple B plus; outlook stable). CARE also affirmed its rating on the Non-Convertible Debentures ("NCD") at "CARE BBB+"; stable (Triple B plus; outlook stable). The Grading of Namra Finance Limited (WOS) has also improved from 'MFI 2' (MFI two) to 'MFI 2+' (MFI two plus) by CARE during the current fiscal.

w) Details of utilization of funds raised

During the year under review Company has raised ₹50 Cr. from SAIF Partners India V Limited by issuing 16,66,667 Compulsorily Convertible Debentures on a private placement basis. The Company has utilized the fund towards the working capital as well as capital expenditure to support business expansion, repayment of loan and investments by the Company.

x) We have obtained a certificate from Practicing Company Secretary that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority.



- y) There were no circumstances where board had not accepted any recommendation of any committee of the board during the year.
- z) The Consolidated fees paid by the Company and its subsidiary to statutory auditors is ₹7.13 lakhs (towards audit fees, tax audit, certification work and income tax consultancy fee) for the financial year 2018-19.
- aa) The designated Senior Management Personnel of the Company have disclosed to the Board that no material, financial and commercial transactions have been made during the year under review in which they have personal interest, which may have a potential conflict with the interest of the Company at large.
- bb) The Company has complied with all the mandatory requirements specified in Regulations 17 to 27 and clauses (b) to (i) of sub – regulation (2) of Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. It has obtained a certificate affirming the compliances from Practicing Company Secretary, CS Pinakin Shah and the same is attached to this Report.
- cc) During the year under review, there were no complaint i.e. incidences of sexual harassment reported.
- dd) There is no non-compliance of any requirement of Corporate Governance Report of sub-para (2) to (10) of Schedule V read with Regulation 34(3) of SEBI LODR Regulations.

Auditors' Certificate regarding compliance of conditions of Corporate Governance

To,
The Members,
Arman Financial Services Limited,
Ahmedabad

I have examined the Compliance Conditions of Corporate Governance by Arman Financial Services Limited for the year ended on March 31, 2019 as per para E of Schedule V read with Regulation 34(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') for the period April 01, 2018 to March 31, 2019. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of certification.

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: August 21, 2019

Pinakin Shah & Co.,
Company Secretary,

Pinakin Shah
Proprietor
FCS-2562, C.P No-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 March 31, 2019.

For, and on behalf of the Board

Jayendra Patel

Chief Executive Officer

DIN: 00011814

Place: Ahmedabad

Date: August 21, 2019

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 Vivek Modi, CFO do hereby certify to the Board that:

- A. We have reviewed financial statements and the cash flow statement for the financial year ending March 31, 2019 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
(Chief Executive Officer)

For, Arman Financial Services Limited

Vivek Modi
(Chief Financial Officer)

Date: August 21, 2019

Place: Ahmedabad

Consolidated Accounts

INDEPENDENT AUDITOR'S REPORT

To,
The Members of
ARMAN FINANCIAL SERVICES LIMITED
Ahmedabad

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of Arman Financial Services Limited (hereinafter referred to as the 'Holding Company') and its subsidiary (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated Balance Sheet as at March 31, 2019, and the consolidated statement of Profit and Loss, (the consolidated statement of changes in equity) and the consolidated cash flows Statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (hereinafter referred to as "the consolidated financial statements").
2. 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 Companies Act, 2013 (the 'Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs (financial position) of the Company as at 31 March 2019 and its consolidated profit (financial performance) and its consolidated cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by ICAI, and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Companies Act, 2013. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated financial statements of the current period. These matters were addressed in the context of our audit, of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion, on these matters.

Key audit matters are those matters that, in our professional judgment and based on the consideration of the reports on separate financial statements / consolidated financial statements and on the other financial information of the subsidiaries were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

5. We have determined that there are no key audit matters to be communicated in our report.

Information other than the Financial Statements and Auditor's Report thereon

6. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified

above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and as may be legally advised.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

7. The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Associates and Jointly controlled entities in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities 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 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.
8. In preparing the consolidated financial statements, the respective Board of Directors of the companies included in

the Group and of its associates and jointly controlled entities are responsible for assessing the ability of the Group and of its associates and jointly controlled entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

9. The respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for overseeing the financial reporting process of the Group and of its associates and jointly controlled entities.

Auditor's Responsibilities for the Audit of the Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.
11. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates and jointly controlled entities to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates and jointly controlled entities to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial

statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

12. We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

15. Other Matters

- (a) We did not audit the financial statements / financial information of 1 subsidiary, whose financial statements / financial information reflect total assets of ₹494.82 crores as at 31st March, 2019, total revenues of ₹95.29 crores and net cash flows amounting to ₹26.07 crores for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management



and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

- (b) Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

16. 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 purpose 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 appears 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, 2019 taken on record by the Board of Directors

of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies, its associate companies and jointly controlled companies incorporated in India is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

- (f) With respect to the adequacy of 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:
- the consolidated financial statement has disclosed the impact of pending litigations on its financial position in the Consolidated financial statements; (Refer Note 23 to the financial statements);
 - The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India.

For, Samir M Shah & Associates

Chartered Accountants,
[Firm Regd. No. 122377W]

Place : Ahmedabad

Date : 28.05.2019

(Samir M Shah)

Partner

[M. No. 111052]

ANNEXURE “A” TO INDEPENDENT AUDITOR’S REPORT

Referred to in paragraph 16(f) of our Report of even date to the Members of ARMAN FINANCIAL SERVICES LIMITED for the year ended 31st March, 2019.

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 2019, in conjunction with our audit of the Consolidated 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 2019, 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, Samir M Shah & Associates

Chartered Accountants,
[Firm Regd. No. 122377W]

Place : Ahmedabad

Date : 28.05.2019

(Samir M Shah)

Partner
[M. No. 111052]

CONSOLIDATED BALANCE SHEET

as at 31st March, 2019

(Amount In ₹)

| Particulars | Note | As at March 31, 2019 | As at March 31, 2018 |
|---|---------|-----------------------|-----------------------|
| EQUITY AND LIABILITIES | | | |
| 1 Shareholder's Funds | | | |
| [a] Share Capital | 1 | 6,95,22,980 | 6,92,46,530 |
| [b] Reserves & Surplus | 2 | 72,26,83,162 | 49,97,69,988 |
| | | 79,22,06,142 | 56,90,16,518 |
| 2 Non-Current Liabilities | | | |
| [a] Long Term Borrowings | 3 | 2,53,42,25,679 | 2,22,10,29,625 |
| [b] Deferred Tax Liabilities (Net) | | Nil | Nil |
| [c] Long Term Provisions | 4 | 1,57,42,346 | 66,44,873 |
| | | 2,54,99,68,025 | 2,22,76,74,498 |
| 3 Current Liabilities | | | |
| [a] Short-Term Borrowings | 5 | 90,16,89,988 | 49,75,68,455 |
| [b] Other Current Liabilities | 6 | 2,66,26,79,089 | 1,30,87,46,056 |
| [c] Short Term Provisions | 7 | 7,96,08,576 | 4,21,08,886 |
| | | 3,64,39,77,653 | 1,84,84,23,397 |
| Total | | 6,98,61,51,820 | 4,64,51,14,413 |
| ASSETS | | | |
| 1 Non-Current Assets | | | |
| [a] Property, Plant & Equipment | 8 | 3,25,02,663 | 2,59,12,717 |
| [b] Intangible Assets | 8 | 25,88,103 | 22,38,554 |
| | | 3,50,90,766 | 2,81,51,271 |
| [c] Long Term Investments | 9 | 2,70,15,995 | 2,70,15,995 |
| [d] Deferred Tax Assets (Net) | 10 | 1,78,48,923 | 1,06,24,107 |
| [e] Long-term Loans and Advances | 11 | 1,54,73,68,670 | 77,22,60,838 |
| [f] Other Non-Current Assets | 12 | 17,89,24,132 | 10,50,40,617 |
| | | 1,80,62,48,486 | 94,30,92,828 |
| 2 Current Assets | | | |
| [a] Trade Receivables | 13 | 6,36,61,051 | 7,42,34,076 |
| [b] Cash & Bank Balance | 14 | 50,64,70,042 | 18,85,49,650 |
| [c] Short term Loans and Advances | 11 | 4,60,56,85,105 | 3,43,62,61,636 |
| [d] Other Current Assets | 15 | 40,87,136 | 29,76,223 |
| | | 5,17,99,03,334 | 3,70,20,21,585 |
| Total | | 6,98,61,51,820 | 4,64,51,14,413 |
| Significant Accounting Policies and Notes on Financial Statements | 1 to 32 | | |

As per our report of even date attached herewith

For **Samir M Shah & Associates**

Chartered Accountants
[Firm Regd. No. 122377W]

[Samir M Shah]

Partner
[M.No.111052]

Place: Ahmedabad
Date: May 28, 2019

For, Arman Financial Services Limited

Jayendra Patel

Vice Chairman & Managing Director
(DIN - 00011814)

Aalok Patel

Executive Director
(DIN - 02482747)

Vivek Modi

Chief Financial Officer

Jaimish Patel

Company Secretary
(M.No. A42244)

**CONSOLIDATED STATEMENT OF PROFIT & LOSS**

for the year ended 31st March, 2019

(Amount In ₹)

| Particulars | Note | As at March 31, 2019 | As at March 31, 2018 |
|---|---------|-----------------------|----------------------|
| INCOME | | | |
| Revenue from Operations | 16 | 1,40,51,03,398 | 78,00,63,015 |
| Other Income | 17 | 54,96,682 | 1,38,314 |
| Total Revenue | | 1,41,06,00,080 | 78,02,01,329 |
| EXPENDITURE | | | |
| Employee Benefits Expenses | 18 | 26,36,59,317 | 16,37,72,658 |
| Finance Costs | 19 | 62,82,14,401 | 34,24,61,588 |
| Depreciation and Amortisation expense | 20 | 48,43,865 | 37,32,412 |
| Other Expenses | 21 | 20,74,30,040 | 17,23,05,572 |
| Total Expenses | | 1,10,41,47,623 | 68,22,72,230 |
| Profit before Tax | | 30,64,52,456 | 9,79,29,099 |
| Less : Tax expense: | | | |
| - Current Tax | | 9,77,10,000 | 3,44,40,000 |
| - Short Provision of Income Tax of earlier years | | 26,35,462 | (32,55,291) |
| - Deferred Tax Liability/(Asset) | 22 | (72,24,816) | (62,12,318) |
| Profit for the year | | 21,33,31,811 | 7,29,56,707 |
| Basic Earnings Per Share of ₹10 each | 23 | 30.74 | 10.21 |
| Diluted Earnings Per share of ₹10 each | 23 | 28.07 | 10.09 |
| Significant Accounting Policies and Notes on Financial Statements | 1 to 32 | | |

As per our report of even date attached herewith

For **Samir M Shah & Associates**Chartered Accountants
[Firm Regd. No. 122377W]**[Samir M Shah]**Partner
[M.No.111052]Place: Ahmedabad
Date: May 28, 2019

For, Arman Financial Services Limited

Jayendra PatelVice Chairman & Managing Director
(DIN - 00011814)**Aalok Patel**Executive Director & CFO
(DIN - 02482747)**Vivek Modi**

Chief Financial Officer

Jaimish PatelCompany Secretary
(M.No. A42244)

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31st March, 2019

(Amount In ₹)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|-----------------------|-------------------------|
| Cash from Operating Activities: | | |
| Net profit before taxation | 30,64,52,456 | 9,79,29,099 |
| Adjustment For: | | |
| Depreciation & amortization expense | 48,43,865 | 37,32,412 |
| NPA provisions (Net) | 5,43,316 | 12,60,469 |
| Contingent provision on standard assets | 1,98,85,000 | 2,26,05,000 |
| Interest expenses | 59,34,46,320 | 31,64,16,329 |
| Loss/(Profit) on sale of Property, Plant & Equipment | (6,25,570) | (1,21,548) |
| Loss /(Profit) on sale of investments | (48,62,370) | Nil |
| Bad debts w/off | 6,32,40,757 | 5,23,56,235 |
| Short fall on interest on advance tax payment | 53,90,000 | 24,60,000 |
| | 68,18,61,318 | 39,87,08,897 |
| Operating profit before working capital changes: | 98,83,13,774 | 49,66,37,996 |
| Adjustment For: | | |
| Increase/(Decrease) In long-term provision | 13,25,056 | 2,92,260 |
| Increase/(Decrease) In short-term provision | 7,20,672 | 4,05,681 |
| Increase/(Decrease) In other current liability | 8,32,55,804 | 2,53,46,959 |
| Decrease/(Increase) In Other Current Assets | (11,10,913) | NIL |
| Decrease/(Increase) In trade receivables | (5,26,67,732) | (7,11,58,461) |
| Decrease/(Increase) In long term loans and advances | (77,51,07,832) | (50,36,64,027) |
| Employees Stock option Payable (Shown in Reserve) | 1,29,53,625 | NIL |
| Decrease/(Increase) In short term loans and advances | (1,16,94,23,470) | (1,93,37,77,705) |
| | (1,90,00,54,789) | (2,48,25,55,293) |
| Cash Generated From Operations | (91,17,41,014) | (1,98,59,17,297) |
| Income tax paid | (8,16,12,343) | (3,97,93,486) |
| | (8,16,12,343) | (3,97,93,486) |
| Net Cash From Operating Activities: | (99,33,53,357) | (2,02,57,10,783) |
| Cash Flow From Investment Activities: | | |
| Purchase of Property, Plant & Equipment | (1,76,75,790) | (81,35,599) |
| Sale of Property, Plant & Equipment | 65,18,000 | 16,46,000 |
| (Increase) /Decrease in bank deposits | (8,84,03,844) | (11,29,55,681) |
| Purchase of investments | (1,70,50,00,000) | (30,00,000) |
| Sale of investments | 1,70,98,62,370 | Nil |
| Net Cash from Investment Activities: | (9,46,99,264) | (12,24,45,280) |



CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31st March, 2019

(Amount In ₹)

| Particulars | Note | As at March 31, 2019 | As at March 31, 2018 |
|---|------|-----------------------|-----------------------|
| Cash Flow From Financing Activities: | | | |
| Proceeds from issue of share capital | | 52,52,550 | Nil |
| Redemption of Preference Share | | Nil | (5,00,00,000) |
| Preference dividend paid | | Nil | (34,93,494) |
| Dividend tax paid on above preference | | Nil | (7,11,304) |
| Proceeds from long term borrowings | | 2,73,54,53,242 | 2,93,28,18,251 |
| Repayment of long term borrowings | | (1,20,88,92,104) | (57,04,54,447) |
| Proceeds from short term borrowings | | 65,02,18,333 | 10,34,24,059 |
| Repayment of short term borrowings | | (24,60,96,801) | (2,96,48,728) |
| Share Issue Expenses Dr. To Share Premium A/c | | Nil | (33,74,826) |
| Interest paid | | (53,60,21,528) | (31,62,50,760) |
| Dividend paid (including Dividend Distribution Tax) | | (84,61,010) | (82,97,832) |
| Net Cash from Financing Activities: | | 1,39,14,52,682 | 2,05,40,10,919 |
| Net Increase in Cash & Cash Equivalents: | | 30,34,00,063 | (9,41,45,144) |
| Cash & cash equivalents at the beginning | | 7,98,01,609 | 17,39,46,753 |
| Cash & cash equivalents at the end | | 38,32,01,672 | 7,98,01,609 |

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.

For **Samir M Shah & Associates**Chartered Accountants
[Firm Regd. No. 122377W]**[Samir M Shah]**Partner
[M.No.111052]Place: Ahmedabad
Date: May 28, 2019

For, Arman Financial Services Limited

Jayendra PatelVice Chairman & Managing Director
(DIN - 00011814)**Aalok Patel**Executive Director
(DIN - 02482747)**Vivek Modi**

Chief Financial Officer

Jaimish PatelCompany Secretary
(M.No. A42244)

SIGNIFICANT ACCOUNTING POLICIES TO THE CONSOLIDATED BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON MARCH 31, 2019.

1. PRINCIPLES OF CONSOLIDATION

The Consolidated Financial statements relate to ARMAN FINANCIAL SERVICES LIMITED ("the Company") and its subsidiary companies. The Consolidated financial statements have been prepared on the following basis:-

- a) The financial statements of the Company and its Subsidiary Companies are combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses after fully eliminating intra-group balances and intra group transactions in accordance with Accounting Standard (As) 21 "Consolidated Financial Statements".
- b) The difference between the costs of investment in Subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognised in the financial statements as Goodwill or Capital Reserve as the case may be.
- c) Minority interest's share of the net profit of Consolidated Subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attribute to shareholders of the Company as the case may be.
- d) Minority interest's share of the net assets of Consolidated Subsidiaries is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Company's shareholder.
- e) As far as possible the Consolidated Financial Statements are prepared using accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

2. Other significant accounting policies:-

These are set out under "Significant accounting policies" as given in the Standalone Financial statements of Arman Financial Services Limited..

- a) The Subsidiary Company considered in the financial statements is :-

| Name of the subsidiaries | Country of Domicile | Proportion of Ownership Interest |
|--------------------------|---------------------|----------------------------------|
| Namra Finance Limited | India | 100 % |

- b) The figures of previous year are regrouped and rearranged wherever necessary so as to make them comparable with the current year. Figures pertaining to the subsidiary companies have been reclassified wherever necessary to bring them in line with Parent Company's Financial Statements



Notes on Consolidated Financial Statements

for the year ended 31st March, 2019

(Amount In ₹)

| 1 | Share Capital | As at 31.03.2019 | As at 31.03.2018 |
|---|---|---------------------|---------------------|
| | [a] Authorised: | | |
| | 1,12,50,000 (Previous Year 1,12,50,000) Ordinary Equity shares of par value of ₹10/- each | 112,500,000 | 112,500,000 |
| | 37,50,000 (Previous Year 37,50,000) Class "A" Ordinary Equity shares of par value of ₹10/- each | 37,500,000 | 37,500,000 |
| | | 150,000,000 | 150,000,000 |
| | [b] Issued, Subscribed & Paid-up Capital: | | |
| | 57,47,824 (Previous Year 57,20,179) Ordinary Equity Shares of par value of ₹10/- each fully paid up | 57,478,240 | 57,201,790 |
| | 12,04,474 (Previous Year 12,04,474) Class "A" Ordinary Equity Shares of par value of ₹10/- each fully paid up | 12,044,740 | 12,044,740 |
| | Total | 69,522,980 | 69,246,530 |

- 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 Cumulative Non -Convertible Compulsorily Redeemable Preference shares were redeemable after 18 Months from date of issue i.e. 31.12.2015 at par. The preference shares have been redeemed on 30.06.2017.
- 1.4 During the year ended 31st March, 2019, dividend recognized as distribution to Cumulative Non - Convertible Compulsorily Redeemable Preference Share holders @ 13% (P.Y. @13% on prorata basis) ₹Nil (P.Y. ₹18,68,494/-) excluding corporate dividend tax of ₹Nil (P.Y. ₹3,80,492/-).
- 1.5 The Company declares and pays dividends in Indian rupees. The Board of Directors have recommended for the approval of Members a final dividend of ₹1.40 per equity share of ₹10/- each for the Financial Year 2018-19. As per the requirement of Accounting Standard 4 (Revised), the Company has not recognised any provision in financial statements.

Notes on Consolidated Financial Statements

for the year ended 31st March, 2019

1.6 Details of Shareholder holding more than 5% of Ordinary Shares of the company are as follows: (Amounts in ₹)

| Name of Shareholder | As at 31.03.2019 | | As at 31.03.2018 | |
|---------------------|------------------|---------|------------------|---------|
| | % | Shares | % | Shares |
| Jayendrabhai Patel | 5.02 | 288,522 | 5.04 | 288,522 |
| Ritaben Patel | 5.16 | 296,674 | 5.19 | 296,674 |
| Mukul Agrawal | 10.00 | 575,000 | 10.05 | 575,000 |

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

| Name of Shareholder | As at 31.03.2019 | | As at 31.03.2018 | |
|---|------------------|-----------|------------------|-----------|
| | % | Shares | % | Shares |
| Namra Holdings & Consultancy Services LLP | 100.00 | 1,204,474 | 100.00 | 1,204,474 |

1.8 The Reconciliation of the number of shares outstanding and the amount of ordinary Equity Share capital as at 31.03.2019 & 31.03.2018 is set out below

Ordinary Equity Shares

| Particulars | As at 31.03.2019 | | As at 31.03.2018 | |
|---|------------------|------------|------------------|------------|
| | No. of Shares | Amounts ₹ | No. of Shares | Amounts ₹ |
| Shares at the beginning | 5,720,179 | 57,201,790 | 5,720,179 | 57,201,790 |
| Addition - Subscription during the year | 27,645 | 276,450 | Nil | Nil |
| Deletion | Nil | Nil | Nil | Nil |
| Shares at the end | 5,747,824 | 57,478,240 | 5,720,179 | 57,201,790 |

Class 'A' Ordinary Equity Share

| Particulars | As at 31.03.2019 | | As at 31.03.2018 | |
|---|------------------|------------|------------------|------------|
| | No. of Shares | Amounts ₹ | No. of Shares | Amounts ₹ |
| Shares at the beginning | 1,204,474 | 12,044,740 | 1,204,474 | 12,044,740 |
| Addition - Subscription during the year | Nil | Nil | Nil | Nil |
| Deletion | Nil | Nil | Nil | Nil |
| Shares at the end | 1,204,474 | 12,044,740 | 1,204,474 | 12,044,740 |

Preference Shares

| Particulars | As at 31.03.2019 | | As at 31.03.2018 | |
|---|------------------|-----------|------------------|--------------|
| | No. of Shares | Amounts ₹ | No. of Shares | Amounts ₹ |
| Shares at the beginning | Nil | Nil | 5,000,000 | 50,000,000 |
| Addition - Subscription during the year | Nil | Nil | Nil | Nil |
| Deletion/Redemption | Nil | Nil | (5,000,000) | (50,000,000) |
| Shares at the end | Nil | Nil | Nil | Nil |



Notes on Consolidated Financial Statements

for the year ended 31st March, 2019

(Amounts in ₹)

| 2. Reserves & Surplus | As at March 31, 2019 | As at March 31, 2018 |
|---|----------------------|----------------------|
| General Reserve | | |
| Balance as per last financial Statement | 1,07,35,377 | 96,35,377 |
| Add: Transfer from Statement of Profit and Loss (Refer Note 2.1) | 11,00,000 | 11,00,000 |
| Closing Balance | 1,18,35,377 | 1,07,35,377 |
| Special Reserve u/s 45-IC of the RBI Act, 1934 | | |
| Balance as per last financial Statement | 9,14,50,000 | 7,65,50,000 |
| Add: Transfer from Statement of Profit and Loss (Refer Note 2.1) | 4,40,80,000 | 1,49,00,000 |
| Closing Balance | 13,55,30,000 | 9,14,50,000 |
| Securities Premium | 11,91,24,480 | 12,24,99,306 |
| Add: On account of equity shares/warrant capitalised during the year | 49,76,100 | Nil |
| Less : Shares issues expenses | Nil | 33,74,826 |
| | 12,41,00,580 | 11,91,24,480 |
| Employee stock option outstanding | | |
| Balance as per last financial statements | Nil | Nil |
| Add/(Less): Stock option expenditure for the year | 1,69,41,525 | Nil |
| Less: amount transferred towards option expired unexercised | (1,17,600) | Nil |
| Less: Amount transferred to security premium on exercise of stock option | (38,70,300) | Nil |
| Closing Balance | 1,29,53,625 | Nil |
| Surplus | | |
| Balance as per last financial Statement | 27,84,60,132 | 23,20,86,785 |
| Add : Profit for the year | 21,33,31,811 | 7,29,56,706 |
| 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) | (4,40,80,000) | (1,49,00,000) |
| Dividend paid on Cumulative Non - Convertible Compulsorily Redeemable Preference shares | Nil | (18,68,494) |
| Tax on Distributed Profit on Dividend Paid | Nil | (3,80,492) |
| Dividend paid on Equity Share | (69,24,653) | (69,24,653) |
| Tax on Distributed Profit on Dividend paid on Equity Shares | (14,23,709) | (14,09,721) |
| Closing Balance | 43,82,63,580 | 27,84,60,131 |
| Total | 72,26,83,162 | 49,97,69,988 |

Notes on Consolidated Financial Statements

for the year ended 31st March, 2019

| 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 | 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 Borrowing

(Amounts in ₹)

| Particulars | As at March 31, 2019 | | As at March 31, 2018 | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| | Non Current | Current | Non Current | Current |
| Secured Loans | | | | |
| From Banks | | | | |
| -- Term Loans @@ | 52,98,06,014 | 94,88,64,638 | 63,46,57,403 | 69,45,96,671 |
| From Financial Institutions | | | | |
| -- Term Loans @@ | 1,57,94,19,665 | 1,16,73,98,564 | 1,10,33,72,222 | 53,41,15,036 |
| Debentures | | | | |
| From Financial Institutions | | | | |
| Redeemable Non-Convertible Debenture | 27,50,00,000 | 33,30,00,000 | 33,30,00,000 | Nil |
| Unsecured Loans | | | | |
| Loans from Others | | | | |
| From Financial Institutions | 15,00,00,000 | Nil | 15,00,00,000 | Nil |
| Inter Corporate Deposit | Nil | Nil | Nil | 71,86,411 |
| Total | 2,53,42,25,679 | 2,44,92,63,202 | 2,22,10,29,625 | 1,23,58,98,117 |
| Less : Amount disclosed under head Other Current Liabilities (Note - 6) | Nil | 2,44,92,63,202 | Nil | 1,23,58,98,117 |
| Total | 2,53,42,25,679 | Nil | 2,22,10,29,625 | 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, 2019

Interest:

Term Loan carries an interest rate ranging from 8.35% to 15% p.a.

Unsecured Term Loan carries an interest rate @15%

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 / quarterly / half yearly installments as follows:-

(Amounts in ₹)

| Particulars | Upto 1 year | 2 to 3 Years | More than 3 years |
|-----------------------------|----------------|----------------|-------------------|
| Secured Term Loans | | | |
| Secured Term Loan Repayment | 2,11,62,63,202 | 2,08,12,25,679 | 2,80,00,000 |
| Debenture | 33,30,00,000 | 27,50,00,000 | Nil |
| Unsecured Loans | | | |
| From financial institutions | Nil | Nil | 15,00,00,000 |

(Amounts in ₹)

| 4 Long Term Provisions | As at March 31, 2019 | | As at March 31, 2018 | |
|---|----------------------|-------------|----------------------|-------------|
| | Non Current | Current | Non Current | Current |
| Provision for Employee Benefit- Gratuity | 27,43,777 | 19,43,736 | 14,18,721 | 12,23,064 |
| Contingent provision against standard assets | 1,16,60,000 | 4,55,40,000 | 48,74,536 | 3,24,40,464 |
| NPA provisions | 13,38,569 | 27,69,395 | 3,51,616 | 32,13,032 |
| | 1,57,42,346 | 5,02,53,131 | 66,44,873 | 3,68,76,560 |
| Less : Amount disclosed under head short term provisions - (Note-7) | Nil | 5,02,53,131 | Nil | 3,68,76,560 |
| Total | 1,57,42,346 | Nil | 66,44,873 | Nil |

(Amounts in ₹)

| 5 Short-Term Borrowings | Current | Current |
|---|----------------------|----------------------|
| | As at March 31, 2019 | As at March 31, 2018 |
| Loans Repayable on Demand: | | |
| Working Capital Loans from Banks -Secured @ | 40,16,89,888 | 45,28,88,223 |
| From Directors and their Relatives -Unsecured | Nil | 4,46,80,232 |
| Debenture | | |
| From financial institutions | | |
| -- 10 % Compulsory Convertible Debentures | 50,00,00,100 | Nil |
| Total | 90,16,89,988 | 49,75,68,455 |

@ 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.

Notes on Consolidated Financial Statements

for the year ended 31st March, 2019

(Amounts in ₹)

| 6 Other Current Liabilities | As at March 31, 2019 | As at March 31, 2018 |
|--|-----------------------|-----------------------|
| Current maturity of long term borrowings (Note 3) | 2,44,92,63,202 | 1,23,58,98,117 |
| Salary & wages payable | 2,07,90,976 | 1,28,23,242 |
| Other statutory dues | 17,70,495 | 28,34,971 |
| TDS payable | 1,18,25,123 | 41,12,151 |
| Sundry creditors for expense | 2,73,89,946 | 26,56,627 |
| Security deposit | 24,79,340 | 24,84,755 |
| Interest accrued but not due on term loans | 6,58,03,605 | 83,78,813 |
| Micro insurance payable | 4,52,33,288 | 1,41,18,022 |
| Unpaid dividend | 18,86,807 | 19,99,455 |
| Unpaid expenses | 3,62,36,306 | 1,78,78,148 |
| Cash profit on loan transfer transactions pending recognition (Note -29 (iii)) | Nil | 55,61,754 |
| Total | 2,66,26,79,089 | 1,30,87,46,056 |

(Amounts in ₹)

| 7 Short Term Provisions | Current As at March 31, 2019 | Current As at March 31, 2018 |
|--|---------------------------------|---------------------------------|
| Provisions for employee benefits - Gratuity (Note - 4) | 19,43,736 | 12,23,064 |
| Contingent provision against standard asset (Note - 4) | 4,55,40,000 | 3,24,40,464 |
| NPA provisions (Note- 4) | 27,69,395 | 32,13,032 |
| Provision for tax | 18,94,71,332 | 15,44,61,332 |
| Less : Advance tax & TDS | (16,01,15,887) | (14,92,29,006) |
| Net | 2,93,55,445 | 52,32,326 |
| Total | 7,96,08,576 | 4,21,08,886 |

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" and in case of Non Banking Finance Company -AFC provision of 0.40% 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).

7.2 Contingent provision against standard assets is also provided on outstanding Securitised Portfolio of ₹89,68,62,840/- (P.Y. ₹Nil).



Notes on Consolidated Financial Statements

for the year ended 31st March, 2019

8 - Property, Plant & Equipment

(Amounts in ₹)

| Property, Plant & Equipment | | | | | | Total Property, Plant & Equipment | Intangible Assets | Total Assets |
|-----------------------------|-------------|----------------------|------------------|-----------|-------------|-----------------------------------|-------------------|--------------|
| Carrying Value | Buildings | Furniture & Fixtures | Office Equipment | Vehicles | Computer | | | |
| At 01.04.2017 | 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 |
| Addition | Nil | 30,56,189 | 7,49,196 | 18,04,015 | 16,62,499 | 72,71,899 | 8,63,700 | 81,35,599 |
| Disposal | (15,78,545) | Nil | Nil | (50,000) | Nil | (16,28,545) | Nil | (16,28,545) |
| Other Adjustment | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| At 31.03.2018 | 1,15,19,605 | 95,50,500 | 28,73,197 | 73,83,915 | 81,65,497 | 3,94,92,714 | 33,60,070 | 4,28,52,784 |
| Addition | 78,39,867 | 27,07,338 | 4,43,249 | 24,20,494 | 31,53,042 | 1,65,63,990 | 11,11,800 | 1,76,75,790 |
| Disposal | (63,14,180) | Nil | Nil | (28,000) | Nil | (63,42,180) | Nil | (63,42,180) |
| Other Adjustment | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| At 31.03.2019 | 1,30,45,292 | 1,22,57,838 | 33,16,446 | 97,76,409 | 1,13,18,539 | 4,97,14,524 | 44,71,870 | 5,41,86,394 |

| Accumulated Depreciation | Buildings | Furniture & Fixtures | Office Equipment | Vehicles | Computer | Total Property, Plant & Equipment | Intangible Assets | Total Assets |
|--------------------------|-------------|----------------------|------------------|-----------|-----------|-----------------------------------|-------------------|--------------|
| At 01.04.2017 | 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 |
| Change for the year | 2,06,264 | 5,60,987 | 2,48,152 | 7,48,481 | 13,89,593 | 31,53,477 | 5,78,935 | 37,32,412 |
| Disposal | (1,02,171) | Nil | Nil | (1,921) | Nil | (1,04,092) | Nil | (1,04,092) |
| At 31.03.2018 | 19,30,317 | 35,51,678 | 14,57,859 | 13,95,008 | 52,45,135 | 1,35,79,997 | 11,21,516 | 1,47,01,513 |
| Change for the year | 1,69,046 | 8,36,048 | 1,53,897 | 9,53,770 | 19,68,853 | 40,81,614 | 7,62,251 | 48,43,865 |
| Disposal | (4,45,444) | Nil | Nil | (4,306) | Nil | (4,49,750) | Nil | (4,49,750) |
| At 31.03.2019 | 16,53,919 | 43,87,726 | 16,11,756 | 23,44,472 | 72,13,988 | 1,72,11,861 | 18,83,767 | 1,90,95,628 |
| Net Carrying Value | | | | | | | | |
| 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 |
| As at 31.03.2018 | 95,89,288 | 59,98,822 | 14,15,338 | 59,88,907 | 29,20,362 | 2,59,12,717 | 22,38,554 | 2,81,51,271 |
| As at 31.03.2019 | 1,13,91,373 | 78,70,112 | 17,04,690 | 74,31,937 | 41,04,551 | 3,25,02,663 | 25,88,103 | 3,50,90,766 |

Notes on Consolidated Financial Statements

for the year ended 31st March, 2019

(Amounts in ₹)

| 9 | Investment | As at March 31, 2019 | | As at March 31, 2018 | |
|----|--|----------------------|------------|----------------------|------------|
| | | 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 | 50,09,755 | Nil |
| c) | 624507 (P.Y. 210758 Units) of SBI corporate bond fund - Regular Plan - Growth | 1,50,06,240 | Nil | 1,50,06,240 | Nil |
| d) | 300000 Units (P.Y. Nil) of SBI Dual Advantage Fund - Series XXII -Regular-Growth | 30,00,000 | Nil | 30,00,000 | Nil |
| | Total | 2,70,15,995 | Nil | 2,70,15,995 | Nil |
| | Aggregate market value of unquoted investment | 3,10,59,077 | Nil | 3,10,59,077 | Nil |
| | Aggregate cost | 2,70,15,995 | Nil | 2,70,15,995 | Nil |
| | Total | 2,70,15,995 | Nil | 2,70,15,995 | Nil |

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

(Amounts in ₹)

| 10 | Deferred Tax Liabilities (Net) | As at March 31, 2019 | As at March 31, 2018 |
|----|--|----------------------|----------------------|
| | Deferred Tax Assets arising out of timing difference relating to: | | |
| | Provision for Gratuity that are allowable for tax purpose in the year of payment | 13,65,004 | 7,34,945 |
| | Shares issue expenses that are allowable for tax purpose on deferred basis | 1,19,715 | 1,86,627 |
| | Provision for NPA that are allowable for tax purpose in the year of actual loss | 1,78,52,879 | 1,13,72,718 |
| | Total Deferred Tax Assets | 1,93,37,598 | 1,22,94,290 |
| | Deferred Tax Liability arising out of timing difference relating to: | | |
| | Difference of Depreciation as per Tax Provision and Company Law | 14,88,674 | 16,70,182 |
| | Total Deferred Tax Liability | 14,88,674 | 16,70,182 |
| | Net Deferred Tax Liability / (Assets) | (1,78,48,923) | (1,06,24,108) |



Notes on Consolidated Financial Statements

for the year ended 31st March, 2019

(Amounts in ₹)

| 11 | Loans and Advances (Considered good unless otherwise stated) | As at March 31, 2019 | | As at March 31, 2018 | |
|----|--|-----------------------|-----------------------|----------------------|-----------------------|
| | | Non Current | Current | Non Current | Current |
| A | Loans Receivable Considered Good - Secured | | | | |
| | - Loans secured by hypothecation of assets | 31,42,77,705 | 48,71,71,086 | 23,53,87,171 | 53,31,33,093 |
| B | Loans Receivable Considered Good - Unsecured | | | | |
| | - Loans to Companies, Firms and Individuals | 1,21,29,10,352 | 4,01,30,29,165 | 51,63,55,980 | 2,80,29,60,541 |
| | - Deposits | 2,01,80,613 | 1,41,66,666 | 2,05,17,687 | 1,83,57,292 |
| | - Other loans and advances | Nil | 2,85,54,116 | Nil | 2,73,02,759 |
| | - Advances to staff | Nil | 32,97,184 | Nil | 22,03,435 |
| | - Balance with government authority | Nil | 4,89,526 | Nil | 9,35,527 |
| C | Loans Receivables which have significant increase in Credit Risk | Nil | 3,28,79,761 | Nil | 3,57,12,985 |
| D | Loans Receivables - credit impaired | Nil | 2,60,97,601 | Nil | 1,56,56,004 |
| | Total | 1,54,73,68,670 | 4,60,56,85,105 | 77,22,60,838 | 3,43,62,61,636 |

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 ₹2,23,20,768 /- (P.Y. ₹1,40,78,002/-) outstanding portfolio on which NPA provision of ₹22,39,914/- (P.Y. ₹14,07,800/-) has been made.

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

(Amounts in ₹)

| 12 | Other Non Current Assets | As at March 31, 2019 | As at March 31, 2018 |
|----|--|----------------------|----------------------|
| | Deposits with original maturity for more than 12 months (Note 14) | 17,89,24,132 | 10,50,40,617 |
| | Total | 17,89,24,132 | 10,50,40,617 |

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

(Amounts in ₹)

| 13 | Trade Receivables | As at March 31, 2019 | As at March 31, 2018 |
|----|--|----------------------|----------------------|
| | Trade Receivables Considered Good - Secured | 54,89,233 | 45,37,881 |
| | Trade Receivable Considered Good - Unsecured | 22,20,142 | 11,88,761 |
| | Trade Receivables which have significant increase in Credit Risk | 1,44,59,771 | 1,26,12,547 |
| | Trade Receivables - Credit Impaired | 4,14,91,905 | 5,58,94,887 |
| | Total | 6,36,61,051 | 7,42,34,076 |

13.1 Sundry debtors includes ₹1,86,80,503/- (P.Y. ₹2,15,07,790/-) outstanding portfolio on which NPA provision of ₹18,68,050/- (P.Y. ₹21,56,848/-) has been made.

Notes on Consolidated Financial Statements

for the year ended 31st March, 2019

(Amounts in ₹)

| 14 Cash and Bank Balance | As at March 31, 2019 | | As at March 31, 2018 | |
|--|----------------------|---------------------|----------------------|---------------------|
| | Non Current | Current | Non Current | Current |
| A Cash and cash equivalents | | | | |
| Cash on hand | Nil | 1,06,82,500 | Nil | 1,18,78,045 |
| Balance with banks | Nil | 37,25,19,172 | Nil | 6,79,23,564 |
| Total | Nil | 38,32,01,672 | Nil | 7,98,01,609 |
| B Other Bank Balance | | | | |
| Earmarked balances with banks | Nil | 18,86,807 | Nil | 19,99,455 |
| Deposits with original maturity for more than 12 months | 17,89,24,132 | 12,13,81,562 | 10,50,40,617 | 10,67,48,585 |
| | 17,89,24,132 | 12,32,68,369 | 10,50,40,617 | 10,87,48,040 |
| Less Amount disclosed under non current assets (Note 12) | 17,89,24,132 | Nil | 10,50,40,617 | Nil |
| Total | Nil | 50,64,70,041 | Nil | 18,85,49,649 |

14.1 Earmarked balances with banks represent ₹18,86,807/- (P.Y. ₹19,99,455/-) in Unpaid Dividend Account.

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

(Amounts in ₹)

| 15 Other Non Current Assets | As at March 31, 2019 | As at March 31, 2018 |
|-----------------------------|----------------------|----------------------|
| Interest receivables | 40,87,136 | 29,76,223 |
| Total | 40,87,136 | 29,76,223 |

(Amounts in ₹)

| 16 Revenue from operation | 2018-19 | 2017-18 |
|-------------------------------------|-----------------------|---------------------|
| Interest income | 1,31,33,39,593 | 71,32,87,110 |
| Other interest income | 1,62,90,244 | 86,55,750 |
| Income From Securitization | 61,11,687 | Nil |
| Interest income from Managed Assets | 67,90,929 | 1,74,03,781 |
| Processing fees | 5,90,15,658 | 3,97,76,734 |
| Other charges in respect of loans | 35,55,287 | 9,39,640 |
| Total | 1,40,51,03,398 | 78,00,63,015 |

(Amounts in ₹)

| 17 Revenue from operation | 2018-19 | 2017-18 |
|---|------------------|-----------------|
| Profit on sale of Property, Plant & Equipment | 6,31,264 | 1,23,626 |
| Profit on sale of current investments in Liquid Funds | 48,62,370 | Nil |
| Misc. income | 3,048 | 14,688 |
| Total | 54,96,682 | 1,38,314 |



Notes on Consolidated Financial Statements

for the year ended 31st March, 2019

(Amounts in ₹)

| 18 Employee Benefit Expenses | 2018-19 | 2017-18 |
|--|---------------------|---------------------|
| Salary, wages & bonus | 24,47,03,151 | 15,04,62,341 |
| Contribution to provident fund & other funds | 1,34,86,380 | 1,07,36,119 |
| Welfare expenses | 54,69,786 | 25,74,198 |
| Total | 26,36,59,317 | 16,37,72,658 |

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

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

(Amounts in ₹)

| Particulars | Gratuity Defined Benefit Obligation 2018-19 | Gratuity Defined Benefit Obligation 2017-18 |
|---------------------------------------|---|---|
| Present value of funded obligations | Nil | Nil |
| Fair value of plan assets | Nil | Nil |
| Present value of unfunded obligations | 48,03,173 | 29,64,538 |
| Unrecognized past service cost | Nil | Nil |
| Net liability | 48,03,173 | 29,64,538 |
| Amounts in the balance sheet: | Nil | Nil |
| Liabilities | 48,03,173 | 29,64,538 |
| Assets | 1,15,661 | 3,22,753 |
| Net liability | 46,87,512 | 26,41,785 |

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

(Amounts in ₹)

| Particulars | Gratuity Defined Benefit Obligation 2018-19 | Gratuity Defined Benefit Obligation 2017-18 |
|---|---|---|
| Current service cost | 12,23,064 | 8,17,383 |
| Interest on obligation | 2,02,615 | 1,50,939 |
| Expected return on plan assets | (53,789) | (46,549) |
| Net actuarial losses (gains) recognized in year | 6,73,837 | (2,24,446) |
| Past service cost | Nil | 614 |
| Losses (gains) on curtailments and settlement | Nil | Nil |
| Total, included in 'employee benefit expense' | 20,45,727 | 6,97,941 |
| Actual return on plan assets | Nil | Nil |

Notes on Consolidated Financial Statements

for the year ended 31st March, 2019

(Amounts in ₹)

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

| Particulars | Gratuity Defined Benefit Obligation 2018-19 | Gratuity Defined Benefit Obligation 2017-18 |
|--|---|---|
| Opening defined benefit obligation | 29,64,538 | 23,75,694 |
| Transfer out liability | Nil | Nil |
| Service cost | 12,23,064 | 8,17,383 |
| Interest cost | 2,02,615 | 1,50,939 |
| Actuarial losses (gains) | 4,31,995 | (2,93,207) |
| Past Service Cost | Nil | 614 |
| 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 | (19,039) | (86,885) |
| Closing defined benefit obligation | 48,03,173 | 29,64,538 |

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

(Amounts in ₹)

| Particulars | Gratuity Defined Benefit Obligation 2018-19 | Gratuity Defined Benefit Obligation 2017-18 |
|--|---|---|
| Opening fair value of plan assets | 3,22,753 | 4,31,850 |
| Expected return | 46,549 | 46,549 |
| Actuarial gains and (losses) | (68,761) | (68,761) |
| Assets distributed on settlements | Nil | Nil |
| Contributions by employer | Nil | Nil |
| Assets acquired in an amalgamation in the nature of purchase | Nil | Nil |
| Exchange differences on foreign plans | Nil | Nil |
| Benefits paid | (86,885) | (86,885) |
| closing balance of fair value of plan assets | 2,13,656 | 3,22,753 |



Notes on Consolidated Financial Statements

for the year ended 31st March, 2019

E. Reconciliation of gratuity provision account

(Amounts in ₹)

| Particulars | Gratuity Defined Benefit Obligation 2018-19 | Gratuity Defined Benefit Obligation 2017-18 |
|---|---|---|
| Net opening provision in books of accounts | 26,41,785 | 19,43,844 |
| Employee benefit expense | 20,45,727 | 6,97,941 |
| Transfer in liability from Arman Financial Services Ltd | Nil | Nil |
| | 46,87,512 | 26,41,785 |
| Benefits paid by the Company | Nil | Nil |
| Amounts transferred to 'Payable Account' | Nil | Nil |
| Contributions to plan assets | Nil | Nil |
| Closing provision in books of accounts | 46,87,512 | 26,41,785 |

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

(In %)

| Particulars | Gratuity Defined Benefit Obligation 2018-19 | Gratuity Defined Benefit Obligation 2017-18 |
|-----------------------------------|---|---|
| Government of India securities | 0% | 0% |
| High quality corporate bonds | 0% | 0% |
| Equity shares of listed companies | 0% | 0% |
| Property | 0% | 0% |
| Insurance Company | 100% | 100% |

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

(In %)

| Particulars | Gratuity Defined Benefit Obligation 2018-19 | Gratuity Defined Benefit Obligation 2017-18 |
|--|---|---|
| Discount rate | 6.95% | 7.35% |
| 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 | - | - |

Notes on Consolidated Financial Statements

for the year ended 31st March, 2019

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

| | | | | | (Amounts in ₹) |
|---|-------------|-------------|-------------|-------------|----------------|
| Particulars | 31.03.2019 | 31.03.2018 | 31.03.2017 | 31.03.2016 | 31.03.2015 |
| Defined benefit obligation | 48,03,173 | 29,64,538 | 23,75,694 | 14,65,514 | 11,74,321 |
| Plan assets | 1,15,661 | 3,22,753 | 4,31,850 | - | - |
| Surplus / (deficit) | (46,87,512) | (26,41,785) | (19,43,844) | (14,65,514) | (11,74,321) |
| Experience adjustments on plan liabilities | 3,50,638 | (2,15,166) | 2,00,316 | (1,80,476) | (2,94,152) |
| Experience adjustments on plan assets | 2,41,842 | 68,761 | 47,130 | - | - |
| Actuarial Loss/(Gain) due to change in assumption | 39,694 | (41,722) | 69,920 | (1,38,018) | 1,08,983 |
| Actuarial Loss/(Gain) due to participant experience | - | - | - | - | - |
| Actuarial Loss/(Gain) due to change in financial assumption | 41,663 | (36,319) | 62,972 | (7,205) | - |
| Actuarial Loss/(Gain) on liabilities | 6,19,326 | (2,65,242) | 3,71,067 | (19,865) | (30,238) |
| Net Actuarial Loss/(Gain) on liabilities | 6,73,837 | (2,24,446) | 3,80,338 | (3,25,699) | (86,931) |

| | | | (Amounts in ₹) |
|----------------------|---------------------|---------------------|----------------|
| 19 Finance Cost | 2018-19 | 2017-18 | |
| Interest expenses | 59,88,36,320 | 31,88,76,329 | |
| Other borrowing cost | 2,93,78,082 | 2,35,85,259 | |
| Total | 62,82,14,401 | 34,24,61,588 | |

| | | | (Amounts in ₹) |
|--|------------------|------------------|----------------|
| 20 Depreciation And Amortisation Expense | 2018-19 | 2017-18 | |
| Depreciation And Amortisation Expense | 40,81,614 | 31,53,477 | |
| Other borrowing cost | 7,62,251 | 5,78,935 | |
| Total | 48,43,865 | 37,32,412 | |



Notes on Consolidated Financial Statements

for the year ended 31st March, 2019

(Amounts in ₹)

| 21 Other Costs | 2018-19 | 2017-18 |
|--|---------------------|---------------------|
| Electricity & fuel charges | 23,74,197 | 15,88,292 |
| Repairs To: | | |
| Building | 10,85,911 | 9,59,728 |
| Other | Nil | Nil |
| Sub Total | 10,85,911 | 9,59,728 |
| Insurance | 13,27,557 | 7,06,226 |
| Rent | 1,72,83,946 | 1,23,25,424 |
| Rates & taxes | 10,40,818 | 1,90,903 |
| Stationery & printing | 70,50,963 | 46,58,944 |
| Advertisement expenses | 1,17,794 | 1,46,933 |
| Communication | 84,96,260 | 60,98,119 |
| Traveling & conveyance expenses | 3,21,98,974 | 1,77,05,548 |
| Professional fees | 2,36,93,505 | 2,15,97,475 |
| Auditor's Remuneration: | | |
| Audit fees | 6,07,700 | 4,89,700 |
| For tax audit | 88,500 | 29,500 |
| For certification | 16,520 | 24,330 |
| For income tax consultancy fee | Nil | 29,050 |
| Sub Total | 7,12,720 | 5,72,580 |
| Corporate social responsibility activities | 3,26,000 | 1,00,000 |
| Director sitting fees | 6,15,000 | 5,75,000 |
| Marketing & incentive expenses | 1,32,72,351 | 1,68,34,949 |
| Bad debts written off | 6,32,40,757 | 5,23,56,235 |
| Provision for NPA | 5,43,316 | 12,60,469 |
| Contingent provision against standard assets (Net) | 1,98,85,000 | 2,26,05,000 |
| Loss on sale of property, plant & equipment | 5,694 | 2,078 |
| Sundry balance written off | Nil | 4,78,800 |
| General charges (including bank charges, security charges & membership fees etc.) | 1,41,59,277 | 1,15,42,869 |
| Total | 20,74,30,040 | 17,23,05,572 |

21.1 Bad debts & irrecoverable w/o are shown net off bad debts recovery during the year amounting to ₹41,13,455/- (P.Y. ₹1,15,51,952/-).

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

Notes on Consolidated Financial Statements

for the year ended 31st March, 2019

(Amounts in ₹)

| 22 Deferred Tax Liabilities / (Assets) | 2018-19 | 2017-18 |
|--|---------------|---------------|
| Opening balance of Deffered Tax Liability / (Assets) | (1,06,24,108) | (44,11,790) |
| Closing balance of deffered Tax Liability / (Assets) | (1,79,26,182) | (1,06,24,108) |
| Deferred Tax Liabilities / (Assets) for the year | (73,02,074) | (62,12,318) |

23. Contingent liabilities not provided for: -

- (a) Disputed Demand of Income Tax of ₹809.63 Lakhs (Previous year ₹809.63 Lakhs). (against which the Company has paid ₹154.08 Lakhs [Previous year ₹154.08 lakhs] under protest which are shown as advances). TDS Demand of ₹11.34 Lakhs (Previous Year ₹11.31 lakhs).

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

B) Relatives of Key Managerial Personnel

| Name of party | Related party relationship |
|----------------------|--|
| Mrs. Ritaben Patel | Relative of Director |
| Mr. Aakash Patel | Relative of Director |
| Jayendra Patel (HUF) | Key Managerial personnel is Karta |
| Raj Enterprise | Key Managerial personnel is Proprietor |
| 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 |
| Aakash Patel (HUF) | Director is Karta |

C) List of entities in which KMP have control or significant influence with whom transactions have occurred during the year

Namra Holdings & Consultancy Services LLP

Key Managerial Personnel is Partner



Notes on Consolidated Financial Statements

for the year ended 31st March, 2019

Details of transactions are as follows:

(Amounts in ₹)

| SRN | Nature of transaction | Key Managerial Personnel | Relatives of Key Managerial Personnel | Entities in which KMP have control or significant influence | Total |
|-----|------------------------------------|--------------------------|---------------------------------------|---|---------------|
| 1 | Expenses | | | | |
| | Remuneration & Perquisites | 1,02,11,032 | Nil | Nil | 1,02,11,032 |
| | | (63,56,301) | (3,40,200) | (Nil) | (66,96,501) |
| | Sitting fees | Nil | 1,52,500 | Nil | 1,52,500 |
| | | (Nil) | (1,65,000) | (Nil) | (1,65,000) |
| | Interest expenses | 29,48,512 | 35,46,062 | 37,87,681 | 1,02,82,255 |
| | | (8,42,715) | (27,86,710) | (32,88,375) | (69,17,800) |
| | Rent paid | Nil | 18,28,440 | Nil | 18,28,440 |
| | | (Nil) | (13,89,940) | (Nil) | (13,89,940) |
| | Dividend paid | 5,36,331 | 8,12,820 | 13,69,874 | 27,19,025 |
| | | (5,36,331) | (8,12,820) | (13,69,874) | (27,19,025) |
| 2 | Unsecured Loan | | | | |
| | Loan taken during the year | 2,78,60,250 | 2,20,71,850 | 41,00,000 | 5,40,32,100 |
| | | (1,31,75,000) | (3,27,10,511) | (3,82,10,000) | (8,40,95,511) |
| | Loan repaid during the year | 3,64,98,045 | 4,39,73,861 | 2,85,22,681 | 10,89,94,587 |
| | | (83,28,432) | (1,81,57,346) | (208,63,375) | (4,73,49,153) |
| | Balance out standing at 31.03.2019 | Nil | Nil | Nil | Nil |
| | | (56,89,283) | (1,83,55,949) | (2,06,35,000) | (4,46,80,232) |

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 | 2018-19 | 2017-18 |
|-----|---|-------------|-------------|
| 1 | Aakash J Patel - HUF | 55,25,000 | 62,75,000 |
| 2 | Aalok J Patel | 1,14,25,000 | 34,00,000 |
| 3 | Jayendra Patel | 1,64,35,250 | 97,75,000 |
| 4 | Jayendra Patel (HUF) | 30,00,000 | 1,22,00,000 |
| 5 | Ritaben J. Patel | 94,71,850 | 81,95,511 |
| 6 | Namra Holdings & Consultancy Services LLP | 41,00,000 | 2,07,60,000 |

Notes on Consolidated Financial Statements

for the year ended 31st March, 2019

Unsecured loan repayments

(Amounts in ₹)

| SRN | Name of relative | 2018-19 | 2017-18 |
|-----|---|-------------|-----------|
| 1 | Aakash J Patel - HUF | 1,13,77,549 | 25,29,396 |
| 2 | Aalok J Patel | 1,46,31,686 | 17,18,367 |
| 3 | Jayendra Patel | 2,18,66,359 | 65,85,808 |
| 4 | Jayendra Patel (HUF) | 1,06,17,509 | 68,30,783 |
| 5 | Namra Holdings & Consultancy Services LLP | 2,85,22,681 | 28,28,202 |
| 6 | Ritaben J. Patel | 1,42,53,517 | 49,36,010 |

Interest expenses

(Amounts in ₹)

| SRN | Name of relative | 2018-19 | 2017-18 |
|-----|---|-----------|-----------|
| 1 | Aalok J Patel | 12,56,686 | 2,92,624 |
| 2 | Jayendra Patel | 16,91,826 | 5,50,091 |
| 3 | Jayendra Patel (HUF) | 12,17,509 | 10,30,783 |
| 4 | Aakash Patel (HUF) | 8,36,600 | 7,41,869 |
| 5 | Namra Holdings & Consultancy Services LLP | 37,87,681 | 27,03,202 |
| 6 | Ritaben J. Patel | 10,31,667 | 4,90,499 |

Remuneration and perquisite

(Amounts in ₹)

| SRN | Name of relative | 2018-19 | 2017-18 |
|-----|------------------|-----------|-----------|
| 1 | Jayendra Patel | 46,15,300 | 31,23,280 |
| 2 | Aalok Patel | 32,50,000 | 17,00,000 |
| 3 | Vivek Modi | 19,80,000 | 12,38,712 |



Notes on Consolidated Financial Statements

for the year ended 31st March, 2019

Sitting fees

(Amounts in ₹)

| SRN | Name of relative | 2018-19 | 2017-18 |
|-----|------------------|---------|---------|
| 1 | Ritaben Patel | 152,500 | 152,500 |

Rent paid

(Amounts in ₹)

| SRN | Name of relative | 2018-19 | 2017-18 |
|-----|------------------|-----------|-----------|
| 1 | Ritaben Patel | 14,49,984 | 13,69,240 |

Dividend paid

(Amounts in ₹)

| SRN | Name of relative | 2018-19 | 2017-18 |
|-----|---|-----------|-----------|
| 1 | Aakash J Patel | 2,78,830 | 2,78,830 |
| 2 | Jayendrabhai Patel | 2,88,522 | 2,88,522 |
| 3 | Ritaben Patel | 2,96,674 | 2,96,674 |
| 4 | Namra Holdings & Consultancy Services LLP | 13,69,874 | 13,69,874 |

25. Earnings Per Share:

(Amounts in ₹)

| Particulars | Unit | 2018-19 | 2017-18 |
|--|---------------|--------------|-------------|
| Numerator used for calculating Basic EPS (profit after tax) | ₹ | 21,33,31,811 | 7,29,56,708 |
| Less: Dividend on preference shares | ₹ | Nil | (18,68,494) |
| Less: Tax on preference dividend | ₹ | Nil | (3,80,492) |
| Numerator used for calculating diluted earnings per share (profit after tax) | ₹ | 21,33,31,811 | 7,07,07,722 |
| Weighted average No. of shares used as denominator for calculating Basic EPS | No. of Shares | 69,38,816 | 69,24,653 |
| Weighted average No. of shares used as denominator for calculating diluted EPS | No. of Shares | 88,24,952 | 70,06,969 |
| Face value of share | ₹ | 10 | 10 |
| Basic earnings per share | ₹ | 30.74 | 10.21 |
| Diluted earnings per share | ₹ | 28.07 | 10.09 |

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. CSR

As per Section 135 of the Companies Act, 2013, a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities.

Notes on Consolidated Financial Statements

for the year ended 31st March, 2019

(Amounts in ₹)

| Particulars | 2018-19 | 2017-18 |
|--|-----------|-----------|
| a) Gross amount required to be spent by the Company during the year | 15,37,066 | 14,32,469 |
| b) Amount spent during the year on purposes other than construction / acquisition of any asset | | |
| a. Paid | 3,26,000 | 1,00,000 |
| b. Yet to be paid | 11,99,493 | 13,32,469 |

28. Stock Option Scheme

The Company has instituted 'ARMAN-EMPLOYEE STOCK OPTION PLAN 2016' ("ESOP 2016"), pursuant to the approval of the shareholders of the company at their annual general meeting held on 22.09.2016.

During the year ended March 31, 2019, Company has granted 11,500 (P.Y. 97,500) stock options (out of balance 27,500 option available for being granted to eligible employees of the company / Subsidiary Company) under the scheme of 'ARMAN-EMPLOYEE STOCK OPTION PLAN 2016' ("ESOP 2016"). The details are as under.

| Scheme | ESOP-2016 | | |
|--------------------------------|--|--|--|
| | ESOP-2016 -1 | ESOP-2016 -2 | ESOP-2016 -3 |
| Tranches | | | |
| Date of grant | 26.05.2017 | 25.05.2018 | 13.10.2018 |
| Date of Board approval | 11.08.2016 | 11.08.2016 | 11.08.2016 |
| Date of Shareholder's approval | 22.09.2016 | 22.09.2016 | 22.09.2016 |
| Number of options granted | 97,500 | 9,000 | 2,500 |
| Exercise Price | ₹50/- | ₹50/- | ₹50/- |
| Method of Settlement | Through allotment of one equity share for each option granted. | Through allotment of one equity share for each option granted. | Through allotment of one equity share for each option granted. |
| Vesting period | I. 30% of the options at the end of one year from the date of grant; | IV. 30% of the options at the end of one year from the date of grant; | VII. 30% of the options at the end of one year from the date of grant; |
| | II. 30% of the options at the end of the two years from the date of grant; | V. 30% of the options at the end of the two years from the date of grant; | VIII. 30% of the options at the end of the two years from the date of grant; |
| | III. 40% of the Options at the end of the three years from the date of grant. | VI. 40% of the Options at the end of the three years from the date of grant. | IX. 40% of the Options at the end of the three years from the date of grant. |
| Exercise period | 3 months from the date of vesting | 3 months from the date of vesting | 3 months from the date of vesting |
| Vesting conditions | The Option holders are required to continue to hold the services being provided to the Company at the time of exercise of options. | The Option holders are required to continue to hold the services being provided to the Company at the time of exercise of options. | The Option holders are required to continue to hold the services being provided to the Company at the time of exercise of options. |
| Name of the plan | 'ARMAN-EMPLOYEE STOCK OPTION PLAN 2016' ("ESOP 2016") | 'ARMAN-EMPLOYEE STOCK OPTION PLAN 2016' ("ESOP 2016") | 'ARMAN-EMPLOYEE STOCK OPTION PLAN 2016' ("ESOP 2016") |



Notes on Consolidated Financial Statements

for the year ended 31st March, 2019

The following table sets forth a summary of the activity of options:

(Amounts in ₹)

| Particulars | 2018-19 | 2017-18 |
|---|---------|---------|
| Options outstanding at the beginning of the year | 97,500 | - |
| Vested but not exercised at the beginning of the year | 840 | - |
| Granted during the year | 11,500 | 97,500 |
| Forfeited during the year | 2,550 | - |
| Exercised during the year | 27,645 | - |
| Expired during the year | 840 | - |
| Outstanding at the end of the year | 77,965 | 97,500 |
| Exercisable at the end of the year | 77,965 | - |
| Weighted average exercise price per option | ₹50/- | - |

29. Loan portfolio and provision for standard and non performing assets:

(Amounts in ₹)

| Classification | Portfolio loan outstanding (Gross) | | Provision for standard and non performing assets | |
|---------------------|------------------------------------|-----------------------|--|--------------------|
| | 31.03.2019 | 31.03.2018 | 31.03.2019 | 31.03.2018 |
| Standard assets | 6,12,75,53,279 | 4,20,07,86,786 | 5,72,00,000 | 3,73,15,000 |
| Sub standard assets | 6,75,89,506 | 7,16,11,579 | 41,07,964 | 35,64,648 |
| Total | 619,51,42,785 | 4,27,23,98,365 | 6,13,07,964 | 4,08,79,648 |

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

Details of securitization

| Particulars | 2018-19 | 2017-18 |
|--|--------------|---------|
| Total no of loan assets | 33,281 | - |
| Book value of loan assets (₹) | 71,74,48,592 | - |
| Sales consideration received from securitized assets (₹) | 71,74,48,592 | - |
| Gain / (Loss) on securitized assets (₹) | - | - |
| Quantum of outstanding value of services (₹) | 69,68,62,840 | - |
| Principal Subordination (₹) | 6,88,60,731 | - |
| Cash collateral (₹) | 4,95,94,169 | - |

Notes on Consolidated Financial Statements

for the year ended 31st March, 2019

31. 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 Profit & Loss | Amounts (₹ in lakhs) |
| Parent | | | | |
| Arman Financial Services Limited | 60.04% | 4756.71 | 29.90% | 637.87 |
| Subsidiaries Indian | | | | |
| Namra Finance Limited | 100.83% | 7987.54 | 70.10% | 408.97 |
| 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 |

32. 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 "32"
As per our report of even date attached

For, Arman Financial Services Limited

For, **Samir M. Shah & Associates**
Chartered Accountants
(Firm Regd. No. 122377W)

Jayendra Patel
Vice Chairman &
Managing Director
(DIN-00011814)

Vivek Modi
Chief Financial Officer

(**Samir M. Shah**)
Partner
(M. No. 111052)

Aalok Patel
Executive Director
(DIN-02482747)

Jaimish Patel
Company Secretary
(M. NO-A42244)

Place: Ahmedabad
Date: 28.05.2019

Standalone Accounts

INDEPENDENT AUDITOR'S REPORT

To,

The Members of

ARMAN FINANCIAL SERVICES LIMITED

Ahmedabad

Report on the Audit of the Standalone Financial Statements

Opinion

1. We have audited the accompanying standalone financial statements of Arman Financial Services Limited (the 'Company') which comprise the Balance Sheet as at 31 March 2019, 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. 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 Companies Act, 2013 (the 'Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs (financial position) of the Company as at 31 March 2019 and its profit (financial performance) and its cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those standards are further, described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the, standalone financial statements of the current period. These matters were addressed in the context of our audit, of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion, on these matters.



Key audit matter identified in our audit is on Provision on Non-Performing Assets as follows:

| Key audit matter | Audit Approach |
|---|---|
| Provisioning on Non-Performing Assets | |
| <p>Identification of and provisioning for Non-Performing Assets (loans) in accordance with the RBI guidelines (Refer para (p) of significant accounting policy read with Note 4, 11 & 21 to the financial statements).</p> <p>The Company has net advances amounting to 189.21 Crores as at 31 March 2019. Identification of and provisioning for non-performing assets (loans) in accordance with relevant prudential norms issued by the Reserve Bank of India (RBI) in respect of income recognition, asset classification and provisioning pertaining to advances (herein after referred as "Relevant RBI guidelines") is a key audit matter due to the current processes at the Company which requires manual interventions, management estimates and judgment regarding recoverability of loans and underline security.</p> | <p>Our audit approach included testing the design, operating effectiveness of internal controls and substantive audit procedures in respect of income recognition, asset classification and recoverability of loan amount including underline security and provisioning pertaining to advances. In particular:</p> <ul style="list-style-type: none"> • we have evaluated and understood the Company's internal control system in adhering to the Relevant RBI guidelines regarding income recognition, asset classification and provisioning pertaining to advances; • we have understood key IT systems / applications used and tested operational effectiveness of relevant controls, including involvement of manual process and manual controls in relation to income recognition, asset classification and provisioning pertaining to advances ; • we test checked advances to examine the validity of the recorded amounts, loan documentation, examined the statement of accounts, indicators of impairment, impairment provision for non-performing assets, and compliance with income recognition, asset classification and provisioning pertaining to advances; and • evaluated the past trends of management judgment, governance process and review controls over impairment provision calculations and discussed the provisions made with senior management including the Chief Executive Officer, Chief Financial Officer. |

Information other than the Financial Statements and Auditor's Report thereon

5. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and as may be legally advised.

Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements

6. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance) and cash flows of the Company in accordance with the accounting principles generally accepted in India specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
7. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
8. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

9. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable

assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

10. As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for explaining our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
11. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
 12. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
 13. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.
- Report on Other Legal and Regulatory Requirements**
14. 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", a statement on the matters specified in paragraphs 3 and 4 of the Order.
 15. Further to our comments in Annexure A, 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 purpose 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 standalone financial statements dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the aforesaid standalone financial statements comply accounting principles generally accepted in India specified under Section 133 of the Act.
 - e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act;
 - f) We have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31 March 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report as per Annexure "B" expressed an unmodified opinion;
 - 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 (as amended), 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 the standalone financial statements; (Refer Note 23 to the financial statements);
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
- For, Samir M Shah & Associates**
Chartered Accountants,
[Firm Regd. No. 122377W]
- Place : Ahmedabad**
Date : 28.05.2019
- (Samir M Shah)**
Partner
[M. No. 111052]

ANNEXURE “A” TO INDEPENDENT AUDITOR’S REPORT

Referred to in paragraph 14 of our report of even date to the Members of ARMAN FINANCIAL SERVICES LIMITED for the year ended 31st March, 2019.

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 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 ₹17050.00 Lakhs (amount of Loan O/s is of ₹10356.00 Lakhs) and the maximum amount involved during the year was ₹17050.00 Lakhs (maximum amount of Loan O/s is of ₹15626.18 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.

- 5. During the year, the Company has not accepted any deposits from public 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 clause (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, 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.

According to the information and explanations given to us, no undisputed amounts payable in respect statutory dues which remained outstanding as at 31st March, 2019 for a period of more than six months from the date they became payable.

- (b) 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 | 13.31 | 2009-10 | CIT (Appeals) | -- |
| Income Tax Act, 1961 | Income Tax | 5.70 | 2011-12 | CIT(Appeals) | -- |
| Income Tax Act, 1961 | Income Tax | 594.23 | 2012-13 | CIT(Appeals) | -- |
| Income Tax Act, 1961 | Income Tax | 5.06 | 2013-14 | CIT(Appeals) | -- |
| Income Tax Act, 1961 | Income Tax | 3.00 | 2014-15 | ITAT | -- |

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 made private placement of convertible debentures during the year under review and provisions of sections of 42 of the Companies Act, 2013 are complied with and also fund is utilized for the purpose for which it has been raised.
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 (xvi) 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, Samir M Shah & Associates
Chartered Accountants,
[Firm Regd. No. 122377W]

Place : Ahmedabad
Date : 28.05.2019

(Samir M Shah)
Partner
[M. No. 111052]

ANNEXURE “B” TO INDEPENDENT AUDITOR’S REPORT

Referred to in paragraph 15(f) of our Report of even date to the Members of ARMAN FINANCIAL SERVICES LIMITED for the year ended 31st March, 2019.

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 2019, 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 2019, 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, Samir M Shah & Associates

Chartered Accountants,
[Firm Regd. No. 122377W]

Place : Ahmedabad

Date : 28.05.2019

(Samir M Shah)

Partner

[M. No. 111052]

BALANCE SHEET

as at 31st March, 2019

(Amount in ₹)

| Particulars | Note No. | As at March 31, 2019 | As at March 31, 2018 |
|---|----------|-----------------------|-----------------------|
| EQUITY AND LIABILITIES | | | |
| [1] Shareholder's Funds | | | |
| [a] Share Capital | 1 | 6,95,22,980 | 6,92,46,530 |
| [b] Reserves & Surplus | 2 | 40,61,48,286 | 33,27,79,688 |
| | | 47,56,71,266 | 40,20,26,218 |
| [2] Non-Current Liabilities | | | |
| [a] Long Term Borrowings | 3 | 67,59,65,125 | 28,28,44,968 |
| [b] Deferred Tax Liabilities (Net) | | Nil | Nil |
| [c] Long Term Provisions | 4 | 61,95,551 | 30,63,285 |
| | | 68,21,60,676 | 28,59,08,253 |
| [3] Current Liabilities | | | |
| [a] Short-Term Borrowings | 5 | 85,54,99,963 | 49,63,06,706 |
| [b] Other Current Liabilities | 6 | 51,36,95,113 | 26,90,04,128 |
| [c] Short Term Provisions | 7 | 81,96,642 | 70,19,458 |
| | | 1,37,73,91,718 | 77,23,30,292 |
| Total | | 2,53,52,23,660 | 1,46,02,64,764 |
| ASSETS | | | |
| [1] Non-Current Assets | | | |
| [a] Property, Plant & Equipment | 8 | 77,12,541 | 1,40,98,962 |
| [b] Intangible Assets | 8 | 2,13,333 | 3,66,259 |
| | | 79,25,874 | 1,44,65,221 |
| [c] Long Term Investments | 9 | 48,22,18,750 | 22,42,18,750 |
| [d] Deferred Tax Assets (Net) | 10 | 34,58,273 | 15,94,666 |
| [e] Long-term Loans and Advances | 11 | 77,35,56,241 | 44,53,59,497 |
| [f] Other Non-Current Assets | 12 | 50,00,000 | 3,35,87,700 |
| | | 1,27,21,59,138 | 71,92,25,834 |
| [2] Current Assets | | | |
| [a] Trade Receivables | 13 | 3,14,31,562 | 3,16,24,531 |
| [b] Cash & Bank Balances | 14 | 11,50,60,440 | 3,44,56,991 |
| [c] Short term Loans and Advances | 11 | 1,11,45,33,064 | 67,32,77,123 |
| [d] Other Current Assets | 15 | 20,39,456 | 16,80,285 |
| | | 1,26,30,64,522 | 74,10,38,930 |
| Total | | 2,53,52,23,660 | 1,46,02,64,764 |
| Significant Accounting Policies and Notes on Financial Statements | 1 to 37 | | |

As per our report of even date attached herewith

For **Samir M Shah & Associates**

Chartered Accountants
[Firm Regd. No. 122377W]

[Samir M Shah]

Partner
[M.No.111052]

Place: Ahmedabad
Date: May 28, 2019

For, Arman Financial Services Limited

Jayendra Patel

Vice Chairman & Managing Director
(DIN-00011814)

Aalok Patel

Executive Director
(DIN - 02482747)

Vivek Modi

Chief Financial Officer

Jaimish Patel

Company Secretary
(M. No. A42244)



STATEMENT OF PROFIT & LOSS

for the year ended 31st March, 2019

(Amount in ₹)

| Particulars | Note | As at March 31, 2019 | As at March 31, 2018 |
|---|---------|----------------------|----------------------|
| INCOME | | | |
| Revenue from Operations | 16 | 46,87,41,309 | 27,30,57,866 |
| Other Income | 17 | 6,34,312 | 1,38,314 |
| Total Revenue | | 46,93,75,621 | 27,31,96,180 |
| EXPENDITURE | | | |
| Employee Benefit Expenses | 18 | 9,76,36,289 | 6,29,28,410 |
| Finance Costs | 19 | 20,25,79,752 | 10,84,86,332 |
| Depreciation and Amortisation expenses | 20 | 10,98,840 | 10,71,855 |
| Other Expenses | 21 | 7,37,91,652 | 5,59,36,728 |
| Total Expenses | | 37,51,06,533 | 22,84,23,325 |
| Profit before Tax | | 9,42,69,088 | 4,47,72,855 |
| Less : Tax expense: | | | |
| - Current Tax | | 2,97,10,000 | 1,38,40,000 |
| - Short / (excess) Provision of Income Tax of earlier years | | 26,35,462 | Nil |
| - Deferred Tax Liability/(Asset) | 22 | (18,63,608) | (11,26,905) |
| Profit for the year | | 6,37,87,234 | 3,20,59,760 |
| Basic Earnings Per Share of ₹10 each | 25 | 9.19 | 4.63 |
| Diluted Earnings Per share of ₹10 each | 25 | 9.12 | 4.58 |
| Significant Accounting Policies and Notes on Financial Statements | 1 to 37 | | |

As per our report of even date attached herewith

For **Samir M Shah & Associates**
Chartered Accountants
[Firm Regd. No. 122377W]

[Samir M Shah]
Partner
[M.No.111052]

Place: Ahmedabad
Date: May 28, 2019

For, Arman Financial Services Limited

Jayendra Patel
Vice Chairman & Managing Director
(DIN-00011814)

Aalok Patel
Executive Director
(DIN - 02482747)

Vivek Modi
Chief Financial Officer

Jaimish Patel
Company Secretary
(M. No. A42244)

CASH FLOW STATEMENT

for the year ended 31st March, 2019

(Amount in ₹)

| Particulars | 2018-19 | 2017-18 |
|--|-----------------------|-----------------------|
| A. Cash from Operating Activities: | | |
| Net profit before taxation | 9,42,69,088 | 4,47,72,855 |
| Adjustment For: | | |
| Depreciation & Amortization expense | 10,98,840 | 10,71,855 |
| NPA provisions (Net) | 5,43,316 | 12,60,469 |
| Contingent provision on standard assets | 29,00,000 | 27,90,000 |
| Interest expense | 18,92,58,876 | 9,98,31,232 |
| Loss / (Profit) on sale of Property, Plant & Equipment | (6,31,264) | (1,23,626) |
| Bad Debts w/off | Nil | 92,68,675 |
| Short fall on interest on advance tax payment | 15,90,000 | 10,60,000 |
| | 19,47,59,768 | 11,51,58,605 |
| Operating profit before working - Capital changes : | 28,90,28,856 | 15,99,31,460 |
| Adjustment For : | | |
| Increase/(Decrease) In long-term provision | 6,45,313 | 2,34,933 |
| Increase/(Decrease) In short-term provision | 2,20,821 | 78,996 |
| Increase/(Decrease) In other current liability | 1,84,99,125 | 53,22,047 |
| Decrease/(Increase) In trade receivables | 1,92,969 | (1,99,57,556) |
| Decrease/(Increase) In long term loans and advances | (33,39,30,114) | (25,82,54,339) |
| Decrease/(Increase) In Other Current Assets | (3,59,171) | Nil |
| Employees Stock option Payable (Shown in Reserve) | 1,29,53,625 | Nil |
| Decrease/(Increase) In short term loans and advances | (44,12,55,955) | (19,02,60,449) |
| | (74,30,33,386) | (46,28,36,368) |
| Cash Generated From Operations | (45,40,04,530) | (30,29,04,908) |
| Income tax paid | (2,82,02,092) | (2,64,59,552) |
| | (2,82,02,092) | (2,64,59,552) |
| Net Cash From Operating Activities: | (48,22,06,623) | (32,93,64,460) |
| B Cash Flow From Investment Activities: | | |
| Purchase of Property, Plant & Equipment | (4,28,229) | (20,59,709) |
| Sale of Property, Plant & Equipment | 65,00,000 | 16,00,000 |
| (Increase) /Decrease in bank deposits | (93,30,553) | (3,53,71,480) |
| Investments in subsidiary | (25,80,00,000) | (7,00,00,000) |
| | | |
| Net Cash from Investment Activities: | (26,12,58,782) | (10,58,31,189) |



CASH FLOW STATEMENT

for the year ended 31st March, 2019

(Amount in ₹)

| Particulars | 2018-19 | 2017-18 |
|---|---------------------|---------------------|
| C. Cash Flow From Financing Activities : | | |
| Issue of Equity Share Capital | 52,52,550 | Nil |
| Proceeds from long term borrowings | 80,33,65,576 | 51,68,91,288 |
| Repayment of long term borrowings | (23,40,46,324) | (1,62,14,576) |
| Proceeds from short term borrowings | 64,71,75,420 | 5,99,88,949 |
| Repayment of short term borrowings | (28,79,82,163) | (1,41,90,727) |
| Interest paid | (13,91,53,464) | (9,88,47,078) |
| Share Issue Expense Dr. To Share Premium A/c | Nil | (33,74,826) |
| Dividend paid (including Dividend Distribution Tax) | (84,61,010) | (82,97,832) |
| Net Cash from Financing Activities: | 78,61,50,586 | 43,59,55,198 |
| Net Increase in Cash & Cash Equivalents: | 4,26,85,182 | 7,59,547 |
| Cash & cash equivalents at the beginning | 33,87,736 | 26,28,189 |
| Cash & cash equivalents at the end | 4,60,72,918 | 33,87,736 |

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.

For **Samir M Shah & Associates**

Chartered Accountants
[Firm Regd. No. 122377W]

[Samir M Shah]

Partner
[M.No.111052]

Place: Ahmedabad
Date: May 28, 2019

For, Arman Financial Services Limited

Jayendra Patel

Vice Chairman & Managing Director
(DIN - 00011814)

Aalok Patel

Executive Director
(DIN - 02482747)

Vivek Modi

Chief Financial Officer

Jaimish Patel

Company Secretary
(M.No. A42244)

Notes to the Financial Statements

for the year ended 31st March, 2019

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/Securitisation

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.

In case of securitisation of receivables "at Par", the Income from excess interest spread is recognized in Statement of Profit and Loss account, net of any losses, at the time of actual receipt.

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. 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.

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.



Notes to the Financial Statements

for the year ended 31st March, 2019

Useful life of assets is as under:

| SR No. | 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 of 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.

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.

Notes to the Financial Statements

for the year ended 31st March, 2019

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 if any are recorded on assignment of loan contracts. Recourse obligation with respect to Debt Securitizations 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 (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 | - | 0.40 % |
| Non-performing assets | Overdue for 90 days or more | |
| Substandard assets | NPA for a period not exceeding 12 months | 10 % |
| Doubtful assets – unsecured | Substandard for a period exceeding 12 months | |
| | - Doubtful upto 1 year | 20 % |
| | - Doubtful from 1 to 3 years | 30 % |
| | - Doubtful for more than 3 years | 50 % |
| Doubtful - secured | | |
| Doubtful - unsecured | Substandard for a period exceeding 12 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, 2019

(Amount in ₹)

| 1 | Share Capital | As at 31.03.2019 | As at 31.03.2018 |
|---|---|---------------------|---------------------|
| | [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: | | |
| | 57,47,824 (Previous Year 57,20,179) Ordinary Equity Shares of par value of ₹10/- each fully paid up | 5,74,78,240 | 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 | 6,95,22,980 | 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 Board of Directors have recommended for the approval of Members a final dividend of ₹1.40 per equity share of ₹10/- each for the Financial Year 2018-19. As per the requirement of Accounting Standard 4 (Revised), the Company has not recognised any provision in financial statements.

Notes to the Financial Statements

for the year ended 31st March, 2019

1.4 Details of Shareholder holding more than 5 % of Ordinary Shares of the company are as follows: (Amount in ₹)

| Name of Shareholder | As at 31.03.2019 | | As at 31.03.2018 | |
|---------------------|------------------|---------|------------------|---------|
| | % | Shares | % | Shares |
| Jayendrabhai Patel | 5.02 | 288,522 | 5.04 | 288,522 |
| Ritaben Patel | 5.16 | 296,674 | 5.19 | 296,674 |
| Mukul Agrawal | 10.00 | 575,000 | 10.05 | 575,000 |

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

| Name of Shareholder | As at 31.03.2019 | | As at 31.03.2018 | |
|---|------------------|-----------|------------------|--------------|
| | % | Shares | % | Shares |
| Namra Holdings & Consultancy Services LLP | 100.00 | 1,204,474 | 100.00 | 1,204,474.00 |

1.6 The Reconciliation of the number of shares outstanding and the amount of ordinary Equity Share capital as at 31.03.2019 & 31.03.2018 is set out below

| Particulars | As at 31.03.2019 | | As at 31.03.2018 | |
|---|------------------|------------|------------------|------------|
| | No. of Shares | Amounts ₹ | No. of Shares | Amounts ₹ |
| Shares at the beginning | 5,720,179 | 57,201,790 | 5,720,179 | 57,201,790 |
| Addition - Subscription during the year | 27,645 | 276,450 | Nil | Nil |
| Deletion | Nil | Nil | Nil | Nil |
| Shares at the end | 5,747,824 | 57,478,240 | 5,720,179 | 57,201,790 |

1.7 The reconciliation of the number of shares outstanding and the amount of Class "A" ordinary equity share capital as at 31st March, 2019 & 31st March, 2018 is set out below

| Particulars | As at 31.03.2019 | | As at 31.03.2018 | |
|---|------------------|------------|------------------|------------|
| | No. of Shares | Amounts ₹ | No. of Shares | Amounts ₹ |
| Shares at the beginning | 1,204,474 | 12,044,740 | 1,204,474 | 12,044,740 |
| Addition - Subscription during the year | Nil | Nil | Nil | Nil |
| Deletion | Nil | Nil | Nil | Nil |
| Shares at the end | 1,204,474 | 12,044,740 | 1,204,474 | 12,044,740 |



Notes to the Financial Statements

for the year ended 31st March, 2019

(Amount in ₹)

| 2 Reserves & Surplus | As at March 31, 2019 | As at March 31, 2018 |
|--|----------------------|----------------------|
| General Reserve | | |
| Balance as per last financial statement | 1,04,35,377 | 94,35,377 |
| Add: Transfer from statement of profit and loss (Refer Note 2.1) | 10,00,000 | 10,00,000 |
| Closing Balance | 1,14,35,377 | 1,04,35,377 |
| Special Reserve u/s 45-IC of the RBI Act, 1934 | | |
| Balance as per last financial statement | 5,47,00,000 | 4,82,00,000 |
| Add: Transfer from statement of profit and loss (Refer Note 2.1) | 1,28,00,000 | 65,00,000 |
| Closing Balance | 6,75,00,000 | 5,47,00,000 |
| Securities Premium | 11,91,24,480 | 12,24,99,306 |
| Add: Share Premium on shares issued during the year | 49,76,100 | Nil |
| Less: Share Issue Expenses | Nil | 33,74,826 |
| | 12,41,00,580 | 11,91,24,480 |
| Employee stock option outstanding | | |
| Balance as per last financial statements | Nil | Nil |
| Add/(Less): Stock option expenditure for the year | 1,69,41,525 | Nil |
| Less: amount transferred towards option expired unexercised | 1,17,600 | Nil |
| Less: transferred to security premium on exercise of stock option | 38,70,300 | Nil |
| Closing Balance | 1,29,53,625 | Nil |
| Surplus in the Statement of Profit and Loss | | |
| Balance as per last financial statement | 14,85,19,832 | 13,22,94,446 |
| Add : Profit for the year | 6,37,87,234 | 3,20,59,760 |
| 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) | (1,28,00,000) | (65,00,000) |
| Dividend Paid | (69,24,653) | (69,24,653) |
| Tax paid on Dividend | (14,23,709) | (14,09,721) |
| Closing Balance | 19,01,58,704 | 14,85,19,832 |
| Total | 40,61,48,286 | 33,27,79,689 |

Notes to the Financial Statements

for the year ended 31st March, 2019

| 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 | 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

(Amount in ₹)

| Particulars | As at March 31, 2019 | | As at March 31, 2018 | |
|---|----------------------|---------------------|----------------------|---------------------|
| | Non Current | Current | Non Current | Current |
| Secured Loans | | | | |
| From Banks | | | | |
| -- Term loans @ | 1,29,23,027 | 7,33,88,887 | 8,63,11,916 | 9,21,01,162 |
| From financial institutions | | | | |
| -- Term loans @ | 33,80,42,098 | 33,68,56,529 | 14,65,33,052 | 14,19,45,158 |
| Debenture | | | | |
| From financial institutions | | | | |
| -- 12.60 % Non-Convertible Debentures @@ | 27,50,00,000 | Nil | Nil | Nil |
| Unsecured | | | | |
| Others | | | | |
| From financial institutions | 5,00,00,000 | Nil | 5,00,00,000 | Nil |
| Total | 67,59,65,125 | 41,02,45,416 | 28,28,44,968 | 23,40,46,320 |
| Less : Amount disclosed under head other Current Liabilities (Note - 6) | Nil | 41,02,45,416 | Nil | 23,40,46,320 |
| Total | 67,59,65,125 | Nil | 28,28,44,968 | Nil |

Security:

@ Term Loans are secured under hypothecation of exclusive first charge on 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".

@@ 12.60 % Redeemable Non-Convertible Debenture are secured under hypothecation of specific assets portfolio.



Notes to the Financial Statements

for the year ended 31st March, 2019

Interest:

Secured Term Loan carries an interest rate ranging from 8.35% to 15.00% p.a.

Redeemable non-convertible debenture carries an interest rate of 12.60% p.a.

Unsecured Term Loan from financial institutions carries an interest rate at 15% p.a.

Repayment:

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

(Amount in ₹)

| Particulars | Upto 1 year | 1 to 3 Years | More than 3 years |
|-----------------------------------|--------------|--------------|-------------------|
| Term loan repayment | 41,02,45,416 | 35,09,65,125 | Nil |
| 12.60% Non-Convertible Debentures | Nil | 27,50,00,000 | Nil |

Unsecured Loans from Directors, their relatives & Financial Institutions

(Amount in ₹)

| Particulars | Upto 1 year | 1 to 3 Years | More than 3 years |
|--|-------------|--------------|-------------------|
| From financial institutions | Nil | Nil | 5,00,00,000 |
| Loans from Directors & their relatives | Nil | Nil | Nil |
| Inter Corporate Deposit | 16,59,243 | Nil | Nil |

(Amount in ₹)

| 4 Long Term Provisions | As at March 31, 2019 | | As at March 31, 2018 | |
|---|----------------------|------------|----------------------|------------|
| | Non Current | Current | Non Current | Current |
| Provision for employee benefit- gratuity | 16,96,982 | 5,87,247 | 10,51,669 | 3,66,426 |
| Contingent provision against standard assets | 31,60,000 | 48,40,000 | 16,60,000 | 34,40,000 |
| NPA provisions | 13,38,569 | 27,69,395 | 3,51,616 | 32,13,032 |
| | 61,95,551 | 81,96,642 | 30,63,285 | 70,19,458 |
| Less : Amount disclosed under head short term provisions - (Note-7) | Nil | 81,96,642 | Nil | 70,19,458 |
| Total | 61,95,551 | Nil | 30,63,285 | Nil |

(Amount in ₹)

| 5 Short-Term Borrowings | Current | Current |
|---|----------------------|----------------------|
| | As at March 31, 2019 | As at March 31, 2018 |
| Loans Repayable on Demand: | | |
| Working capital loans from banks - secured @ | 35,38,40,621 | 39,36,66,691 |
| From Directors and their relatives -Unsecured | Nil | 4,46,80,232 |
| Inter Corporate Deposit -Unsecured | 16,59,243 | 5,79,59,783 |
| Debenture | | |
| From financial institutions- Unsecured | | |
| -- 10 % Compulsory Convertible Debentures | 50,00,00,100 | Nil |
| Total | 85,54,99,964 | 49,63,06,706 |

Security:

@ Working Capital 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".

Notes to the Financial Statements

for the year ended 31st March, 2019

(Amount in ₹)

| 6 Other Current Liabilities | As at March 31, 2019 | As at March 31, 2018 |
|---|----------------------|----------------------|
| Current maturity of long term borrowings (Note 3) | 41,02,45,416 | 23,40,46,320 |
| Salary & wages payable | 66,78,604 | 42,00,687 |
| Other statutory dues | 6,74,056 | 9,80,802 |
| TDS payable | 68,04,237 | 13,21,772 |
| Security deposits | 24,79,340 | 24,84,755 |
| Interest accrued but not due | 5,12,02,761 | 10,97,349 |
| Unpaid dividend | 18,86,807 | 19,99,455 |
| Unpaid expenses | 3,37,23,892 | 1,73,11,234 |
| Cash profit on loan transfer transactions pending recognition (Note -29 (ii)) | Nil | 55,61,754 |
| Total | 51,36,95,113 | 26,90,04,128 |

6.1 Unpaid dividend outstanding as on 31.03.2019 is not due for transfer to investor education and protection fund by the Company.

(Amount in ₹)

| 7 Short Term Provisions | Current As at March 31, 2019 | Current As at March 31, 2018 |
|--|---------------------------------|---------------------------------|
| Provisions for employee benefits - Gratuity (Note - 4) | 5,87,247 | 3,66,426 |
| Contingent provision against standard Asset (Note - 4) | 48,40,000 | 34,40,000 |
| NPA provisions (Note- 4) | 27,69,395 | 32,13,032 |
| Total | 81,96,642 | 70,19,458 |



Notes to the Financial Statements

for the year ended 31st March, 2019

8 - Property, Plant & Equipment

(Amount in ₹)

| Property, Plant & Equipment | | | | | | Total Property, Plant & Equipment | Intangible Assets | Total Assets |
|-----------------------------|-------------|-------------------------|---------------------|-----------|-----------|--|----------------------|-----------------|
| Carrying Value | Buildings | Furniture & Fixtures | Office Equipment | Vehicles | Computer | | | |
| At 01.04.2017 | 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 |
| Addition | Nil | 2,32,195 | 1,10,999 | 16,64,015 | 52,500 | 20,59,709 | Nil | 20,59,709 |
| Disposal | 15,78,545 | Nil | Nil | Nil | Nil | 15,78,545 | Nil | 15,78,545 |
| Other Adjustment | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| At 31.03.2018 | 1,15,19,605 | 47,70,470 | 18,88,058 | 17,00,915 | 33,39,783 | 2,32,18,831 | 8,04,870 | 2,40,23,701 |
| Addition | 17,369 | 2,55,251 | 1,16,002 | Nil | 39,607 | 4,28,229 | Nil | 4,28,229 |
| Disposal | 63,14,180 | Nil | Nil | Nil | Nil | 63,14,180 | Nil | 63,14,180 |
| Other Adjustment | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| At 31.03.2019 | 52,22,794 | 50,25,721 | 20,04,060 | 17,00,915 | 33,79,390 | 1,73,32,880 | 8,04,870 | 1,81,37,750 |

| Accumulated Depreciation | Buildings | Furniture & Fixtures | Office Equipment | Vehicles | Computer | Total Property, Plant & Equipment | Intangible Assets | Total Assets |
|-----------------------------|-----------|-------------------------|---------------------|-----------|-----------|--|----------------------|-----------------|
| At 01.04.2017 | 18,26,224 | 27,31,626 | 11,67,049 | 35,104 | 25,43,108 | 83,03,111 | 2,85,685 | 85,88,796 |
| Change for the year | 2,06,264 | 2,99,933 | 1,24,046 | 43,483 | 2,45,203 | 9,18,929 | 1,52,926 | 10,71,855 |
| Disposal | 1,02,171 | Nil | Nil | Nil | Nil | 1,02,171 | Nil | 1,02,171 |
| At 31.03.2018 | 19,30,317 | 30,31,559 | 12,91,095 | 78,587 | 27,88,311 | 91,19,869 | 4,38,611 | 95,58,480 |
| Change for the year | 1,16,324 | 2,97,548 | 1,26,234 | 2,41,081 | 1,64,727 | 9,45,914 | 1,52,926 | 10,98,840 |
| Disposal | 4,45,444 | Nil | Nil | Nil | Nil | 4,45,444 | Nil | 4,45,444 |
| At 31.03.2019 | 16,01,197 | 33,29,107 | 14,17,329 | 3,19,668 | 29,53,038 | 96,20,339 | 5,91,537 | 1,02,11,876 |
| Net Carrying Value | | | | | | | | |
| At 31.03.2018 | 95,89,288 | 17,38,911 | 5,96,963 | 16,22,328 | 5,51,472 | 1,40,98,962 | 3,66,259 | 1,44,65,221 |
| At 31.03.2019 | 36,21,597 | 16,96,614 | 5,86,731 | 13,81,247 | 4,26,352 | 77,12,541 | 2,13,333 | 79,25,874 |

Notes to the Financial Statements

for the year ended 31st March, 2019

(Amount in ₹)

| 9 Investment | As at March 31, 2019 | | As at March 31, 2018 | |
|---|----------------------|------------|----------------------|------------|
| | Non Current | Current | Non Current | Current |
| Investments (Trade) | | | | |
| In equity Shares of Subsidiary Companies | | | | |
| Unquoted, Fully paid up | | | | |
| 2,41,75,000 Shares (P.Y. 1,51,75,000) of ₹10 each fully paid up of Namra Finance Limited. | 48,22,18,750 | Nil | 22,42,18,750 | Nil |
| Total | 48,22,18,750 | Nil | 22,42,18,750 | Nil |
| Aggregate Cost of unquoted investments | 48,22,18,750 | Nil | 22,42,18,750 | Nil |

(Amount in ₹)

| 10 Deferred Tax Liabilities (Net) | As at March 31, 2019 | As at March 31, 2018 |
|--|----------------------|----------------------|
| Deferred Tax Assets arising out of timing difference relating to : | | |
| Provision for Gratuity that are allowable for tax purpose in the year of payment | 6,65,167 | 3,94,514 |
| Provision for NPA that are allowable for tax purpose in the year of actual loss | 35,25,839 | 24,10,505 |
| Total Deferred Tax Assets | 41,91,007 | 28,05,019 |
| Deferred Tax Liability arising out of timing difference relating to : | | |
| Difference of depreciation as per tax provision and Company Law | 7,32,733 | 12,10,353 |
| Total Deferred Tax Liability | 7,32,733 | 12,10,353 |
| Net Deferred Tax Liability / (Assets) | (34,58,273) | (15,94,666) |

(Amount in ₹)

| 11 Loans and Advances (Considered good unless otherwise stated) | As at March 31, 2019 | | As at March 31, 2018 | |
|---|----------------------|-----------------------|----------------------|---------------------|
| | Non Current | Current | Non Current | Current |
| a. Loans Receivable Considered Good - Secured | | | | |
| - Loans Secured by hypothecation of Assets | 31,42,77,705 | 48,71,71,086 | 23,53,87,171 | 53,31,33,093 |
| b. Loans Receivable Considered Good - Unsecured | | | | |
| - Loans to Companies, Firms and Individuals | 44,86,12,108 | 54,30,58,332 | 19,49,02,351 | 6,87,92,842 |
| - Deposits | 59,26,707 | 25,00,000 | 45,96,884 | 60,08,995 |
| - Other Loans and Advance | Nil | 3,32,60,632 | Nil | 2,64,04,977 |
| - Advances to Staff | Nil | 12,57,497 | Nil | 6,64,968 |
| - Balance with Government Authorities | Nil | 4,89,526 | Nil | 9,35,527 |
| - Advance Tax and TDS | 7,93,29,721 | Nil | 12,18,53,091 | Nil |
| - Less: Provision for Taxation | (7,45,90,000) | Nil | (11,13,80,000) | Nil |
| | 47,39,721 | Nil | 1,04,73,091 | Nil |
| c. Loans & Advances which have singificant increase in Credit Risk | Nil | 2,44,75,223 | Nil | 2,32,58,719 |
| d. Loans & Advances - Credit Impaired | Nil | 2,23,20,768 | Nil | 1,40,78,002 |
| Total | 77,35,56,241 | 1,11,45,33,064 | 44,53,59,497 | 67,32,77,123 |



Notes to the Financial Statements

for the year ended 31st March, 2019

- 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 ₹2,23,20,768/- (P.Y. ₹1,40,78,002/-) outstanding portfolio on which NPA provision of ₹22,39,914/- (P.Y. ₹14,04,800/-) has been made.
- 11.3 Deposits includes deposits ₹75,15,975/- (P.Y. ₹1,03,58,129/-), given as collateral security against loans from financial Institutes.
- 11.4 Other Loans & Advances includes ₹86,62,188/- (P.Y. ₹Nil) receivable from the Namra Finance Limited (Subsidiary Company) for the ESOPs granted to employees of Subsidiary company.

(Amount in ₹)

| 12 Other Non Current Assets | As at March 31, 2019 | As at March 31, 2018 |
|---|----------------------|----------------------|
| Deposits with original maturity for more than 12 months (Note 14) | 50,00,000 | 3,35,87,700 |
| Total | 50,00,000 | 3,35,87,700 |

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

(Amount in ₹)

| 13 Trade Receivables | As at March 31, 2019 | As at March 31, 2018 |
|--|----------------------|----------------------|
| Trade Receivables Considered Good - Secured | 54,89,233 | 45,37,881 |
| Trade Receivable Considered Good - Unsecured | 1,07,782 | 20,871 |
| Trade Receivables which have significant increase in Credit Risk | 71,54,044 | 55,57,989 |
| Trade Receivables - Credit Impaired | 1,86,80,503 | 2,15,07,790 |
| Total | 3,14,31,562 | 3,16,24,531 |

- 13.1 Sundry debtors includes ₹1,86,80,503/-(P.Y. ₹2,15,07,790/-) outstanding portfolio on which NPA provision of ₹18,68,050/- (P.Y. ₹21,56,848/-) has been made.

Notes to the Financial Statements

for the year ended 31st March, 2019

(Amount in ₹)

| 14 Cash and Bank Balance | As at March 31, 2018 | | As at March 31, 2017 | |
|---|----------------------|---------------------|----------------------|--------------------|
| | Non Current | Current | Non Current | Current |
| Cash and cash equivalents | | | | |
| Cash on hand | Nil | 26,41,263 | Nil | 11,31,807 |
| Balance with banks | Nil | 4,34,31,655 | Nil | 22,55,929 |
| Total | Nil | 4,60,72,918 | Nil | 33,87,736 |
| Other Bank Balance | | | | |
| Earmarked balances with banks | Nil | 18,86,807 | Nil | 19,99,455 |
| Deposits with original maturity for more than 12 months | 50,00,000 | 6,71,00,701 | 3,35,87,700 | 2,90,69,800 |
| | 50,00,000 | 6,89,87,508 | 3,35,87,700 | 3,10,69,255 |
| Less: Amount disclosed Under Non Current Assets | 50,00,000 | Nil | 3,35,87,700 | Nil |
| Total | Nil | 11,50,60,426 | Nil | 3,44,56,991 |

14.1 Earmarked balances with banks represents ₹18,86,807/- (P.Y. ₹19,99,455/-) in Unpaid Dividend Account.

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

(Amount in ₹)

| 15 Other Non Current Assets | As at March 31, 2019 | As at March 31, 2018 |
|-----------------------------|----------------------|----------------------|
| Interest receivables | 20,39,456 | 16,80,285 |
| Total | 20,39,456 | 16,80,285 |

(Amount in ₹)

| 16 Revenue from operation | 2018-19 | 2017-18 |
|-----------------------------------|---------------------|---------------------|
| Interest income | 46,32,54,763 | 27,21,18,226 |
| Income from Securitisation | 19,31,260 | Nil |
| Other Financial Services | | |
| Other charges in respect of loans | 35,55,287 | 9,39,640 |
| Total | 46,87,41,309 | 27,30,57,866 |

(Amount in ₹)

| 17 Other Income | 2018-19 | 2017-18 |
|---|-----------------|-----------------|
| Profit on sale of Property, Plant & Equipment | 6,31,264 | 1,23,626 |
| Misc. income | 3,048 | 14,688 |
| Total | 6,34,312 | 1,38,314 |



Notes to the Financial Statements

for the year ended 31st March, 2019

(Amount in ₹)

| 18 Employee Benefit Expenses | 2018-19 | 2017-18 |
|--|--------------------|--------------------|
| Salary, wages & bonus | 9,29,30,959 | 5,91,47,271 |
| Contribution to provident fund & other funds | 38,82,809 | 30,09,177 |
| Welfare expenses | 8,22,521 | 7,71,962 |
| Total | 9,76,36,289 | 6,29,28,410 |

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

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

(Amount in ₹)

| Particulars | Gratuity Defined Benefit Obligation 2018-19 | Gratuity Defined Benefit Obligation 2017-18 |
|---------------------------------------|---|---|
| Present value of funded obligations | Nil | Nil |
| Fair value of plan assets | Nil | Nil |
| Present value of unfunded obligations | 23,43,750 | 15,20,556 |
| Unrecognized past service cost | Nil | Nil |
| Net liability | 23,43,750 | 15,20,556 |
| Amounts in the balance sheet: | Nil | Nil |
| Liabilities | 23,43,750 | 15,20,556 |
| Assets | 59,522 | 1,02,461 |
| Net liability | 22,84,228 | 14,18,095 |

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

(Amount in ₹)

| Particulars | Gratuity Defined Benefit Obligation 2018-19 | Gratuity Defined Benefit Obligation 2017-18 |
|---|---|---|
| Current service cost | 3,66,426 | 2,87,430 |
| Interest on obligation | 1,02,336 | 81,295 |
| Expected return on plan assets | (11,572) | (15,984) |
| Net actuarial losses (gains) recognized in year | 4,08,943 | (38,912) |
| Recognised Past service cost-Vested | Nil | Nil |
| Recognised Past service cost-Unvested | Nil | 100 |
| Losses (gains) on curtailments and settlement | Nil | Nil |
| Total, included in 'employee benefit expense' | 8,66,133 | 3,13,929 |
| Actual return on plan assets | Nil | Nil |

Notes to the Financial Statements

for the year ended 31st March, 2019

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

(Amount in ₹)

| Particulars | Gratuity Defined Benefit Obligation 2018-19 | Gratuity Defined Benefit Obligation 2017-18 |
|--|---|---|
| Opening defined benefit obligation | 15,20,556 | 13,18,324 |
| Transfer Out Liability | Nil | Nil |
| Service cost | 3,66,426 | 2,87,430 |
| Interest cost | 1,02,336 | 81,295 |
| Actuarial losses (gains) | 3,54,432 | (79,708) |
| Past service cost | Nil | 100 |
| 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 | (86,885) |
| Closing defined benefit obligation | 23,43,750 | 15,20,556 |

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

(Amount in ₹)

| Particulars | Gratuity Defined Benefit Obligation 2018-19 | Gratuity Defined Benefit Obligation 2017-18 |
|--|---|---|
| Opening fair value of plan assets | 1,02,461 | 2,14,158 |
| Expected return | 11,572 | 15,984 |
| Actuarial gains and (losses) | (54,511) | (40,796) |
| Assets distributed on settlements | Nil | Nil |
| Contributions by employer | Nil | Nil |
| Assets acquired in an amalgamation in the nature of purchase | Nil | Nil |
| Exchange differences on foreign plans | Nil | Nil |
| Benefits paid | Nil | (86,885) |
| closing balance of fair value of plan assets | 59,522 | 2,14,158 |



Notes to the Financial Statements

for the year ended 31st March, 2019

E. Reconciliation of gratuity provision account

(in Amount in ₹)

| Particulars | Gratuity Defined Benefit Obligation 2018-19 | Gratuity Defined Benefit Obligation 2017-18 |
|---|--|--|
| Net Opening Provision in Books of Accounts | 14,18,095 | 11,04,166 |
| Employee Benefit Expense | 8,66,133 | 3,13,929 |
| Transfer in liability from Arman Financial Services Limited | Nil | Nil |
| | 22,84,228 | 14,18,095 |
| Benefits Paid by the Company | Nil | Nil |
| Amounts Transferred to 'Payable Account' | Nil | Nil |
| Contributions to Plan Assets | Nil | Nil |
| Closing Provision in Books of Accounts | 22,84,228 | 14,18,095 |

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

(in %)

| Particulars | Gratuity Defined Benefit Obligation 2018-19 | Gratuity Defined Benefit Obligation 2017-18 |
|-----------------------------------|--|--|
| Government of India Securities | 0% | 0% |
| High quality corporate bonds | 0% | 0% |
| Equity shares of listed companies | 0% | 0% |
| Property | 0% | 0% |
| Policy of Insurance | 100% | 100% |

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

(in %)

| Particulars | Gratuity Defined Benefit Obligation 2018-19 | Gratuity Defined Benefit Obligation 2017-18 |
|--|--|--|
| Discount rate | 6.95% | 7.35% |
| 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 | - | - |

Notes to the Financial Statements

for the year ended 31st March, 2019

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

(Amount in ₹)

| Particulars | 31.03.2019 | 31.03.2018 | 31.03.2017 | 31.03.2016 | 31.03.2015 |
|---|-------------|-------------|-------------|------------|------------|
| Defined benefit obligation | 23,43,750 | 15,20,556 | 13,18,324 | 9,29,920 | 6,94,167 |
| Plan assets | 59,522 | 1,02,461 | 2,14,158 | Nil | Nil |
| Surplus/(deficit) | (22,84,228) | (14,18,095) | (11,04,166) | (9,29,920) | (6,94,167) |
| Experience adjustments on plan liabilities | 3,14,738 | (37,986) | 48,754 | (71,468) | (2,37,459) |
| Experience adjustments on plan assets | 54,511 | 40,796 | 9,271 | Nil | Nil |
| Actuarial Loss/(Gain) due to change in assumption | 39,694 | (41,722) | 69,920 | 51,603 | 1,08,983 |
| Actuarial Loss/(Gain) due to participant experience | Nil | Nil | Nil | Nil | Nil |
| Actuarial Loss/(Gain) on liabilities | 3,54,432 | (79,708) | 1,18,674 | (19,865) | (1,28,476) |
| Net Actuarial Loss/(Gain) on liabilities | 4,08,943 | (38,912) | 1,27,945 | (19,865) | (1,28,476) |

(Amount in ₹)

| 19 Finance Cost | 2018-19 | 2017-18 |
|----------------------|---------------------|---------------------|
| Interest expenses | 19,08,48,876 | 10,08,91,232 |
| Other borrowing cost | 1,17,30,876 | 75,95,100 |
| Total | 20,25,79,752 | 10,84,86,332 |

(Amount in ₹)

| 20 Depreciation And Amortisation Expense | 2018-19 | 2017-18 |
|---|------------------|------------------|
| Depreciation of Property, Plant & Equipment | 9,45,914 | 9,18,929 |
| Amortization of intangible assets | 1,52,926 | 1,52,926 |
| Total | 10,98,840 | 10,71,855 |



Notes to the Financial Statements

for the year ended 31st March, 2019

(Amount in ₹)

| 21 Other Costs | 2018-19 | 2017-18 |
|--|--------------------|--------------------|
| Electricity & fuel charges | 6,33,242 | 4,78,065 |
| Repairs To | | |
| Building | 3,40,685 | 4,45,768 |
| Other | Nil | Nil |
| Sub Total | 3,40,685 | 4,45,768 |
| Insurance | 1,67,352 | 1,07,157 |
| Rent | 25,32,666 | 17,62,175 |
| Rates & taxes | 7,23,343 | 85,152 |
| Stationery & printing | 23,60,192 | 14,68,991 |
| Advertisement expenses | 1,17,794 | 1,46,933 |
| Communication | 9,57,375 | 12,87,028 |
| Traveling & conveyance expenses | 42,81,359 | 24,42,838 |
| Professional fees | 1,29,79,601 | 94,23,183 |
| Auditor's Remuneration | | |
| Audit fees | 2,65,500 | 2,65,500 |
| For tax audit | Nil | Nil |
| For certification | 5,900 | Nil |
| For income tax consultancy fee | Nil | Nil |
| Sub Total | 2,71,400 | 2,65,500 |
| Director sitting fees | 5,40,000 | 4,95,000 |
| Marketing & incentive expenses | 1,31,98,278 | 1,67,93,114 |
| Bad debts written off (Net) | 2,39,75,322 | 92,68,675 |
| Provision for NPA (Net) | 5,43,316 | 12,60,469 |
| Contingent provision against standard assets (Net) | 29,00,000 | 27,90,000 |
| Sundry Balance written off | Nil | 4,76,137 |
| General charges (including bank charges, security charges & membership fees etc.) | 72,69,727 | 69,40,543 |
| Total | 7,37,91,652 | 5,59,36,728 |

21.1 Bad debts & irrecoverable w/o are shown net off bad debts recovery during the year amounting to ₹13,16,534/- (P.Y. ₹32,70,661/-).

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

Notes to the Financial Statements

for the year ended 31st March, 2019

(Amount in ₹)

| 22 Deferred Tax Liabilities / (Assets) | 2018-19 | 2017-18 |
|--|-------------|-------------|
| Opening balance of Deffered Tax Liability / (Assets) | (15,94,666) | (4,67,760) |
| Closing balance of deferred Tax Liability / (Assets) | (34,58,273) | (15,94,666) |
| Deferred Tax Liabilities / (Assets) for the year | (18,63,608) | (11,26,906) |

23. Contingent liabilities not provided for: -

- (a) Disputed Demand of Income Tax of ₹809.63 Lakhs (Previous year ₹809.63 Lakhs). (against which the Company has paid ₹154.08 Lakhs [Previous year ₹154.08 lakhs] under protest which are shown as advances). TDS Demand of ₹11.34 Lakhs (Previous Year ₹11.31 lakhs).
- (b) Corporate Guarantee are given by the Company to various banks and Financial Institution on behalf of Subsidiary Company for the loan taken by Subsidiary Company: Amount of Guarantee of ₹17,050.00 Lakhs (P.Y. ₹18,750.00 Lakhs) and Amount of Loan Outstanding of ₹10,356.50 Lakhs (P.Y. ₹13,586.20 Lakhs)

24. 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. Vivek Modi (CFO)

Mr. Jaimish Patel (CS)

C) Relatives of Key Managerial Personnel

| Name of party | Related party relationship |
|--------------------|--|
| Mrs. Ritaben Patel | Relative of Director |
| Mr. Aakash Patel | Relative of Director |
| J. B. Patel (HUF) | Key Managerial personnel is Karta |
| Raj Enterprise | Key Managerial personnel is proprietor |
| 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 |
| Aakash Patel (HUF) | Director is Karta |

D) List of entities in which KMP have control or significant influence with whom transactions have occurred during the year

Namra Holdings & Consultancy Services LLP

Key Managerial Personnel is partner



Notes to the Financial Statements

for the year ended 31st March, 2019

Details of transactions are as follows:

(Amount in ₹)

| SRN | Nature of Transaction | Subsidiary | Key Managerial Personnel | Relatives of Key Managerial Personnel | entities in which KMP have control or significant influence | Total |
|-----|---|------------------|--------------------------|---------------------------------------|---|------------------|
| 1 | Expenses | | | | | |
| | Remuneration & perquisites | Nil | 54,57,032 | Nil | Nil | 54,57,032 |
| | | (Nil) | (46,52,301) | (Nil) | (Nil) | (46,52,301) |
| | Sitting fees | Nil | Nil | 1,12,500 | Nil | 1,12,500 |
| | | (Nil) | (Nil) | (1,25,000) | (Nil) | (1,25,000) |
| | Interest expenses | 1,17,13,464 | 29,48,512 | 35,46,062 | 37,87,681 | 2,19,95,719 |
| | | (2,01,46,256) | (6,95,090) | (23,43,911) | (27,03,202) | (2,58,88,459) |
| | Rent paid | Nil | Nil | 21,240 | Nil | 21,240 |
| | | (Nil) | (Nil) | (20,700) | (Nil) | (20,700) |
| | Dividend paid | Nil | 5,36,331 | 8,12,820 | 13,69,874 | 27,19,025 |
| | | (Nil) | (5,36,331) | (8,12,820) | (13,69,874) | (27,19,025) |
| 2 | Unsecured Loan | | | | | |
| | Loan taken during the year | 5,46,20,19,904 | 2,78,60,250 | 2,20,71,850 | 41,00,000 | 5,51,60,52,004 |
| | | (3,08,72,63,796) | (88,25,000) | (1,94,10,511) | (2,07,60,000) | (3,13,62,59,307) |
| | Loan & Interest repaid during the year | 5,53,00,33,908 | 3,64,98,045 | 4,39,73,861 | 2,85,22,681 | 5,63,90,28,495 |
| | | (3,14,65,46,291) | (38,30,807) | (44,14,547) | (28,28,202) | (3,15,76,19,847) |
| | Balance out standing at 31.03.2019 | 16,59,243 | Nil | Nil | Nil | 16,59,243 |
| | | (5,79,59,783) | (56,89,283) | (1,83,55,949) | (2,06,35,000) | (10,26,40,015) |
| 3 | Investments in subsidiary | 25,80,00,000 | Nil | Nil | Nil | 25,80,00,000 |
| | | (7,00,00,000) | (Nil) | (Nil) | (Nil) | (7,00,00,000) |
| 4 | Sales under securitization | Nil | Nil | Nil | Nil | Nil |
| | | (18,00,96,178) | (Nil) | (Nil) | (Nil) | (18,00,96,178) |
| 5 | Receivable for ESOP Granted to Employees of Subsidiary | 86,62,188 | Nil | Nil | Nil | 86,62,188 |
| | | (Nil) | (Nil) | (Nil) | (Nil) | (Nil) |
| 6 | Corporate Guarantee Given for loan taken by subsidiary company | 170,50,00,000 | Nil | Nil | Nil | 170,50,00,000 |
| | | (187,50,00,000) | (Nil) | (Nil) | (Nil) | (187,50,00,000) |
| 7 | O/s Loan against Corporate Guarantee | 103,56,50,000 | Nil | Nil | Nil | 103,56,50,000 |
| | | (135,86,20,000) | (Nil) | (Nil) | (Nil) | (135,86,20,000) |

Notes to the Financial Statements

for the year ended 31st March, 2019

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 (Amount in ₹)

| SRN | Name of relative | 2018-19 | 2017-18 |
|-----|-----------------------|---------------|----------------|
| 1 | Namra Finance Limited | 546,20,19,904 | 3,08,72,63,796 |

Unsecured loan repayments (Amount in ₹)

| SRN | Name of relative | 2018-19 | 2017-18 |
|-----|-----------------------|---------------|----------------|
| 1 | Namra Finance Limited | 553,00,33,008 | 3,14,65,46,291 |

Interest expenses (Amount in ₹)

| SRN | Name of relative | 2018-19 | 2017-18 |
|-----|--|-------------|-------------|
| 1 | Namra Finance Limited | 1,17,13,464 | 2,01,46,256 |
| 2 | Namra Holding & Consultancy Services LLP | 37,87,681 | 27,03,202 |

Remuneration and perquisites (Amount in ₹)

| SRN | Name of relative | 2018-19 | 2017-18 |
|-----|------------------|-----------|-----------|
| 1 | Jayendra Patel | 19,65,000 | 21,23,280 |
| 2 | Aalok Patel | 11,46,000 | 9,96,000 |
| 3 | Vivek Modi (CFO) | 19,80,000 | 12,38,712 |

Sitting fees (Amount in ₹)

| SRN | Name of relative | 2018-19 | 2017-18 |
|-----|------------------|----------|----------|
| 1 | Ritaben Patel | 1,12,500 | 1,12,500 |
| 2 | Aakash J Patel | Nil | 12,500 |

Rent paid (Amount in ₹)

| SRN | Name of relative | 2018-19 | 2017-18 |
|-----|-------------------|---------|---------|
| 1 | J. B. Patel & Co. | 21,240 | 20,700 |

Dividend paid (Amount in ₹)

| SRN | Name of relative | 2018-19 | 2017-18 |
|-----|---|-----------|-----------|
| 1 | Aakash Patel | 2,78,830 | 2,78,830 |
| 2 | Aalok Patel | 2,47,809 | 2,47,809 |
| 3 | Jayendra Patel (HUF) | 1,96,000 | 1,96,000 |
| 4 | Jayendra Patel | 2,88,522 | 2,88,522 |
| 5 | Ritaben Patel | 2,96,674 | 2,96,674 |
| 6 | Namra Holdings & Consultancy Services LLP | 13,69,874 | 13,69,874 |



Notes to the Financial Statements

for the year ended 31st March, 2019

Investments in subsidiary Company

(Amount in ₹)

| SRN | Name of relative | 2018-19 | 2017-18 |
|-----|-----------------------|--------------|-------------|
| 1 | Namra Finance Limited | 25,80,00,000 | 7,00,00,000 |

Sales under securitization

(Amount in ₹)

| SRN | Name of relative | 2018-19 | 2017-18 |
|-----|-----------------------|---------|--------------|
| 1 | Namra Finance Limited | Nil | 18,00,96,178 |

Receivable for ESOP Granted to Employees of Subsidiary

(Amount in ₹)

| SRN | Name of relative | 2018-19 | 2017-18 |
|-----|-----------------------|-----------|---------|
| 1 | Namra Finance Limited | 86,62,188 | Nil |

Corporate Guarantee Given for loan taken by subsidiary company & O/s Loans

(Amount in ₹)

| SRN | Name of relative | 2018-19 | 2017-18 |
|-----|-------------------------------------|---------------|---------------|
| 1 | Namra Finance Limited | | |
| | Amount of Corporate Guarantee given | 170,50,00,000 | 187,50,00,000 |
| | Amount of Loan Outstanding | 103,56,50,000 | 135,86,20,000 |

E) Outstanding Credit Balance of Related Parties

(Amount in ₹)

| SRN | Name of relative | 2018-19 | 2017-18 |
|-----|---|-----------|-------------|
| 1 | Namra Finance Limited | 16,59,243 | 5,79,59,783 |
| 2 | Aakash J Patel – HUF | - | 50,15,949 |
| 3 | Aalok J Patel – HUF | - | 15,75,000 |
| 4 | Aalok J Patel | - | 19,50,000 |
| 5 | Jayendra B Patel | - | 37,39,283 |
| 6 | J. B. Patel – HUF | - | 64,00,000 |
| 7 | Ritaben J Patel | - | 37,50,000 |
| 8 | Namra Holding & Consultancy Service LLP | - | 2,06,35,000 |
| 9 | Raj Enterprise | - | 16,15,000 |
| 10 | Vivek Modi | 1,80,000 | 1,80,000 |
| 11 | Jaimish Patel | 30,086 | 24,460 |

Notes to the Financial Statements

for the year ended 31st March, 2019

F) Outstanding Debit Balance of Staff Loan Accounts of Related Parties.

(Amount in ₹)

| SRN | Name of relative | 2018-19 | 2017-18 |
|-----|------------------|---------|---------|
| 1 | Jaimish Patel | 55,000 | 90,000 |

25. Earnings Per Share:

| Particulars | Unit | 2018-19 | 2017-18 |
|---|---------------|-------------|-------------|
| Numerator used for calculating Basic Earning per share (PAT) | ₹ | 6,37,87,235 | 3,20,59,760 |
| Numerator used for calculating Diluted Earning per share (PAT) | ₹ | 6,37,87,234 | 3,20,59,760 |
| Weighted average no. of shares used as denominator for calculating basic earnings per share | No. of Shares | 69,38,816 | 69,24,653 |
| Weighted average no. of shares used as denominator for calculating diluted earnings per share | No. of Shares | 69,96,686 | 70,06,969 |
| Nominal value per Share | ₹ | 10 | 10 |
| Basic earnings per share | ₹ | 9.19 | 4.63 |
| Diluted earnings per share | ₹ | 9.12 | 4.58 |

26. Loan portfolio and provision for standard and non-performing assets:

(Amount in ₹)

| Classification | Portfolio loan outstanding (Gross) | | Provision for standard and non performing assets | |
|---------------------|------------------------------------|-----------------------|--|------------------|
| | 31.03.2019 | 31.03.2018 | 31.03.2019 | 31.03.2018 |
| Standard assets | 1,85,11,40,320 | 1,09,71,40,444 | 80,00,000 | 51,00,000 |
| Sub-standard assets | 4,10,01,271 | 3,56,46,480 | 41,07,964 | 35,64,648 |
| Total | 1,89,21,41,591 | 1,13,27,86,924 | 1,21,07,964 | 86,64,648 |

27. Stock Option Scheme

The Company has instituted 'ARMAN-EMPLOYEE STOCK OPTION PLAN 2016' ("ESOP 2016"), pursuant to the approval of the shareholders of the company at their annual general meeting held on 22.09.2016.

During the year ended March 31, 2019, Company has granted 11,500 (P.Y. 97,500) stock options (out of balance 27,500 option available for being granted to eligible employees of the company/ Subsidiary Company) under the scheme of 'ARMAN-EMPLOYEE STOCK OPTION PLAN 2016' ("ESOP 2016"). The details are as under.



Notes to the Financial Statements

for the year ended 31st March, 2019

| Scheme | ESOP-2016 | | |
|--------------------------------|--|--|--|
| | ESOP-2016 -1 | ESOP-2016 -2 | ESOP-2016 -3 |
| Tranches | | | |
| Date of grant | 26.05.2017 | 25.05.2018 | 13.10.2018 |
| Date of Board approval | 11.08.2016 | 11.08.2016 | 11.08.2016 |
| Date of Shareholder's approval | 22.09.2016 | 22.09.2016 | 22.09.2016 |
| Number of options granted | 97,500 | 9,000 | 2,500 |
| Exercise price | ₹50/- | ₹50/- | ₹50/- |
| Method of Settlement | Through allotment of one equity share for each option granted. | Through allotment of one equity share for each option granted. | Through allotment of one equity share for each option granted. |
| Vesting period | i. 30% of the options at the end of one year from the date of grant; | i. 30% of the options at the end of one year from the date of grant; | i. 30% of the options at the end of one year from the date of grant; |
| | ii. 30% of the options at the end of the two years from the date of grant; | ii. 30% of the options at the end of the two years from the date of grant; | ii. 30% of the options at the end of the two years from the date of grant; |
| | iii. 40% of the Options at the end of the three years from the date of grant. | iii. 40% of the Options at the end of the three years from the date of grant. | iii. 40% of the Options at the end of the three years from the date of grant. |
| Exercise period | 3 months from the date of vesting | 3 months from the date of vesting | 3 months from the date of vesting |
| Vesting conditions | The Option holders are required to continue to hold the services being provided to the Company at the time of exercise of options. | The Option holders are required to continue to hold the services being provided to the Company at the time of exercise of options. | The Option holders are required to continue to hold the services being provided to the Company at the time of exercise of options. |
| Name of the plan | 'ARMAN-EMPLOYEE STOCK OPTION PLAN 2016' ("ESOP 2016") | 'ARMAN-EMPLOYEE STOCK OPTION PLAN 2016' ("ESOP 2016") | 'ARMAN-EMPLOYEE STOCK OPTION PLAN 2016' ("ESOP 2016") |

The following table sets forth a summary of the activity of options:

| Particulars | 2018-19 | 2017-18 |
|---|---------|---------|
| Options outstanding at the beginning of the year | 97,500 | - |
| Vested but not exercised at the beginning of the year | 840 | - |
| Granted during the year | 11,500 | 97,500 |
| Forfeited during the year | 2,550 | - |
| Exercised during the year | 27,645 | - |
| Expired during the year | 840 | - |
| Outstanding at the end of the year | 77,965 | 97,500 |
| Exercisable at the end of the year | 77,965 | - |
| Weighted average exercise price per option | ₹50/- | - |

Notes to the Financial Statements

for the year ended 31st March, 2019

28. Balances are subject to confirmation.

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

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

(i) Details of Securitization

| Particulars | 2018-19 | 2017-18 |
|--|--------------|--------------|
| Total no of loan assets | 4,199 | 4803 |
| Book value of loan assets (₹) | 12,55,48,498 | 18,00,96,178 |
| Sales consideration received from securitized assets (₹) | 12,55,48,498 | 18,00,96,178 |
| Gain / (Loss) on sale of securitized assets (₹) | Nil | Nil |
| Quantum of outstanding value of services (₹) | 12,55,48,498 | 18,00,96,178 |
| Principal Subordination (₹) | 1,55,17,230 | Nil |
| Cash Collateral (₹) | 70,55,000 | Nil |

- (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.

31. Lease:

The Company has entered into certain rent agreements and amounts of ₹25.32 Lakhs (P.Y. ₹17.62 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.

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

33. 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.

34. 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.

35. 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.



Notes to the Financial Statements

for the year ended 31st March, 2019

36. Additional disclosures required by the RBI

A) Capital to risk assets ratio (CRAR)

(₹ in Lakhs)

| Sr. No. | Particulars | 2018-19 | 2017-18 |
|---------|---|---------|---------|
| (i) | CRAR (%) | 34.22 | 23.49 |
| (ii) | CRAR Tier I Capital (%) | 31.14 | 18.71 |
| (iii) | CRAR Tier II Capital (%) | 3.08 | 4.78 |
| (iv) | Amount of subordinated debt raised as Tier-II Capital | 500.00 | 500.00 |
| (v) | Amount raised by issue of perpetual debt instruments | - | - |

B) Investments

(₹ in Lakhs)

| Sr. No. | Particulars | 2018-19 | 2017-18 |
|---------|--|---------|---------|
| (1) | Value of investments | 4822.18 | 2242.19 |
| | (i) Gross value of investments | | |
| | (A) In India | 4822.18 | 2242.19 |
| | (B) Outside India | - | - |
| | (ii) Provision for depreciation | - | - |
| | (A) In India | - | - |
| | (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, 2019 is ₹Nil (P.Y. is ₹Nil).

D) Disclosure relating to securitization

The Company has entered in to transaction of Securitization (Sales) of ₹12,55,48,498/- and previous years (Sales) of ₹18,00,96,178/-.

E) Details of non-performing assets purchase / sold

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

Notes to the Financial Statements

for the year ended 31st March, 2019

F. Assets Liability Management

Maturity pattern of certain Assets and Liability as on 31.03.2019

(₹ in Lakhs)

| Particulars | Up to 30/31 days | Over 1 month upto 2 month | Over 2 month upto 3 month | Over 3 month & upto 6 month | Over 6 month & upto 1 year | Over 1 year & upto 3 year | Over 3 year & upto 5 year | Over 5 year | Total |
|------------------------------|------------------|---------------------------|---------------------------|-----------------------------|----------------------------|---------------------------|---------------------------|-------------|-----------|
| Deposits | - | - | - | - | 84.26 | - | - | - | 84.26 |
| Advances | 1,424.40 | 1,387.01 | 1,150.01 | 3,114.03 | 5,444.05 | 6,090.82 | 521.01 | - | 19,131.34 |
| Investments | - | - | - | - | - | - | - | 4,822.19 | 4,822.19 |
| Cash & bank balance | 419.00 | 3.05 | 11.13 | 184.80 | 341.02 | 241.59 | - | - | 1,200.60 |
| Borrowings | 427.00 | 518.01 | 434.00 | 398.01 | 5,759.01 | 5,379.05 | 502.01 | - | 14,417.10 |
| Foreign currency assets | - | - | - | - | - | - | - | - | - |
| Foreign currency liabilities | - | - | - | - | - | - | - | - | - |

Maturity pattern of certain Assets and Liability as on 31.03.2018

(₹ in Lakhs)

| Particulars | Up to 30/31 days | Over 1 month upto 2 month | Over 2 month upto 3 month | Over 3 month & upto 6 month | Over 6 month & upto 1 year | Over 1 year & upto 3 year | Over 3 year & upto 5 year | Over 5 year | Total |
|------------------------------|------------------|---------------------------|---------------------------|-----------------------------|----------------------------|---------------------------|---------------------------|-------------|----------|
| Deposits | - | - | - | - | - | 106.05 | - | - | 106.05 |
| Advances | 956.07 | 694.08 | 669.80 | 2947.49 | 3621.32 | 2197.01 | 209.23 | - | 11295.00 |
| Investments | - | - | - | - | - | - | - | 2242.18 | 2242.18 |
| Cash & bank balance | 54.24 | 7.64 | 158.69 | 79.35 | 137.40 | 247.71 | - | - | 685.03 |
| Borrowings | 771.36 | 192.69 | 192.69 | 582.20 | 1627.32 | 6265.71 | - | 500.00 | 10131.97 |
| Foreign currency assets | - | - | - | - | - | - | - | - | - |
| Foreign currency liabilities | - | - | - | - | - | - | - | - | - |



Notes to the Financial Statements

for the year ended 31st March, 2019

G) Exposure

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

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 | 25.09.2018 | CARE BBB+; Stable (Triple B Plus Outlook: stable) | 24.09.2019 | 15.42 Crores |
| Fund Based Working Capital Limit | CARE | 25.09.2018 | CARE BBB+; Stable (Triple B Plus Outlook: stable) | 24.09.2019 | 34.00 Crores |
| Proposed Long Term Bank Facility | CARE | 25.09.2018 | CARE BBB+; Stable (Triple B Plus Outlook: stable) | 24.09.2019 | 32.29 Crores |

37. 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 "37"
As per our report of even date attached

For, **Samir M. Shah & Associates**
Chartered Accountants
(Firm Regd. No. 122377W)

(**Samir M. Shah**)
Partner
(M. No. 111052)

Place: Ahmedabad
Date: 28.05.2019

For, Arman Financial Services Limited

Jayendra Patel
Vice Chairman &
Managing Director
(DIN-00011814)

Aalok Patel
Executive Director
(DIN-02482747)

Vivek Modi
Chief Financial Officer

Jaimish Patel
Company Secretary
(M. NO-A42244)

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

for year ended on March 31, 2019

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

(Amount in ₹)

| SRN | Particulars | Amount Outstanding | Amount Overdue |
|--------------------------|---|--------------------|----------------|
| Liabilities side: | | | |
| (1) | Loan and advances availed by the NBFCs inclusive of interest accrued thereon but not paid: | | |
| (a) | Debentures: | | |
| | Secured | 2,750.00 | Nil |
| | Unsecured (other than falling within the meaning of public deposits*) | Nil | Nil |
| (b) | Deferred Credits | Nil | Nil |
| (c) | Term Loans | 8,112.11 | Nil |
| (d) | Inter-Corporate loans and borrowing | Nil | Nil |
| (e) | Commercial Paper | Nil | Nil |
| (f) | Public Deposits* | Nil | Nil |
| (g) | Other Loans (specify nature) | | Nil |
| | - Working capital Loans | 3555.00 | |
| | - from directors and relatives | Nil | |
| | - Debenture Application Money | Nil | |
| | | 3,555.00 | Nil |
| | * Please see Note 2 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 | 10,130.15 | 2.05 |
| (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 | 8,791.26 | 312.26 |



(Amount in ₹)

| 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 | 1,121.01 | 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 | 4,822.19 | 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 |

(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 | Nil | Nil |
| (c) Other related parties | Nil | Nil | Nil |
| 2. Other than related parties | 8,791.26 | 10,130.15 | 18,921.42 |
| Total | 8,791.26 | 10,130.15 | 18,921.42 |

(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 | 4,822.19 | Nil |
| (b) Companies in the same group | Nil | Nil |
| (c) Other related parties | Nil | Nil |
| 2. Other than related parties | Nil | Nil |
| Total | 4,822.19 | 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 | 410.01 |
| (ii) Net Non-Performing Assets | |
| (a) Related Parties | Nil |
| (b) Other than related parties | 368.93 |
| (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

DIRECTOR'S REPORT

Dear Members,

Your Directors have pleasure in presenting the 7th Director's Report of your Company together with the Audited Financial Statement for the year ended on March 31, 2019.

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 | 2018-19 | 2017-18 |
|---|--------------|--------------|
| Total Revenue | 95,29,37,922 | 52,71,51,405 |
| Profit Before Interest and Depreciation | 65,32,76,506 | 30,99,38,313 |
| Finance Charges | 43,73,48,114 | 25,41,21,513 |
| Provision for Depreciation | 37,45,025 | 26,60,557 |
| Net Profit Before Tax | 21,21,83,367 | 5,31,56,243 |
| Provision for Tax | 6,80,00,000 | 2,06,00,000 |
| Deferred Tax (Asset)/Liability | (53,61,208) | (50,85,412) |
| Short / (excess) provision of income tax of earlier years | Nil | (32,55,291) |
| Net Profit After Tax | 14,95,44,575 | 4,08,96,946 |

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 ₹95.29 crores against ₹52.72 crores for the previous year, resulting in increase of 81%. Earnings before Interest & Taxes (EBIT) for the current year is ₹64.95 crores (₹30.73 crores in previous year) thereby resulting in increase of 111%. Net Profit after Taxes amounted to ₹14.95 crores (₹4.09 crores in previous year) thereby resulting in increase of 266%.

3. DIVIDEND

In order to conserve resources of the Company, Board of Directors has not recommended any dividend on equity shares for current year.

4. 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: ₹3,12,80,000/-
- Transfer to general reserve: ₹1,00,000/-

5. MATERIAL CHANGES & COMMITMENT AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There are no material changes and commitments, that would affect financial position of the Company from the end of the financial year of the Company to which the financial statements relate and the date of the directors report.

6. CREDIT RATING

During the year under review, Credit Analysis and Research Limited ('CARE') reviewed the ratings on various bank facilities and debt instrument of the Company. CARE upgraded its rating for long term bank facility to "CARE BBB+"; stable (Triple B plus; outlook stable). CARE also affirmed its rating on the Non-Convertible Debentures ("NCD") at "CARE BBB+"; stable (Triple B plus; outlook stable). The MFI Grading of the Company has also improved from 'MFI 2' (MFI two) to 'MFI 2+' (MFI two plus) by CARE during the current fiscal.

7. UNCLAIMED DIVIDEND

The provisions of Section 125(2) of the Companies Act, 2013 does not apply as there is no unpaid dividend accounts appeared in balance sheet as at March 31, 2019.

**8. LOANS, GUARANTEES AND INVESTMENTS**

Except short term loans given to its holding 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.

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. 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, Mrs. Ritaben Patel [DIN-00011818] will retire by rotation at the ensuing AGM and being eligible, offers herself for reappointment.

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

- 1) Mr. Jayendra Patel – Managing Director and C.E.O.
- 2) Mr. Aalok Patel – Joint Managing Director (w.e.f. August 21, 2019)
- 3) Mr. Vivek Modi – C.F.O. (w.e.f. May 26, 2018)
- 4) Mr. Jaimish Patel – Company Secretary & Compliance Officer

11. MEETING OF THE BOARD / AUDIT COMMITTEE

The Board during the financial year 2018-19 met 8 (Eight) times and Audit Committee met 4 (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 table sets out the composition of the Committee:

| SRN | Name of the Director | Designation | Category of Director |
|-----|----------------------|-------------|-------------------------|
| 1 | Mr. R. K. Nagpal | Chairman | Independent Director |
| 2 | Mrs. Ritaben Patel | Member | Non-executive Director |
| 3 | Mr. Aalok Patel | Member | Joint Managing Director |

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

As per Section 4 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, your Company has constituted an Internal Complaints Committee for redressal of complaints against sexual harassment. There were no complaints/cases filed/ pending with the Company during the financial year.

13. 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 March 31, 2019, 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.

14. 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 the independent director of the Company.

15. AUDITORS AND AUDIT REPORTS

a) Statutory Auditors

M/s J. T. Shah & Co., Chartered Accountants, Ahmedabad (FRN No-109616W) were appointed as Statutory Auditors of the Company with the approval of members at the 3rd Annual General Meeting to hold office till the conclusion of the 8th Annual General Meeting subject to ratification of their appointment at every Annual General Meeting ('AGM'). However as per Companies (Amendment) Act, 2017 effective from May 07, 2018, the provisions relating to ratification of the appointment of Statutory Auditors at every AGM is not required and hence your Directors have not proposed the ratification of M/s J. T. Shah & Co., at ensuing AGM. Auditor's Report for the year under review does not contain any qualifications, reservations or adverse remarks.

b) 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 2018-19. The Secretarial Audit Report is annexed herewith as "Annexure-1". The Secretarial Audit Report does not contain any qualification, reservation or adverse remarks.

Pursuant to Regulation 24A of SEBI LODR Regulations, a Secretarial Compliance Report for the year ended March 31, 2019 is annexed as "Annexure-1B"

16. 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.

17. 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 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.

18. 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.



19. 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.

20. CORPORATE SOCIAL RESPONSIBILITY

Composition of the Corporate Social Responsibility (CSR) Committee, the CSR Policy and the CSR Report are given at "Annexure-2".

21. 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-3" for your kind perusal and information.

22. 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.

23. SHARES & SHARE CAPITAL

• 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.

• Equity Share

The Company has issued and allotted 40,00,000 equity shares each having a nominal value of ₹10/- (Rupees Ten Only) at a premium of ₹17/- (Rupees Seventeen Only) and 50,00,000 equity shares each having a nominal value of ₹10/- (Rupees Ten Only) at a premium of ₹20/- (Rupees Twenty Only) to Arman Financial Services Limited on right basis on April 27, 2018 and September 30, 2018 respectively. Subsequent to above allotments the paid-up share capital of the Company has been increased from ₹15,17,50,000/- to ₹24,17,50,000/-.

24. 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.

25. GRATITUDE & 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

Jayendra Patel

Chairman & Managing Director

DIN: 00011814

Date: August 21, 2019

Place: Ahmedabad

FORM NO. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED ON MARCH 3, 2019

(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 March 31, 2019 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 March 31, 2019 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, 2018;
- 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, 2018;

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: August 21, 2019
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-1A and forms an integral part of this report.

ANNEXURE-1A

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: August 21, 2019
Place: Ahmedabad

Pinakin Shah & Co.
Company Secretary,

Pinakin Shah
Proprietor
FCS: 2562; COP: 2932



ANNEXURE-1B

SECRETARIAL COMPLIANCE REPORT OF NAMRA FINANCE LIMITED FOR THE YEAR ENDED ON MARCH 31, 2019

We, Pinakin Shah & Co., Practicing Company Secretary have examined:

- all the documents and records made available to us and explanation provided by Namra Finance Limited ("the listed entity"),
- the filings / submissions made by the listed entity to the stock exchange,
- website of the listed entity,
- any other document / filing, as may be relevant, which has been relied upon to make this certification

for the year ended on March 31, 2019 ("Review Period") in respect of compliance with the provisions of:

- the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and
- the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

The specific Regulations, whose provisions and the circulars / guidelines issued thereunder, have been examined, include:

- Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;
- Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013;
- Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

and based on the above examination, we hereby report that, during the Review Period:

- The listed entity has complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder, except in respect of matters specified below:

| Sr. No | Compliance Requirement (Regulations/ circulars / guidelines including specific clause) | Deviations | Observations/ Remarks of the Practicing Company Secretary |
|--------|--|------------|---|
| | | Nil | |

- The listed entity has maintained proper records under the provisions of the above Regulations and circulars / guidelines issued thereunder so far as it appears from my/our examination of those records,
- The following are the details of actions taken against the listed entity / its promoters / directors / material subsidiaries either by SEBI or by Stock Exchange (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts / Regulations and circulars / guidelines issued thereunder:

| Sr. No. | Action taken by | Details of violation | Details of action taken E.g. fines, warning letter, debarment, etc. | Observations/ remarks of the Practicing Company Secretary, if any. |
|---------------|-----------------|----------------------|---|--|
| -----Nil----- | | | | |

d) The listed entity has taken the following actions to comply with the observations made in previous reports:

| Sr. No. | Observations of the Practicing Company Secretary in the previous reports | Observations made in the secretarial compliance report for the year ended 31st March, 2019 | Actions taken by the listed entity, if any | Comments of the Practicing Company Secretary on the actions taken by the listed entity |
|---------------|--|--|--|--|
| -----Nil----- | | | | |

Date: May 21, 2019

Place: Ahmedabad

Pinakin Shah & Co.
Company Secretary,
Pinakin Shah
Proprietor
FCS: 2562; COP: 2932

ANNEXURE-2

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:

- Mr. Jayendra Patel, Chairperson
- Mr. Aalok Patel, Member
- Mr. 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 | 7,68,53,282/- |
| 2 | Total amount to be spent for the financial year | 15,37,065/- |
| 3 | Total amount spent | 3,76,000/- |
| 4 | Total amount unspent, if any | 11,61,065/- |



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 | Cancer Treatment | Healthcare and medical facilities | Ahmedabad | 51,000/- | 51,000/- | 51,000/- | Hemato Oncology Clinic Ahmedabad Private Limited |
| 2 | Distribution of Sanitary Napkins | Healthcare and medical facilities | Ahmedabad | 2,00,000/- | 2,00,000/- | 2,00,000/- | SAATH Charitable Trust |
| 3 | Distribution of cultural DVD | Cultural Improvement | New Delhi | 75,000/- | 75,000/- | 75,000/- | Raag Geet Sethi |

5. Reason for not spending the amount:

As the asset quality of the Company had deteriorated during the demonetization event, the net profit of the Company was unpredictable and volatile. Further, the current financial year was very challenging year for the entire NBFC sector due to the liquidity crisis and therefore, the Company focused on conserving capital and did not spend the full amount on CSR programs.

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.

ANNEXURE-3

FORM NO. MGT 9 EXTRACT OF ANNUAL RETURN

As on financial year ended on March 31, 2019

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 | March 27, 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 Email: ho@namrafinance.com; Website: www.namrafinance.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; 40092570 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 credit granting (Micro Finance) | 64920 | 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 | - | 15175000 | 15175000 | 100% | - | 24175000 | 24175000 | 100% | - |
| D | Any Other (Trust) | - | - | - | - | - | - | - | - | - |
| | Sub-total (A1):- | - | 15175000 | 15175000 | 100% | - | 24175000 | 24175000 | 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) | - | 15175000 | 15175000 | 100% | - | 24175000 | 24175000 | 100% | - |
| B | Public Shareholding | | | | | | | | | |
| (1) | Institutions | | | | | | | | | |
| 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) | - | - | - | - | - | - | - | - | - |



| 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) | 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) : | - | 15175000 | 15175000 | 100% | - | 24175000 | 24175000 | 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 | 15175000 | 100% | - | 24175000 | 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 | 15175000 | 100% | 15175000 | 100% |
| | New allotment on 27.04.2018 | 4000000 | | 4000000 | |
| | New allotment on 30.09.2018 | 5000000 | | 5000000 | |
| | At the end of the year | | | 24175000 | 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. (Amount in ₹)

| Particulars | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|----------------------------------|------------------|----------|--------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i. Principal Amount | 2892071575 | 107186411 | 0 | 2999257986 |
| ii. Interest due but not paid | 0 | 0 | 0 | 0 |
| iii. Interest accrued but not due | 7281464 | 0 | 0 | 7281464 |
| Total (i + ii + iii) | 2899353039 | 107186411 | 0 | 3006539450 |
| Change in Indebtedness during the financial year | | | | |
| Addition | 960375413 | 0 | 0 | 960375413 |
| (Reduction) | 0 | (7186411) | 0 | (7186411) |
| Net Change | 960375413 | (7186411) | 0 | 953189002 |
| Indebtedness at the end of the financial year | | | | |
| i. Principal Amount | 3845127608 | 100000000 | 0 | 3945127608 |
| ii. Interest due but not paid | 0 | 0 | 0 | 0 |
| iii. Interest accrued but not due | 14600844 | 0 | 0 | 14600844 |
| Total (i + ii + iii) | 3859728452 | 100000000 | 0 | 3959728452 |

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Amount in ₹)

| SRN. | Particulars of Remuneration | Name of MD/WTD/ Manager | | Total Amount |
|------------------------|--|---|-------------------------------------|--------------|
| 1 | Gross salary | Jayendra Patel (Managing Director) | Aalok Patel (Executive Director) | |
| | a. Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961 | 26,50,000/- | 21,04,000/- | 47,54,000/- |
| | 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) | 26,50,000/- | 21,04,000/- | 47,54,000/- |
| Ceiling as per the Act | | ₹2,29,06,000/- (Being 10% of the profit of ₹22,90,59,997/- of the Company calculated as per section 198 of the Act. | | |

B. Remuneration to other Directors:

(Amount in ₹)

| Particulars of Remuneration | Name of Directors | | Total |
|---|---------------------|----------------------|--------------------|
| Director | R. K. Nagpal | Ritaben Patel | |
| -Fees for attending Board/ Committee Meetings | 35,000/- | 40,000/- | 75,000/- |
| -Commission | - | - | - |
| -Others, please specify | - | - | - |
| Total (B) | 35,000/- | 40,000/- | 75,000/- |
| Total Managerial Remuneration (A)+(B) | | | 48,29,000/- |

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

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no material penalties/punishment/compounding of offences for the year ended on March 31, 2019



INDEPENDENT AUDITOR'S REPORT

To,
The Members of
NAMRA FINANCE LIMITED
Ahmedabad

REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Opinion

1. We have audited the standalone financial statements of Namra Finance Limited ("the Company"), which comprise the balance sheet as at 31st March 2019, and the statement of Profit and Loss, statement of cash flow for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, profit and its cash flow for the year ended on that date.

Basis for Opinion

2. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we

have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the Financial Statements and Auditor's Report thereon

3. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and as may be legally advised.

Responsibility of Management for Standalone Financial Statements

4. 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, (changes in equity) and cash flow of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of

the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

5. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Paragraph 40(b) of this SA explains that the shaded material below can be located in an Appendix to the auditor's report. Paragraph 40(c) explains that when law, regulation or the applicable auditing standards expressly permit, reference can be made to a website of an appropriate authority that contains the description of the auditor's responsibilities, rather than including this material in the auditor's report, provided that the description on the website addresses,

and is not inconsistent with, the description of the auditor's responsibilities below.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures,



and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

6. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure "A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

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.

(a) 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.

(b) 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.

(c) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(d) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

(e) 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".

(f) 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).
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For, J. T. Shah & Co.
Chartered Accountants,
[Firm Regd. No- 109616W]

Place: Ahmedabad
Date: 28.05.2019

(J. T. Shah)
Partner
[M. No. 3983]

ANNEXURE “A” TO INDEPENDENT AUDITOR’S REPORT

Referred to in paragraph 6 of our Report of even date to the Members of NAMRA FINANCE LIMITED for the year ended 31st March, 2019.

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 ₹16.59 Lakhs and the maximum amount involved during the year was ₹2797.40 Lakhs.

- (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 2019 in respect of loans and advances granted during the year.

4. Loans, Investments and guarantees:

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 Companies (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, GST, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities applicable to it.

According to the information and explanations given to us, there is no such arrears in respect statutory dues which remained outstanding as at 31st March, 2019 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 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. According to the information and explanations given to us, we report that no material fraud by the company or by its employees or the officers has been noticed or reported during the year, except for instances of cash embezzlements/ frauds by certain employees of the company aggregating to an amount of ₹37.98 Lakhs and out of which an amount of ₹8.39 Lakhs has been recovered. The services of the concerned employees have been terminated.
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 (xvi) 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,
[Firm Regd. No- 109616W]

Place: Ahmedabad
Date: 28.05.2019

(J. T. Shah)
Partner
[M. No. 3983]

ANNEXURE “B” TO INDEPENDENT AUDITOR’S REPORT

Referred to in paragraph 7 (e) of our Report of even date to the Members of
NAMRA FINANCE LIMITED for the year ended 31st March, 2019.

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 2019, in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the guidance note on audit of internal financial controls over financial reporting (the “Guidance Note”) and the standards on auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those standards and the guidance note require that we comply with ethical requirements and plan and

perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

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 2019, 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,
[Firm Regd. No- 109616W]

Place: Ahmedabad
Date: 28.05.2019

(J. T. Shah)
Partner
[M. No. 3983]

BALANCE SHEET

as at 31st March, 2019

(Amount in ₹)

| Particulars | Note | 2018-19 | 2017-18 |
|---|---------|-----------------------|-----------------------|
| EQUITY AND LIABILITIES | | | |
| [1] Shareholder's Funds | | | |
| [a] Share Capital | 1 | 24,17,50,000 | 15,17,50,000 |
| [b] Reserves & Surplus | 2 | 55,70,03,625 | 23,94,59,050 |
| | | 79,87,53,625 | 39,12,09,050 |
| [2] Non-Current Liabilities | | | |
| [a] Long Term Borrowings | 3 | 1,85,82,60,554 | 1,93,81,84,657 |
| [b] Deferred Tax Liabilities (Net) | | Nil | Nil |
| [c] Long Term Provisions | 4 | 95,46,795 | 35,81,588 |
| | | 1,86,78,07,349 | 1,94,17,66,245 |
| [3] Current Liabilities | | | |
| [a] Short-Term Borrowings | 5 | 4,78,49,268 | 5,92,21,532 |
| [b] Other Current Liabilities | 6 | 2,15,76,46,163 | 1,03,97,41,928 |
| [c] Short Term Provisions | 7 | 7,61,51,655 | 4,55,62,519 |
| | | 2,28,16,47,086 | 1,14,45,25,979 |
| Total | | 4,94,82,08,060 | 3,47,75,01,274 |
| ASSETS | | | |
| [1] Non-Current Assets | | | |
| [a] Property, Plant & Equipment | 8 | 2,47,90,122 | 1,18,13,755 |
| [b] Intangible Assets | 8 | 23,74,770 | 18,72,296 |
| | | 2,71,64,892 | 1,36,86,051 |
| [c] Long Term Investments | 9 | 2,70,15,995 | 2,70,15,995 |
| [d] Deferred Tax Assets (Net) | 10 | 1,43,90,650 | 90,29,442 |
| [e] Long-Term Loans and Advances | 11 | 77,85,52,150 | 33,73,74,432 |
| [f] Other Non-Current Assets | 12 | 17,39,24,132 | 7,14,52,917 |
| | | 1,02,10,47,819 | 45,85,58,837 |
| [2] Current Assets | | | |
| [a] Trade Receivables | 13 | 3,22,29,489 | 4,26,09,545 |
| [b] Cash & Bank Balances | 14 | 39,14,09,615 | 15,40,92,658 |
| [c] Short Term Loans and Advances | 11 | 3,50,14,73,457 | 2,82,09,44,296 |
| [d] Other Current Assets | 15 | 20,47,680 | 12,95,938 |
| | | 3,92,71,60,241 | 3,01,89,42,437 |
| Total | | 4,94,82,08,060 | 3,47,75,01,274 |
| Significant Accounting Policies and Notes on Financial Statements | 1 to 35 | | |

As per our report of even date attached herewith

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

[J. T. Shah]
Partner
[M.No.3983]

Place: Ahmedabad
Date: May 28, 2019

For, Namra Finance Limited

Jayendra Patel
Chairman & Managing Director
(DIN-00011814)

Aalok Patel
Executive Director
(DIN - 02482747)

Vivek Modi
Chief Financial Officer

Jaimish Patel
Company Secretary
(M. No. A42244)



STATEMENT OF PROFIT & LOSS

for the year ended 31st March, 2019

(Amount in ₹)

| Particulars | Note | 2018-19 | 2017-18 |
|---|---------|---------------------|---------------------|
| INCOME | | | |
| Revenue from operations | 16 | 94,80,75,552 | 52,71,51,405 |
| Other income | 17 | 48,62,370 | Nil |
| Total Revenue | | 95,29,37,922 | 52,71,51,405 |
| EXPENDITURE | | | |
| Employee Benefits Expenses | 18 | 16,60,23,028 | 10,08,44,248 |
| Finance Costs | 19 | 43,73,48,114 | 25,41,21,513 |
| Depreciation and Amortization expense | 20 | 37,45,025 | 26,60,557 |
| Other Expenses | 21 | 13,36,38,388 | 11,63,68,844 |
| Total Expenses | | 74,07,54,555 | 47,39,95,162 |
| Profit before Tax | | 21,21,83,367 | 5,31,56,243 |
| Less : Tax expense: | | | |
| - Current Tax | | 6,80,00,000 | 2,06,00,000 |
| - Short / (excess) Provision of Income Tax of earlier years | | Nil | (32,55,291) |
| - Deferred Tax Liability / (Assets) | | (53,61,208) | (50,85,412) |
| Profit for the year | | 14,95,44,575 | 4,08,96,946 |
| Basic Earnings Per Share of ₹10 each | 24 | 6.99 | 2.89 |
| Diluted Earnings Per share of ₹10 each | 24 | 6.99 | 2.89 |
| Significant Accounting Policies and Notes on Financial Statements | 1 to 35 | | |

As per our report of even date attached herewith

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

For, Namra Finance Limited

[J. T. Shah]
Partner
[M.No.3983]

Jayendra Patel
Chairman & Managing Director
(DIN-00011814)

Vivek Modi
Chief Financial Officer

Place: Ahmedabad
Date: May 28, 2019

Aalok Patel
Executive Director
(DIN - 02482747)

Jaimish Patel
Company Secretary
(M. No. A42244)

CASH FLOW STATEMENT

for the year ended 31st March, 2019

(Amount in ₹)

| Particulars | 2018-19 | 2017-18 |
|---|-----------------------|-------------------------|
| A: Cash from Operating Activities: | | |
| Net profit before taxation | 21,21,83,367 | 5,31,56,243 |
| Adjustment For: | | |
| Depreciation | 37,45,025 | 26,60,557 |
| Contingent provision on standard assets (NPA) | 1,69,85,000 | 1,98,15,000 |
| Other Interest expenses | 41,59,00,908 | 23,67,31,353 |
| Loss/(Profit) on sale of Assets | 5,694 | 2,078 |
| Loss / (Profit) on sale of Current Investment | (48,62,370) | Nil |
| Bad debts w/off | 3,92,65,435 | 4,30,87,560 |
| Interest on shortfall of advance Tax | 38,00,000 | 14,00,000 |
| | 47,48,39,692 | 30,36,96,548 |
| Operating profit before working -Capital changes : | 68,70,23,059 | 35,68,52,791 |
| Adjustment For : | | |
| Increase/(Decrease) In long-term provision | 6,79,743 | 57,327 |
| Increase/(Decrease) In short-term provision | 4,99,851 | 3,26,685 |
| Increase/(Decrease) In other current liability | 7,34,18,867 | 1,16,21,785 |
| Decrease/(Increase) In trade receivables | (2,88,85,379) | (5,12,00,905) |
| Decrease/(Increase) In long term loans and advances | (44,11,77,718) | (24,53,93,689) |
| Decrease/(Increase) In Other Current Assets | (7,51,742) | Nil |
| Decrease/(Increase) In short term loans and advances | (68,05,29,161) | (1,69,59,77,888) |
| | (1,07,67,45,538) | (1,98,05,66,685) |
| Cash Generated From Operations | (38,97,22,479) | (1,62,37,13,894) |
| Income tax paid | (5,34,10,251) | (1,33,33,934) |
| | (5,34,10,251) | (1,33,33,934) |
| Net Cash From Operating Activities: | (44,31,32,730) | (1,63,70,47,828) |
| B: Cash Flow From Investment Activities: | | |
| Purchase of Property, Plant & Equipment | (1,72,47,561) | (60,75,890) |
| (Increase) /Decrease in bank deposits | (7,90,73,292) | (7,75,84,196) |
| Purchase of Current investments | (1,70,50,00,000) | (30,00,000) |
| Sale of Current Investments | 1,70,98,62,370 | Nil |
| Sale of Property, Plant & Equipment | 18,000 | 46,000 |
| Net Cash from Investment Activities: | (9,14,40,482) | (8,66,14,087) |



CASH FLOW STATEMENT

for the year ended 31st March, 2019

(Amount in ₹)

| Particulars | 2018-19 | 2017-18 |
|---|---------------------|-----------------------|
| C. Cash Flow From Financing Activities : | | |
| Proceeds from issue of share capital | 25,80,00,000 | 7,00,00,000 |
| Preference Share redeemed | Nil | (5,00,00,000) |
| Preference dividend paid | Nil | (34,93,494) |
| Dividend tax paid on on above preference share | Nil | (7,11,304) |
| Proceeds from long term borrowings | 1,93,20,87,666 | 2,41,59,26,962 |
| Repayment of long term borrowings | (97,48,45,780) | (55,42,39,871) |
| Proceeds from short term borrowings | 30,42,913 | 42,98,870 |
| Repayment of short term borrowings | (1,44,15,178) | (1,54,58,001) |
| Interest paid | (40,85,81,528) | (23,75,49,938) |
| Net Cash from Financing Activities: | 79,52,88,093 | 1,62,87,73,224 |
| Net Increase in Cash & Cash Equivalents | 26,07,14,881 | (9,48,88,690) |
| Cash & cash equivalents at the beginning | 7,64,13,873 | 17,13,02,564 |
| Cash & cash equivalents at the end | 33,71,28,754 | 7,64,13,873 |

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.

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

[J. T. Shah]
Partner
[M.No.3983]

Place: Ahmedabad
Date: May 28, 2019

For, Namra Finance Limited

Jayendra Patel
Chairman & Managing Director
(DIN-00011814)

Aalok Patel
Executive Director
(DIN - 02482747)

Vivek Modi
Chief Financial Officer

Jaimish Patel
Company Secretary
(M. No. A42244)

Notes to the Financial Statements

for the year ended 31st March, 2019

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.

In case of securitisation of Microfinance receivables "at Par", the Income from excess interest spread is recognized in Statement of Profit and Loss account, net of any losses, at the time of actual receipt.

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



Notes to the Financial Statements

for the year ended 31st March, 2019

"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:

| SR No. | 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 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. 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 or 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

Notes to the Financial Statements

for the year ended 31st March, 2019

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.

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 if any are recorded on assignment of loan contracts.

Recourse obligation with respect to Debt Securitizations 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.



Notes to the Financial Statements

for the year ended 31st March, 2019

1. Share Capital

(Amount in ₹)

| Particulars | As at 31.03.2019 | As at 31.03.2018 |
|--|---------------------|---------------------|
| [a] Authorised: | | |
| 2,70,00,000 (Previous Year 2,70,00,000) equity shares of par value of ₹10/- each | 27,00,00,000 | 27,00,00,000 |
| | 27,00,00,000 | 27,00,00,000 |
| [b] Issued, Subscribed & Paid-up Capital: | | |
| 2,41,75,000 (Previous Year 1,51,75,000) equity shares of par value of ₹10/- each fully paid up | 24,17,50,000 | 15,17,50,000 |
| Total | 24,17,50,000 | 15,17,50,000 |

- 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, 2019, Dividend recognized as distribution to Cumulative Non - Convertible Compulsorily Redeemable Preference shares holders @ Nil (P.Y. @ 13%). The total dividend paid & appropriation for the year ended 31st March, 2019 amounted ₹Nil (P.Y. ₹18,68,494/-) excluding corporate dividend tax of ₹NIL (P.Y. ₹3,80,492/-).
- 1.3 Cumulative Non -Convertible Compulsorily Redeemable Preference shares were redeemable after 18 months from date of issue i.e. 31.12.2015 at par. The preference shares have been redeemed on 30.06.2017.
- 1.4 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.
- 1.5 The Company is 100 % subsidiary of Arman Financial Services Limited.
- 1.6 Details of equity shareholders holding more than 5 % equity shares of the Company are as follows:

| Name of Shareholder | As at 31.03.2019 | | As at 31.03.2018 | |
|----------------------------------|------------------|-------------|------------------|-------------|
| | % | Shares | % | Shares |
| Arman Financial Services Limited | 100.00 | 2,41,75,000 | 100.00 | 1,51,75,000 |

- 1.7 The reconciliation of the number of shares outstanding and the amount of share capital as at 31.03.2019 & 31.03.2018 is set out below.

Equity Shares

| Particulars | As at 31.03.2019 | | As at 31.03.2018 | |
|---|--------------------|---------------------|--------------------|---------------------|
| | No. of Shares | Amount in ₹ | No. of Shares | Amount in ₹ |
| Shares at the beginning | 1,51,75,000 | 15,17,50,000 | 1,23,75,000 | 12,37,50,000 |
| Addition - subscription during the year | 90,00,000 | 9,00,00,000 | 28,00,000 | 2,80,00,000 |
| Deletion/Redemption | Nil | Nil | Nil | Nil |
| Shares at the end | 2,41,75,000 | 24,17,50,000 | 1,51,75,000 | 15,17,50,000 |

Notes to the Financial Statements

for the year ended 31st March, 2019

Preference Shares

| Particulars | As at 31.03.2019 | | As at 31.03.2018 | |
|---|------------------|-------------|------------------|---------------|
| | No. of Shares | Amount in ₹ | No. of Shares | Amount in ₹ |
| Shares at the beginning | Nil | Nil | 50,00,000 | 5,00,00,000 |
| Addition - subscription during the year | Nil | Nil | Nil | Nil |
| Deletion | Nil | Nil | (50,00,000) | (5,00,00,000) |
| Shares at the end | Nil | Nil | Nil | Nil |

2. Reserves & Surplus

(Amount in ₹)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|----------------------|----------------------|
| General Reserve | | |
| Balance as per last financial statement | 3,00,000 | 2,00,000 |
| Add : transfer from statement of profit and loss | 1,00,000 | 1,00,000 |
| Closing Balance | 4,00,000 | 3,00,000 |
| Special Reserve u/s 45-IC of the RBI Act, 1934 | | |
| Balance as per last financial statement | 3,67,50,000 | 2,83,50,000 |
| Add: Transfer from statement of profit and loss | 3,12,80,000 | 84,00,000 |
| Closing Balance | 6,80,30,000 | 3,67,50,000 |
| Share Premium | | |
| Balance as per last financial Statement | 7,24,68,750 | 3,04,68,750 |
| Add : On account of equity share / warrant capitalised during the year | 16,80,00,000 | 4,20,00,000 |
| Closing Balance | 24,04,68,750 | 7,24,68,750 |
| Surplus in the Statement of Profit and Loss | | |
| Balance as per last financial statement | 12,99,40,300 | 9,97,92,340 |
| Add : Profit for the year | 14,95,44,575 | 4,08,96,946 |
| | 27,94,84,875 | 14,06,89,286 |
| Less: Appropriations | | |
| Amount transfer to Special Reserve u/s 45-IC of RBI Act, 1934 | 3,12,80,000 | 84,00,000 |
| Amount transfer to General Reserve | 1,00,000 | 1,00,000 |
| Dividend Paid on Cumulative Non - Convertible Compulsorily Redeemable Preference shares | Nil | 18,68,494 |
| Tax on distributed profit on dividend paid | Nil | 3,80,492 |
| Closing Balance | 24,81,04,875 | 12,99,40,300 |
| Total | 55,70,03,625 | 23,94,59,050 |

2.1 Particulars

| 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 | 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 to the Financial Statements

for the year ended 31st March, 2019

3. Long Term Borrowings

(Amount in ₹)

| Particulars | As at March 31, 2019 | | As at March 31, 2018 | |
|---|-----------------------|----------------|-----------------------|----------------|
| | Non Current | Current | Non Current | Current |
| Secured Loans | | | | |
| From Banks | | | | |
| -- Term Loans @ | 51,68,82,987 | 87,54,75,751 | 54,83,45,487 | 60,24,95,508 |
| From financial institutions | | | | |
| -- Term Loans @ | 1,24,13,77,567 | 83,05,42,035 | 95,68,39,170 | 39,21,69,878 |
| Debentures | | | | |
| From financial institutions | | | | |
| 14% Redeemable Non-Convertible Debentures @@ | Nil | 33,30,00,000 | 33,30,00,000 | Nil |
| Unsecured | | | | |
| Loans | | | | |
| From others | | | | |
| -- Inter Corporate Deposit | Nil | Nil | Nil | 71,86,411 |
| From financial institutions | 10,00,00,000 | Nil | 10,00,00,000 | Nil |
| Total | 1,85,82,60,554 | 2,03,90,17,786 | 1,93,81,84,657 | 1,00,18,51,797 |
| Less : Amount disclosed under head Other Current Liability (Note 6) | Nil | 2,03,90,17,786 | Nil | 1,00,18,51,797 |
| Total | 1,85,82,60,554 | Nil | 1,93,81,84,657 | 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.

@@ Redeemable Non-Convertible Debentures are secured under hypothecation of specific assets portfolio.

Interest:

Term loan carries an interest rate ranging from 10.60% to 15.00% p.a. Redeemable Non-Convertible Debentures carries an interest rate of 14% p.a. Inter Corporate Deposits carries interest rate @ 12% p.a.

Repayment:

Secured Term Loan Facilities are repayable in following schedule in Monthly / Quarterly / Half yearly instalments as follows:-

(Amount in ₹)

| Particulars | Upto 1 year | 1 to 3 Years | More than 3 years |
|--------------------------------|----------------|----------------|-------------------|
| Term loan repayment | 1,70,60,17,786 | 1,73,02,60,554 | 2,80,00,000 |
| 14% Non Convertible Debentures | 33,30,00,000 | Nil | Nil |

Unsecured Loans from Directors, their relatives & Financial Institutions

(Amount in ₹)

| Particulars | Upto 1 year | 1 to 3 Years | More than 3 years |
|-----------------------------|-------------|--------------|-------------------|
| From financial institutions | Nil | Nil | 10,00,00,000 |

Notes to the Financial Statements

for the year ended 31st March, 2019

4. Long Term Provisions

(Amount in ₹)

| Particulars | As at March 31, 2019 | | As at March 31, 2018 | |
|---|----------------------|---------------|----------------------|---------------|
| | Non Current | Current | Non Current | Current |
| Contingent provision against standard asset | 85,00,000 | 4,07,00,000 | 32,14,536 | 2,90,00,464 |
| Provision for Gratuity | 10,46,795 | 13,56,489 | 3,67,052 | 8,56,638 |
| Provision for tax | Nil | 11,48,81,332 | Nil | 4,30,81,332 |
| Less : Advance tax & TDS | Nil | (8,07,86,166) | Nil | (2,73,75,915) |
| | 95,46,795 | 7,61,51,655 | 35,81,588 | 4,55,62,519 |
| Transfer to short term provision (Note 7) | Nil | (7,61,51,655) | Nil | (4,55,62,519) |
| Total | 95,46,795 | Nil | 35,81,588 | Nil |

5. Short-Term Borrowings

(Amount in ₹)

| Particulars | Current As at March 31, 2019 | Current As at March 31, 2018 |
|--|---------------------------------|---------------------------------|
| | | |
| Working capital loans from banks - Secured @ | 4,78,49,268 | 5,92,21,532 |
| Total | 4,78,49,268 | 5,92,21,532 |

Security :

@Working capital 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.

6. Other Current Liabilities

(Amount in ₹)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|-----------------------|-----------------------|
| | | |
| Current maturity of long term borrowings (Note 3) | 2,03,90,17,786 | 1,00,18,51,797 |
| Salary & wages payable | 1,41,12,372 | 86,22,555 |
| Other statutory dues | 10,96,439 | 18,54,169 |
| TDS payable | 50,20,886 | 27,90,379 |
| Sundry creditors for expense | 3,60,52,134 | 26,56,627 |
| Unpaid expenses | 25,12,414 | 5,66,914 |
| Interest accrued but not due on term loans | 1,46,00,844 | 72,81,464 |
| Micro insurance payable | 4,52,33,288 | 1,41,18,023 |
| Total | 2,15,76,46,163 | 1,03,97,41,928 |

6.1 Sundry Creditors for expense includes ₹ 86,62,188/- (P.Y. ₹Nil) payables to Arman Financial Services Limited (Holding Company) for the ESOPs granted by Holding Company to Subsidiary company's employees.



Notes to the Financial Statements

for the year ended 31st March, 2019

7. Short Term Provisions

(Amount in ₹)

| Particulars | Current As at March 31, 2019 | Current As at March 31, 2018 |
|--|---------------------------------|---------------------------------|
| Contingent provision against standard asset (Note-4) | 4,07,00,000 | 2,90,00,464 |
| Provisions for employee liability (Note-4) | 13,56,489 | 8,56,638 |
| Provision for tax | 11,48,81,332 | 4,30,81,332 |
| Less : Advance tax & TDS | (8,07,86,166) | (2,73,75,915) |
| Net (Note - 4) | 3,40,95,166 | 1,57,05,417 |
| Total | 7,61,51,655 | 4,55,62,519 |

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."

7.2 Contingent provision against standard assets is also provided on outstanding Securitised Portfolio of ₹57,13,14,342/- (P.Y. ₹Nil).

Notes to the Financial Statements

for the year ended 31st March, 2019

8. Property, Plant & Equipment

(Amount in ₹)

| Carrying Value | Furniture & Fixtures | Office Building | Office Equipments | Computer | Vehicle | Total Property, Plant & Equipment | Intangible Assets | Total Assets |
|------------------|----------------------|-----------------|-------------------|-----------|-----------|-----------------------------------|-------------------|--------------|
| 01.04.2017 | 19,56,036 | Nil | 3,46,942 | 32,15,715 | 55,93,000 | 1,11,11,693 | 16,91,500 | 1,28,03,193 |
| Addition | 28,23,994 | Nil | 6,38,197 | 16,09,999 | 1,40,000 | 52,12,190 | 8,63,700 | 60,75,890 |
| Disposal | Nil | Nil | Nil | Nil | 50,000 | 50,000 | Nil | 50,000 |
| As at 31.03.2018 | 47,80,030 | Nil | 9,85,139 | 48,25,714 | 56,83,000 | 1,62,73,883 | 25,55,200 | 1,88,29,083 |
| Addition | 24,52,087 | 78,22,498 | 3,27,247 | 31,13,435 | 24,20,494 | 1,61,35,761 | 11,11,800 | 1,72,47,561 |
| Disposal | Nil | Nil | Nil | Nil | 28,000 | 28,000 | Nil | 28,000 |
| As at 31.03.2019 | 72,32,117 | 78,22,498 | 13,12,386 | 79,39,149 | 80,75,494 | 3,23,81,644 | 36,67,000 | 3,60,48,644 |

| Accumulated Depreciation | Furniture & Fixtures | Office Building | Office Equipments | Computer | Vehicle | Total Property, Plant & Equipment | Intangible Assets | Total |
|---------------------------|----------------------|-----------------|-------------------|-----------|-----------|-----------------------------------|-------------------|-------------|
| 01.04.2017 | 2,59,065 | Nil | 42,658 | 13,12,434 | 6,13,344 | 22,27,501 | 2,56,896 | 24,84,397 |
| Change for the year | 2,61,054 | Nil | 1,24,106 | 11,44,390 | 7,04,998 | 22,34,548 | 4,26,009 | 26,60,557 |
| Disposal | Nil | Nil | Nil | Nil | 1,921 | 1,921 | Nil | 1,921 |
| As at 31.03.2018 | 5,20,119 | Nil | 1,66,764 | 24,56,824 | 13,16,421 | 44,60,128 | 6,82,905 | 51,43,033 |
| Change for the year | 5,38,500 | 52,722 | 27,663 | 18,04,126 | 7,12,689 | 31,35,700 | 6,09,325 | 37,45,025 |
| Disposal | Nil | Nil | Nil | Nil | 4,306 | 4,306 | Nil | 4,306 |
| As at 31.03.2019 | 10,58,619 | 52,722 | 1,94,427 | 42,60,950 | 20,24,804 | 75,91,522 | 12,92,230 | 88,83,752 |
| Net Carrying Value | | | | | | | | |
| As at 31.03.2018 | 42,59,911 | Nil | 8,18,375 | 23,68,890 | 43,66,579 | 1,18,13,755 | 18,72,296 | 1,36,86,051 |
| As at 31.03.2019 | 61,73,498 | 77,69,776 | 11,17,959 | 36,78,199 | 60,50,690 | 2,47,90,122 | 23,74,771 | 2,71,64,893 |



Notes to the Financial Statements

for the year ended 31st March, 2019

9. Investment

(Amount in ₹)

| Particulars | As at March 31, 2019 | | As at March 31, 2018 | |
|--|----------------------|------------|----------------------|------------|
| | 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 (1131 Days) - Regular Growth | 40,00,000 | Nil | 40,00,000 | Nil |
| b) 500975 Units (P.Y. 500975) of SBI debt fund series B-36 (1131 Days) - Regular Growth | 50,09,755 | Nil | 50,09,755 | Nil |
| c) 624507 Units (P.Y. 624507) of SBI Credit Risk fund - Regular Growth | 1,50,06,240 | Nil | 1,50,06,240 | Nil |
| d) 300000 Units (P.Y. 300000) of SBI Dual Advantage Fund - Series XXII -Regular -Growth | 30,00,000 | Nil | 30,00,000 | Nil |
| | 2,70,15,995 | Nil | 2,70,15,995 | Nil |
| Aggregate NAV of unquoted investments | 3,31,63,557 | | 3,10,59,077 | |
| Aggregate cost of investments | 2,70,15,995 | | 2,70,15,995 | |

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

10. Net Deferred Tax Assets

(Amount in ₹)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|----------------------|----------------------|
| Deferred Tax Assets arising out of timing difference relating to : | | |
| Shares issue expenses that are allowable for tax purpose on deferred basis | 1,19,715 | 1,86,627 |
| Provision for NPA that are allowable for tax purpose in the year of actual loss | 1,43,27,040 | 89,62,213 |
| Provision for Gratuity that are allowable for tax purpose in the year of actual paid | 6,99,836 | 3,40,431 |
| Total Deferred Tax Assets | 1,51,46,591 | 94,89,271 |
| Deferred Tax Liability arising out of timing difference relating to : | | |
| Difference of depreciation as per tax provision and Company Law | 7,55,941 | 4,59,829 |
| Total Deferred Tax Liability | 7,55,941 | 4,59,829 |
| Net Deferred Tax Assets | 1,43,90,650 | 90,29,442 |

Notes to the Financial Statements

for the year ended 31st March, 2019

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

(Amount in ₹)

| Particulars | As at March 31, 2019 | | As at March 31, 2018 | |
|--|----------------------|-----------------------|----------------------|-----------------------|
| | Non Current | Current | Non Current | Current |
| Loans Receivables Considered Good- Secured | Nil | Nil | Nil | Nil |
| Loans Receivable Considered Good - Unsecured | 76,42,98,244 | 3,47,16,30,061 | 32,14,53,629 | 2,79,21,27,482 |
| Deposits - Unsecured | 1,42,53,906 | 1,16,66,666 | 1,59,20,803 | 1,23,48,297 |
| Other loans and advances - Unsecured | Nil | 39,55,672 | Nil | 8,97,782 |
| Balance with revenue authorities - Unsecured | Nil | Nil | Nil | Nil |
| Advances to staff - Unsecured | Nil | 20,39,687 | Nil | 15,38,467 |
| Loans Receivables which have significant increase in Credit Risk | Nil | 84,04,538 | Nil | 1,24,54,266 |
| Loans Receivables - credit impaired | Nil | 37,76,833 | Nil | 15,78,002 |
| Total | 77,85,52,150 | 3,50,14,73,457 | 33,73,74,432 | 2,82,09,44,296 |

11.1 Deposits include security deposits of ₹2,41,71,242/- (P.Y. ₹2,73,48,300/-) given as collateral security against term loans and working capital loans.

12. Other Non Current Assets

(Amount in ₹)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|---|----------------------|----------------------|
| Deposits with original maturity for more than 12 months (Note 14) | 17,39,24,132 | 7,14,52,917 |
| Total | 17,39,24,132 | 7,14,52,917 |

12.1 Deposits represents deposits given as collateral security against term loans & working capital loans.

13. Trade Receivables

(Amount in ₹)

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|--|----------------------|----------------------|
| Trade Receivables Considered Good - Secured | Nil | Nil |
| Trade Receivable Considered Good - Unsecured | 21,12,360 | 11,67,890 |
| Trade Receivables which have significant increase in Credit Risk | 73,05,727 | 70,54,558 |
| Trade Receivables - credit impaired | 2,28,11,402 | 3,43,87,097 |
| Total | 3,22,29,489 | 4,26,09,545 |



Notes to the Financial Statements

for the year ended 31st March, 2019

14. Cash and Bank Balance

| Particulars | As at March 31, 2019 | | As at March 31, 2018 | |
|---|----------------------|---------------------|----------------------|---------------------|
| | Non Current | Current | Non Current | Current |
| Cash and cash equivalents | | | | |
| Cash on hand | Nil | 80,41,237 | Nil | 1,07,46,239 |
| Balance with banks | Nil | 32,90,87,517 | Nil | 6,56,67,635 |
| Total | Nil | 33,71,28,754 | Nil | 7,64,13,873 |
| Other Bank Balance | | | | |
| Deposits with original maturity for more than 12 months | 17,39,24,132 | 5,42,80,861 | 7,14,52,917 | 7,76,78,785 |
| Less amount disclosed under non current assets (Note 12) | 17,39,24,132 | Nil | 7,14,52,917 | Nil |
| Total | Nil | 39,14,09,615 | Nil | 15,40,92,658 |

14.1 Other bank balance represents deposits given as cash collateral security against term loans & working capital loans.

15. Other Current Assets

| Particulars | As at March 31, 2019 | As at March 31, 2018 |
|----------------------|----------------------|----------------------|
| | | |
| Interest receivables | 20,47,680 | 12,95,938 |
| Total | 20,47,680 | 12,95,938 |

15.1 Deposit represents deposit given as collateral security against term loans & working capital loans

16. Revenue from operation

| Particulars | 2018-19 | 2017-18 |
|---|---------------------|---------------------|
| | | |
| Micro loan interest income | 85,00,84,830 | 44,11,68,884 |
| Other interest income | 1,35,67,204 | 2,09,93,905 |
| Interest income from Bank Fixed Deposit | 1,44,36,504 | 78,08,101 |
| Interest income from managed assets | 67,90,929 | 1,74,03,781 |
| Interest income from Securitisation | 41,80,427 | Nil |
| Processing fees | 5,90,15,658 | 3,97,76,734 |
| Total | 94,80,75,552 | 52,71,51,405 |

17. Other Income

| Particulars | 2018-19 | 2017-18 |
|---------------------------------------|------------------|------------|
| | | |
| Profit on sale of current investments | 48,62,370 | Nil |
| Total | 48,62,370 | Nil |

Notes to the Financial Statements

for the year ended 31st March, 2019

18. Employee Benefit Expenses

(Amount in ₹)

| Particulars | 2018-19 | 2017-18 |
|--|---------------------|---------------------|
| Salary, wages & bonus | 15,17,72,192 | 9,13,15,070 |
| Contribution to provident fund & other funds | 96,03,571 | 77,26,942 |
| Welfare expenses | 46,47,265 | 18,02,236 |
| Total | 16,60,23,028 | 10,08,44,248 |

The disclosure in respect of Employee Benefit as defined in the Accounting Standard 15 is given below :

A. The Amounts Recognized in the Balance Sheet are as Follows:

(Amount in ₹)

| Particulars | Gratuity Defined Benefit Obligation 2018-19 | Gratuity Defined Benefit Obligation 2017-18 |
|---------------------------------------|---|---|
| Present value of funded obligations | Nil | Nil |
| Fair value of plan assets | Nil | Nil |
| Present value of unfunded obligations | 24,59,423 | 14,43,982 |
| Unrecognized past service cost | Nil | Nil |
| Net liability | 24,59,423 | 14,43,982 |
| Amounts in the balance sheet: | | |
| Liabilities | 24,59,423 | 14,43,982 |
| Assets | 56,139 | 2,20,292 |
| Net liability | 24,03,284 | 12,23,690 |

B. The Amounts recognized in the statement of Profit and Loss are as follows:

(Amount in ₹)

| Particulars | Gratuity Defined Benefit Obligation 2018-19 | Gratuity Defined Benefit Obligation 2017-18 |
|---|---|---|
| Current service cost | 8,56,638 | 5,29,953 |
| Interest on obligation | 1,00,279 | 69,644 |
| Expected return on plan assets | (42,217) | (30,565) |
| Net actuarial losses (gains) recognized in year | 2,64,894 | (1,85,534) |
| Recognised Past service cost - Vested | Nil | Nil |
| Recognised Past service cost - Unvested | Nil | 514 |
| Losses (gains) on curtailments and settlement | Nil | Nil |
| Total, included in 'employee benefit expense' | 11,79,594 | 3,84,012 |
| Actual return on plan assets | Nil | Nil |



Notes to the Financial Statements

for the year ended 31st March, 2019

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

| Particulars | Gratuity Defined Benefit Obligation 2018-19 | Gratuity Defined Benefit Obligation 2017-18 |
|--|--|--|
| Opening defined benefit obligation | 14,43,982 | 10,57,370 |
| Transfer in liability from Arman Financial Services Limited | Nil | Nil |
| Service cost | 8,56,638 | 5,29,953 |
| Interest cost | 1,00,279 | 69,644 |
| Actuarial losses (gains) | 77,563 | (2,13,499) |
| Past Service Cost | Nil | 514 |
| 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 | (19,039) | Nil |
| Closing defined benefit obligation | 24,59,423 | 14,43,982 |

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

| Particulars | Gratuity Defined Benefit Obligation 2018-19 | Gratuity Defined Benefit Obligation 2017-18 |
|--|--|--|
| Opening fair value of plan assets | 2,20,292 | 2,17,692 |
| Expected return | 42,217 | 30,565 |
| Actuarial gains and (losses) | (1,87,331) | (27,965) |
| Assets distributed on settlements | Nil | Nil |
| Contributions by employer | Nil | Nil |
| Assets acquired in an amalgamation in the nature of purchase | Nil | Nil |
| Exchange differences on foreign plans | Nil | Nil |
| Benefits paid | (19,039) | Nil |
| Closing balance of fair value of plan assets | 56,139 | 2,20,292 |

Notes to the Financial Statements

for the year ended 31st March, 2019

E. Reconciliation of gratuity provision account

(Amount in ₹)

| Particulars | Gratuity Defined Benefit Obligation 2018-19 | Gratuity Defined Benefit Obligation 2017-18 |
|---|---|---|
| Net opening provision in books of accounts | 12,23,690 | 8,39,678 |
| Employee benefit expense | 11,79,594 | 3,84,012 |
| Transfer in liability from Arman Financial Services Limited | Nil | Nil |
| | 24,03,284 | 12,23,690 |
| Benefits paid by the Company | Nil | Nil |
| Amounts transferred to 'Payable Account' | Nil | Nil |
| Contributions to Plan Assets | Nil | Nil |
| Closing provision in books of accounts | 24,03,284 | 12,23,690 |

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

(In %)

| Particulars | Gratuity Defined Benefit Obligation 2018-19 | Gratuity Defined Benefit Obligation 2017-18 |
|-----------------------------------|---|---|
| Government of India Securities | 0% | 0% |
| High quality corporate bonds | 0% | 0% |
| Equity shares of listed companies | 0% | 0% |
| Property | 0% | 0% |
| Policy of Insurance Company | 100% | 100% |

G. Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

(In %)

| Particulars | Gratuity Defined Benefit Obligation 2018-19 | Gratuity Defined Benefit Obligation 2017-18 |
|--|---|---|
| Discount rate | 6.95% | 7.30% |
| Expected return on plan assets | 6.95% | 7.30% |
| Proportion of employees opting for early retirement | - | - |
| Annual increase in Salary costs | 6.00% | 6.00% |
| Future changes in maximum state health care benefits | - | - |



Notes to the Financial Statements

for the year ended 31st March, 2019

H. Gratuity benefit amount for the current period are as follow:(Experience Adjustment)

(Amount in ₹)

| Particulars | 31.03.2019 | 31.03.2018 | 31.03.2017 | 31.03.2016 | 31.03.2015 |
|---|-------------|-------------|------------|------------|------------|
| Defined benefit obligation | 24,59,423 | 14,43,982 | 10,57,370 | 5,35,594 | 4,80,154 |
| Plan assets | 56,139 | 2,20,292 | 2,17,692 | - | - |
| Surplus/(deficit) | (24,03,284) | (12,23,690) | (8,39,678) | (5,35,594) | (4,80,154) |
| Experience adjustments on plan liabilities | 35,900 | (1,77,180) | 1,51,562 | (1,09,008) | (56,693) |
| Experience adjustments on plan assets | 1,87,331 | 27,965 | 37,859 | - | - |
| Actuarial Loss/(Gain) due to change in demographic assumption | - | - | - | (1,89,621) | - |
| Actuarial Loss/(Gain) due to change in financial assumption | 41,663 | (36,319) | 62,972 | (7,205) | - |
| Actuarial Loss/(Gain) on liabilities | 2,64,894 | (1,85,534) | 2,52,393 | - | 98,238 |
| Net Actuarial Loss/(Gain) on liabilities | 2,64,894 | (1,85,534) | 2,52,393 | (3,05,834) | 41,545 |

I. Expected contribution to be paid upto 31.03.2020 is ₹5,00,000/-

19. Finance Cost

(Amount in ₹)

| Particulars | 2018-19 | 2017-18 |
|----------------------|---------------------|---------------------|
| Interest expenses | 41,97,00,908 | 23,81,31,353 |
| Other borrowing cost | 1,76,47,206 | 1,59,90,159 |
| Total | 43,73,48,114 | 25,41,21,513 |

20. Depreciation and Amortisation Expense

(Amount in ₹)

| Particulars | 2018-19 | 2017-18 |
|---|------------------|------------------|
| Depreciation of Property, Plant & Equipment | 31,35,700 | 22,34,548 |
| Amortization of intangible assets | 6,09,325 | 4,26,009 |
| Total | 37,45,025 | 26,60,557 |

Notes to the Financial Statements

for the year ended 31st March, 2019

21. Other Expenses

| | (Amount in ₹) | |
|--|---------------------|---------------------|
| Particulars | 2018-19 | 2017-18 |
| Electricity & fuel charges | 17,40,955 | 11,10,227 |
| Repairs To: | | |
| Building | 7,45,226 | 5,13,960 |
| Other | Nil | Nil |
| Sub Total | 7,45,226 | 5,13,960 |
| Insurance | 11,60,205 | 5,99,069 |
| Rent | 1,47,51,280 | 1,05,63,249 |
| Rates & taxes | 3,17,475 | 1,05,751 |
| Director sitting fees | 75,000 | 80,000 |
| Stationery & printing | 46,90,771 | 31,89,953 |
| Communication | 75,38,885 | 48,11,091 |
| Traveling & conveyance expenses | 2,79,17,615 | 1,52,62,710 |
| Professional fees | 1,07,13,904 | 1,21,74,292 |
| Auditor's Remuneration: | | |
| Audit fees | 3,42,200 | 2,24,200 |
| For tax audit | 88,500 | 29,500 |
| For certification | 10,620 | 24,330 |
| For income tax consultancy fee | Nil | 29,050 |
| Sub Total | 4,41,320 | 3,07,080 |
| CSR Expenditure | 3,26,000 | 1,00,000 |
| Marketing & incentive expenses | 74,073 | 41,835 |
| Bad debts written off | 3,92,65,435 | 4,30,87,560 |
| Contingent provision against standard assets (Net) | 1,69,85,000 | 1,98,15,000 |
| Loss/(Profit) on sale of Assets | 5,694 | 2,078 |
| General charges (including bank charges, security charges & membership fees etc.) | 68,89,550 | 46,04,990 |
| Total | 13,36,38,388 | 11,63,68,844 |

21.1 Bad debts & irrecoverable w/o are shown net off bad debts recovery during the year amounting to ₹27,96,921/- (P.Y. ₹82,81,291/-).



Notes to the Financial Statements

for the year ended 31st March, 2019

22. Contingent liabilities not provided for:

TDS demand of ₹2.38 Lakhs (Previous Year ₹2.37 Lakhs).

23. 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. Aalok Patel

C) Relatives of Key Managerial Personnel

| Name of party | Related party relationship |
|----------------------|--|
| Mrs. Ritaben Patel | Relative of Key Managerial Personnel |
| Aakash Patel (HUF) | Relative of Key Managerial Personnel |
| Aalok Patel (HUF) | Key Managerial Personnel is Karta |
| Raj Enterprise | Key Managerial Personnel is Proprietor |
| Jayendra Patel (HUF) | Key Managerial Personnel is Karta |
| Mrs. Sajni Patel | Relative of Key Managerial Personnel |
| Mrs. Sachi Patel | Relative of Key Managerial Personnel |

D) List of entities in which KMP have control or significant influence with whom transactions have occurred during the year.

Namra Holdings & Consultancy Services LLP

Key Managerial Personnel is Partner

Notes to the Financial Statements

for the year ended 31st March, 2019

E. Details of Transactions are as follows:

(Amount in ₹)

| SRN | Nature of Transaction | Holding Company | Key Managerial Personnel | Relatives of Key Managerial Personnel | Entities in which KMP have control or significant influence | Total |
|-----|---|------------------|--------------------------|---------------------------------------|---|------------------|
| 1 | Expenses | | | | | |
| | Remuneration & Director Perquisites | Nil | 47,54,000 | Nil | Nil | 47,54,000 |
| | | (Nil) | (17,04,000) | (Nil) | (Nil) | (17,04,000) |
| | Interest | Nil | Nil | Nil | Nil | Nil |
| | | (Nil) | (1,47,625) | (4,42,799) | (5,85,173) | (11,75,597) |
| | Rent | Nil | Nil | 18,07,200 | Nil | 18,07,200 |
| | | (Nil) | (Nil) | (17,09,440) | (Nil) | (17,09,440) |
| | Director sitting fee | Nil | Nil | 40,000 | Nil | 40,000 |
| | | (Nil) | (Nil) | (40,000) | (Nil) | (40,000) |
| 2 | Income | | | | | |
| | Interest | 1,17,13,464 | Nil | Nil | Nil | 1,17,13,464 |
| | | (2,01,46,256) | (Nil) | (Nil) | (Nil) | (2,01,46,256) |
| 3 | Others | | | | | |
| | Purchase of receivables under securitization | Nil | Nil | Nil | Nil | Nil |
| | | (18,00,96,178) | (Nil) | (Nil) | (Nil) | (18,00,96,178) |
| 4 | Unsecured loans taken | | | | | |
| | Loan taken during the year | Nil | Nil | Nil | Nil | Nil |
| | | (Nil) | (43,50,000) | (1,33,00,000) | (1,74,50,000) | (3,51,00,000) |
| | Loan and interest repaid during the year | Nil | Nil | Nil | Nil | Nil |
| | | (Nil) | (44,97,625) | (1,37,42,799) | (1,80,35,173) | (3,62,75,597) |
| | Balance outstanding at year end 31.03.2019 | Nil | Nil | Nil | Nil | Nil |
| | | (Nil) | (Nil) | (Nil) | (Nil) | (Nil) |
| 5 | Unsecured Loans Granted | | | | | |
| | Loan granted during the year | 5,40,74,04,955 | Nil | Nil | Nil | 5,40,74,04,955 |
| | | (3,08,72,63,796) | (Nil) | (Nil) | (Nil) | (3,08,72,63,796) |
| | Loan and Interest received during the year | 5,47,54,18,960 | Nil | Nil | Nil | 5,47,54,18,960 |
| | | (3,14,65,46,291) | (Nil) | (Nil) | (Nil) | (3,14,65,46,291) |
| | Balance outstanding at year end 31.03.2019 | 16,59,242 | Nil | Nil | Nil | 16,59,242 |
| | | (5,79,59,783) | (Nil) | (Nil) | (Nil) | (5,79,59,783) |
| 6 | Equity Contribution (Share Capital including Share premium) | 25,80,00,000 | Nil | Nil | Nil | 25,80,00,000 |
| | | (7,00,00,000) | (Nil) | (Nil) | (Nil) | (7,00,00,000) |
| 7 | ESOP Liabilities Payables | 86,62,188 | Nil | Nil | Nil | 86,62,188 |
| | | (Nil) | (Nil) | (Nil) | (Nil) | (Nil) |
| 8 | Corporate Guarantee given by the Holding Company in respect of loan taken by the company | 1,70,50,00,000 | Nil | Nil | Nil | 1,70,50,00,000 |
| | | (1,87,50,00,000) | (Nil) | (Nil) | (Nil) | (1,87,50,00,000) |
| 9 | O/s Loan against Corporate Guarantee | 1,03,56,50,000 | Nil | Nil | Nil | 1,03,56,50,000 |
| | | (1,35,86,20,000) | (Nil) | (Nil) | (Nil) | (1,35,86,20,000) |



Notes to the Financial Statements

for the year ended 31st March, 2019

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 | 2018-19 | 2017-18 |
| Interest Expense | Namra Holdings & Con. Ser. LLP | Nil | 5,85,173 |
| | Jayendra Patel- HUF | Nil | 1,91,638 |
| Interest Income | Arman Financial Services Limited | 1,17,13,464 | 2,01,46,256 |
| Sales under Securitization | Arman Financial Services Limited | Nil | Nil |
| Purchase under Securitization | Arman Financial Services Limited | Nil | 18,00,96,178 |
| Esop Liability Payable | Arman Financial Services Limited | 86,62,188 | Nil |
| | Jayendra Patel | Nil | 29,00,000 |
| Loan Taken | Namra Holdings & Con. Ser. LLP | Nil | 1,74,50,000 |
| | Jayendra Patel- HUF | Nil | 58,00,000 |
| | Arman Financial Services Limited | Nil | Nil |
| Loan and Interest repaid | Jayendra Patel | Nil | 29,97,570 |
| | Namra Holdings & Con. Ser. LLP | Nil | 1,80,35,173 |
| | Jayendra Patel (HUF) | Nil | 59,91,638 |
| Loan granted during the year | Arman Financial Services Limited | 5,40,74,04,955 | 3,08,72,63,796 |
| Loan and interest received during the year | Arman Financial Services Limited | 5,47,54,18,960 | 3,14,65,46,291 |
| Equity contribution | Arman Financial Services Limited | 25,80,00,000 | 7,00,00,000 |
| Remuneration | Aalok Patel | 21,04,000 | 7,04,000 |
| | Jayendra Patel | 26,50,000 | 10,00,000 |
| Rent | Ritaben J.Patel | 14,49,984 | 13,69,240 |
| Sitting Fees | Ritaben J.Patel | 40,000 | 40,000 |
| Corporate Guarantee given by the Holding Company in respect of loan taken by the company | Arman Financial Services Limited | 170,50,00,000 | 187,50,00,000 |
| O/s Loan against Corporate Guarantee | | 103,56,50,000 | 135,86,20,000 |

24. Earnings per Share

| Particulars | Unit | 31.03.2019 | 31.03.2018 |
|--|---------------|--------------|-------------|
| Profit after tax | ₹ | 14,95,44,575 | 4,08,96,946 |
| Less: Dividend on Redeemable Preference Shares | ₹ | Nil | (18,68,494) |
| Less: Tax on distributed profit | ₹ | Nil | (3,80,492) |
| Profit available for equity share holder | ₹ | 14,95,44,575 | 3,86,47,960 |
| Numerator used for calculating Basic and diluted EPS | ₹ | 14,95,44,575 | 3,86,47,960 |
| Weighted average No. of shares used as denominator for calculating Basic and diluted EPS | No. of Shares | 2,13,89,286 | 1,33,50,824 |
| Weighted average No. of shares used as denominator for calculating diluted EPS | No. of Shares | 2,13,89,286 | 1,33,50,824 |
| Face value of share | ₹ | 10 | 10 |
| Basic Earnings per Share | ₹ | 6.99 | 2.89 |
| Diluted Earnings per Share | ₹ | 6.99 | 2.89 |

Notes to the Financial Statements

for the year ended 31st March, 2019

25. Details of Average interest and charges paid on borrowing and charged on loans given to JLG:

| Particulars | Rate of Interest (In %) |
|--|-------------------------|
| Average interest rate on borrowings | 15.05% |
| Average interest rate on Loans given to JLGs | 25.00% |

26. Loan Portfolio and Provision for Standard and Non Performing Assets:

(Amount in ₹)

| Classification | Portfolio loan outstanding (Gross) | | Provision for standard and non performing assets | |
|---------------------|------------------------------------|-----------------------|--|--------------------|
| | 31.03.2019 | 31.03.2018 | 31.03.2019 | 31.03.2018 |
| Standard assets | 4,27,80,72,201 | 3,16,16,06,125 | 4,92,00,000 | 3,22,15,000 |
| Sub standard assets | 2,65,88,235 | 3,59,65,099 | *Nil | *Nil |
| Total | 4,30,46,60,436 | 3,19,75,71,224 | 4,92,00,000 | 3,22,15,000 |

*Refer Note 7.1 & 7.2

27. Details of CSR Expenses

As per Section 135 of the Companies Act, 2013, a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities.

(Amount in ₹)

| Particulars | 2018-19 | 2017-18 |
|--|-----------|-----------|
| a) Gross amount required to be spent by the Company during the year | 15,37,066 | 14,32,469 |
| b) Amount spent during the year on purposes other than construction / acquisition of any asset | | |
| a. Paid | 3,26,000 | 1,00,000 |
| b. Yet to be paid | 12,11,066 | 13,32,469 |

28. 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 | 2018-19 | 2017-18 |
|--|--------------|---------|
| Total no of loan assets | 29,082 | - |
| Book value of loan assets (₹) | 59,19,34,094 | - |
| Sales consideration received from securitized assets (₹) | 59,19,34,094 | - |
| Gain / (Loss) on securitized assets (₹) | - | - |
| Quantum of outstanding value of services (₹) | 57,13,14,342 | - |
| Principal Subordination (₹) | 5,33,43,501 | - |
| Cash collateral (₹) | 4,25,39,169 | - |



Notes to the Financial Statements

for the year ended 31st March, 2019

- 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)

| SRN | Particulars | 2018-19 | 2017-18 |
|-------|--|---------|---------|
| (i) | CRAR (%) | 21.49 | 15.33 |
| (ii) | CRAR Tier I Capital (%) | 18.05 | 11.22 |
| (iii) | CRAR Tier II Capital (%) | 3.44 | 4.11 |
| (iv) | Amount of subordinated debt raised as Tier-II capital (₹in Lakhs) | 1000.00 | 1000.00 |
| (v) | Amount raised by issue of perpetual debt instruments | -- | -- |

(ii) Investments

(Amount in ₹)

| SRN | Particulars | 2018-19 | 2017-18 |
|-----|---|---------|---------|
| (1) | Value of investments | | |
| | (i) Gross value of investments | 270.16 | 270.16 |
| | (A) In India | 270.16 | 270.16 |
| | (B) Outside India | - | - |
| | (ii) Provision for deprecation | - | - |
| | (A) In India | - | - |
| | (B) Outside India | - | - |
| | (iii) Net value of investments | 270.16 | 270.16 |
| | (A) In India | 270.16 | 270.16 |
| | (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, 2019 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.

Notes to the Financial Statements

for the year ended 31st March, 2019

(v) Assets Liability Management

Maturity pattern of certain assets and liability as on 31.03.2019

(₹ in Lakhs)

| Particulars | Up to 30/31 days | Over 1 month upto 2 month | Over 2 month upto 3 month | Over 3 month & upto 6 month | Over 6 month & upto 1 year | Over 1 year & upto 3 year | Over 3 year & upto 5 year | Over 5 year | Total |
|------------------------------|------------------|---------------------------|---------------------------|-----------------------------|----------------------------|---------------------------|---------------------------|-------------|-----------|
| Deposits | - | 18.00 | 16.00 | 31.00 | 71.00 | 123.20 | -- | -- | 259.20 |
| Advances | 3,546.59 | 3,545.04 | 3,305.03 | 9,421.09 | 15,337.15 | 7,708.46 | -- | -- | 42,863.36 |
| Investments | -- | -- | -- | -- | -- | 270.16 | -- | -- | 270.16 |
| Cash & bank balance | 3,680.04 | 68.00 | -- | 118.00 | 945.01 | 844.30 | -- | -- | 5,655.35 |
| Borrowings | 1,682.02 | 1,307.01 | 1,760.02 | 7,036.07 | 10,482.10 | 15,904.06 | 1,280.00 | -- | 39,451.28 |
| Foreign currency assets | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Foreign currency liabilities | -- | -- | -- | -- | -- | -- | -- | -- | -- |

Maturity pattern of certain assets and liability as on 31.03.2018

(₹ in Lakhs)

| Particulars | Up to 30/31 days | Over 1 month upto 2 month | Over 2 month upto 3 month | Over 3 month & upto 6 month | Over 6 month & upto 1 year | Over 1 year & upto 3 year | Over 3 year & upto 5 year | Over 5 year | Total |
|------------------------------|------------------|---------------------------|---------------------------|-----------------------------|----------------------------|---------------------------|---------------------------|-------------|----------|
| Deposits | 4.17 | 25.00 | 25.00 | 61.77 | 166.75 | -- | -- | -- | 282.69 |
| Advances | 3448.46 | 2714.41 | 2661.17 | 8491.86 | 12375.54 | 2048.62 | -- | -- | 31740.06 |
| Investments | -- | -- | -- | -- | 250.00 | 20.15 | -- | -- | 270.15 |
| Cash & bank balance | 764.71 | 53.14 | 53.14 | 41.17 | 619.67 | 727.02 | -- | -- | 2258.85 |
| Borrowings | 991.54 | 904.94 | 904.94 | 1785.40 | 5517.05 | 16612.65 | 2290.00 | 1000.00 | 30006.49 |
| Foreign currency assets | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Foreign currency liabilities | -- | -- | -- | -- | -- | -- | -- | -- | -- |



Notes to the Financial Statements

for the year ended 31st March, 2019

(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 facilities | CARE | 25-09-2018 | CARE BBB+; Stable (Triple B Plus, Outlook: Stable) | 24-09-2019 | 117.77 Crore |
| Proposed long term bank facilities | CARE | 25-09-2018 | CARE BBB+; Stable (Triple B Plus, Outlook: Stable) | 24-09-2019 | 99.21 Crore |
| Fund Based Limits | CARE | 25-09-2018 | CARE BBB+; Stable (Triple B Plus, Outlook: Stable) | 24-09-2019 | 7.00 Crore |
| Non-Convertible Debenture Issue | CARE | 11-09-2018 | CARE BBB+; Stable (Triple B Plus, Outlook: Stable) | 10-09-2019 | 33.30 Crore |

29. Information on instances of fraud

Instances of fraud for the year ended March 31, 2019 & March, 31 2018:

| Nature of Fraud | No. of Cases | Amount of Fraud | Recovery | Amount Written off |
|--|--------------|-----------------|----------|--------------------|
| Cash Embezzlements | 2 | 9,16,245 | 2,81,000 | 6,35,245 |
| | (Nil) | (Nil) | (Nil) | (Nil) |
| Loans given against fictitious documents | 198 | 28,81,442 | 5,57,700 | 23,23,742 |
| | (Nil) | (Nil) | (Nil) | (Nil) |

The company has lodged complaints against the above frauds and the company has also initiated insurance claim for recovery.

Notes to the Financial Statements

for the year ended 31st March, 2019

30. Lease:

During the year Company has entered into certain rent agreements and amounts of ₹147.51 Lakhs (P.Y. ₹105.63 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.

31. During the year, the Company has impaired Fixed Assets to the tune of ₹Nil (P.Y. ₹Nil).

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

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. Balances are subject to confirmation.

35. 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 "35"

As per our report of even date attached

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

[J. T. Shah]
Partner
[M.No.3983]

Place: Ahmedabad
Date: May 28, 2019

For, **Namra Finance Limited**

Jayendra Patel
Chairman & Managing Director
(DIN-00011814)

Aalok Patel
Executive Director
(DIN - 02482747)

Vivek Modi
Chief Financial Officer

Jaimish Patel
Company Secretary
(M. No. A42244)



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

for year ended on 31st March, 2019

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

| SRN | Particulars | Amount Outstanding | Amount Overdue |
|--------------------------|---|--------------------|----------------|
| Liabilities side: | | | |
| (1) | Loan and advances availed by the NBFCs inclusive of interest accrued thereon but not paid: | | |
| (a) | Debitures: Secured | 2,750.00 | Nil |
| | Unsecured (other than falling within the meaning of public deposits*) | Nil | Nil |
| (b) | Deferred Credits | Nil | Nil |
| (c) | Term Loans | 8,112.11 | Nil |
| (d) | Inter-Corporate loans and borrowing | Nil | Nil |
| (e) | Commercial Paper | Nil | Nil |
| (f) | Public Deposits* | Nil | Nil |
| (g) | Other Loans (specify nature) | | Nil |
| | - Working capital Loans 3555.00 | | |
| | - from directors and relatives Nil | | |
| | - Debenture Application Money Nil | 3,555.00 | Nil |
| | * Please see Note 2 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 | 10,130.15 | 2.05 |
| (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 | 8,791.26 | 312.26 |

| 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 | 1,121.01 | 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 | 4,822.19 | 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 |

(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 | Nil | Nil |
| (c) Other related parties | Nil | Nil | Nil |
| 2. Other than related parties | 8791.26 | 10,130.15 | 18921.42 |
| Total | 8791.26 | 10130.15 | 18921.42 |



(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 | 4,822.19 | Nil |
| (b) Companies in the same group | Nil | Nil |
| (c) Other related parties | Nil | Nil |
| 2. Other than related parties | Nil | Nil |
| Total | 4,822.19 | 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 | 410.01 |
| (ii) Net Non-Performing Assets | |
| (a) Related Parties | Nil |
| (b) Other than related parties | 368.93 |
| (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.

Notes

Notes

Notes

From the Management

The Annual Report is a voluminous document and every year, substantial efforts are made to ensure that the data provided is accurate, transparent, and relevant. Despite our best efforts, it is possible that minor typographical or other errors exist within the document. Please excuse any such unintentional oversights and we kindly request the reader to draw our attention to these errors by emailing us at finance@armanindia.com.



Arman Financial Services Limited

502-503, Sakar-III, Opp. Old High Court, Off. Ashram Road,
Ahmedabad-380014, Gujarat
CIN: L55910GJ1992PLC018623

Ph.: 079-40507000; 27541989
E-Mail: finance@armanindia.com; secretarial@armanindia.com
Website: www.armanindia.com

NOTICE

Notice is hereby given that the 27th (Twenty Seventh) 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 Monday, September 23, 2019 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, 2019, 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, 2019.
2. To declare a Dividend on equity shares for the financial year ended 31st March, 2019.
3. To appoint a Director in place of Mr. Aakash Patel [DIN-02778878] who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Jayendrabhai Patel [DIN-00011814] who retires by rotation and being eligible, offers himself for reappointment.

SPECIAL BUSINESS:

5. Re-appointment of Mr. Kaushikbhai D. Shah as an Independent Director for a term of 5 years

To consider and if thought fit to pass, with or without modification, the following Resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 150 and 152 and any other applicable provisions of the Companies Act, 2013 ("Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or reenactment thereof for the time being in force) read with Schedule IV to the Act, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ("the Listing Regulations"), Mr. Kaushikbhai D. Shah (DIN: 00024305), an Independent Director of the Company who has submitted a declaration that he meets the criteria for independence as provided under Section 149(6) of the Act and who is eligible for reappointment, be and is hereby re-appointed as an Independent Director of the Company, not be liable to retire by rotation, to hold office for a second term of upto five consecutive years with effect from September 24, 2019 to September 23, 2024;

"RESOLVED FURTHER THAT pursuant to Regulation 17 (1A) of the Listing Regulations, the Company do hereby approve continuation of directorship of Mr. Kaushikbhai D. Shah till

completion of second term even after his attaining the age of 75 years on January 24, 2023."

6. Appointment Mr. Aalok Patel as the Joint Managing Director of the Company for a term of 5 years

To consider and if thought fit to pass, with or without modification, the following Resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of the Sections 196, 197, 203, read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification or reenactment thereof for the time being in force) in context of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from time to time), and the Articles of Association of the Company, and in pursuance to recommendation of Nomination and Remuneration Committee of the Company, approval of the Members of the Company be and is hereby accorded for the appointment of Mr. Aalok Patel (DIN: 02482747) as Joint Managing Director of the Company for a period of Five years w.e.f. August 21, 2019 and whose office is liable to retire by rotation, on the remuneration, terms and conditions as set out in the explanatory statement annexed to the notice."

"RESOLVED FURTHER THAT the aggregate amounts of Managerial Remuneration to be paid to Mr. Aalok Patel individually / jointly as the case as may be which shall be within the overall ceiling limit as laid down in Section 197 and other applicable provisions of the Companies Act, 2013 and any amendment thereof."

"RESOLVED FURTHER THAT approval of members of the Company be and is hereby given to make any further revision in the remuneration payable to Mr. Aalok Patel during the tenure of his appointment which shall be within the overall ceiling limits as laid down in Section 197 and other applicable provisions of the Companies Act, 2013 and any amendments thereof."

"RESOLVED FURTHER THAT any one of the Executive Directors or Company Secretary of the Company be and is hereby authorized severally to do all necessary acts, deeds and things, which may be usual, expedient or proper to give effect to the above resolution."

7. Private Placement of Non-Convertible Debentures

To consider and if thought fit to pass, with or without modification, the following Resolution as a Special Resolution:

"RESOLVED THAT in supersession of the resolution passed by the shareholders of the Company on September 7, 2018

and pursuant to the provisions of Section 42 and other applicable provisions, if any, of the Companies Act, 2013 (the "Act") read together with the Companies (Prospectus and Allotment of Securities) Rules, 2014, including any modification, amendment, substitution or re-enactment thereof, for the time being in force and the provisions of the memorandum of association and the articles of association of the Company, the approval and consent of the members of the Company, be and is hereby accorded to the board of directors of the Company (the "Board") to issue, and to make offer(s) and/or invitation(s) to eligible persons to subscribe to, non-convertible debentures [(a) subordinated, (b) listed or unlisted, (c) senior secured, (d) senior unsecured, (e) unsecured, (f) any others (as may be determined)] ("NCDs"), on a private placement basis, in one or more tranches, within a period of one year from the date of passing of this resolution, provided that the outstanding amounts of all such NCDs at any time during the period shall not exceed INR 300 Crores (Indian Rupees Three hundred Crores)."

"RESOLVED FURTHER THAT the Board be and is hereby authorized and empowered to arrange, settle and determine the terms and conditions (including without limitation, interest, repayment, security or otherwise) as it may think fit of such NCDs, and to do all such acts, deeds, and things, and to execute all such documents, instruments and writings as may be required to give effect to these resolutions."

NOTES:

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Businesses at the meeting, is annexed hereto.
2. **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.
3. 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.
4. The Register of Members and Share Transfer Books of the

Company will remain closed from Tuesday, September 17, 2019, to Monday, September 23, 2019 (both days inclusive).

5. The dividend on equity shares for the year ended March 31, 2019, 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 September 16, 2019.
6. 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.
7. 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 IDs either with the Company or with the Depository. Members holding shares in demat form are requested to register their e-mail IDs with their Depository Participant(s) only. Members of the Company, who have not registered their e-mail IDs, are entitled to receive such communication in physical form upon request.
8. The Notice of Annual General Meeting, Annual Report and Attendance Slip are being sent in electronic mode to Members whose e-mail IDs 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 IDs with the Company or Depository Participant(s).
9. 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.
10. 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.
11. Pursuant to Section 72 of the Companies Act, 2013, members holding shares in physical form are advised to file nomination in the prescribed Form SH-13 with the Company's share transfer agent. In respect of shares held in electronic/ demat form, the members may please contact their respective depository participant.
12. In terms of Sections 124 of the Companies Act, 2013, any dividend remaining unpaid for a period of seven years from

the due date of payment is required to be transferred to the Investor Education and Protection Fund. Accordingly, the unpaid dividend lying in dividend account of the year 2011-12 will be transferred to Investor Education and Protection Fund at appropriate time in the current financial year. Members who have not encashed their dividend warrants are requested to write to the Registrars & Share Transfer Agents.

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 Dividend | Due date for transfer to IEPF Authority |
|----------------------|---------------------------------|--|---|
| 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 |
| 2016-17 | 28.09.2017 | 27.09.2024 | 27.10.2024 |
| 2017-18 | 07.09.2018 | 06.09.2025 | 06.10.2025 |

Shareholder can visit the Company's website www.armanindia.com to check the details of their unclaimed dividend under the Corporate Governance's section.

13. Pursuant to provisions of Section 124 of the Companies Act, 2013 read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, all the underlying shares on which dividend has not been paid or claimed for seven consecutive years or more shall be transferred to IEPF authority as notified by the Ministry of Corporate Affairs. In view thereof, after complying with the prescribed procedure, 15,810 shares on which dividend remained to be unclaimed for seven consecutive years, were transferred to IEPF account. The Company has initiated the process of transfer of shares on which dividend has not been claimed since FY 2011-12 and the same will be transferred on due date. Members who have not claimed dividend since FY 2011-12 are requested to claim the same before the dividend and the underlying shares gets transferred to IEPF account.
14. 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. September 16, 2019, 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.

15. Voting through Electronic Means (E-voting)

The 'Step by Step' procedure and instructions for casting your vote electronically are as under:

- The voting period begins on 09.00 a.m. on Friday, September 20, 2019 and ends on 05.00 p.m. Sunday, September 22, 2019. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date September 16, 2019 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- The shareholders should log on to the e-voting website www.evotingindia.com
- Click on Shareholders.
- Now Enter your User ID
 - For CDSL: 16 digits beneficiary ID,
 - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
- Members holding shares in Physical Form should enter Folio Number registered with the Company.
- Next enter the Image Verification as displayed and Click on Login.
- 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.
- 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 sequence number which is printed on Postal Ballot / Attendance Slip indicated in the PAN field. |
| Dividend Bank Details or Date of Birth (DOB) | Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv). |

- After entering these details appropriately, click on "SUBMIT" tab.

- ix. Members holding shares in physical form will then directly reach 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 to be also 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.
- x. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- xi. Click on the EVSN for the relevant Arman Financial Services Limited on which you choose to vote.
- xii. 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.
- xiii. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- xiv. 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.
- xv. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xvi. You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- xvii. If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xviii. Shareholders can also use Mobile app - "m - Voting" for e voting. "m - Voting" app is available on Apple, Android and Windows based Mobile. Shareholders may log in to "m - Voting" using their e voting credentials to vote for the company resolution(s).
- xix. Note for Non – Individual Shareholders and Custodians
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.

- After receiving the login details, user would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

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.

16. Other Instructions:

- a. Mr. Ishan P. Shah, Advocate, has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- b. 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 forty eight hours 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.
- c. 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.
- d. 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.
- e. 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.
- f. Members holding shares in physical form are requested to intimate any change of address and/or bank mandate to M/s Bigshare Services Private Limited / Investor Service Department of the Company immediately.
- g. The Securities and Exchange Board of India has mandated submission of Permanent Account Number (PAN) and bank

details by every participant in securities market. Members holding shares in physical form can submit their PAN and bank details to M/s Bigshare Services Private Limited / Investor Service Department of the Company.

- h. Details of the Directors seeking appointment / re-appointment at the 27th (Twenty Seventh) Annual General Meeting Pursuant to Regulation 36 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and as per Secretarial Standard -2 are provided below:

| Particulars | Retire by rotation |
|--|---|
| Name of Director | Mr. Aakash Patel |
| DIN | 02778878 |
| Date of Birth (Age) | October 29, 1979 (40 years) |
| Relationships with other Directors | Son of Mr. Jayendra Patel and Mrs. Ritaben Patel & Brother of Mr. Aalok Patel |
| Date of first appointment | October 24, 2000 |
| Expertise / Brief Resume | Expertise: Well conversant with IT along with Management Techniques Brief Profile: Aakash Patel has a B. A. degree in Computer Science and in Business Management from Gettysburg College in the USA, and an MBA from Bentley College in Boston-USA. He has over 8 years of computer and business experiences, which includes over 3 years of experience as a consultant with Deloitte, 2 years with Intellitools as a software developer, and amongst others companies such as Hewlett Packard, EMC Corporation, SoftscapeInc, Sumtotals Systems. Currently, he works as a Manager-PMO (USA) for Bullhorn Inc |
| Remuneration | Siting fee is paid to him for attending the Board Meeting |
| Qualification | B. A. Computer Science, Business Management; Masters of Business Administration. |
| No. of Equity Shares held | 2,78,830 |
| Terms and conditions of appointment/re-appointment | He was appointed as a Non-Executive Director of the Company since October 24, 2000. |
| No. of Board meetings attended during FY 2018-19 | 1 |
| List of other Companies in which directorship are held | Nil |
| Chairmanship / Membership of Committees (includes only Audit and Stakeholder Relationship Committee) | Nil |

| Particulars | Retire by rotation |
|------------------------------------|--|
| Name of Director | Mr. Jayendrabhai Patel |
| DIN | 00011814 |
| Date of Birth (Age) | October 13, 1951 (68 Years) |
| Relationships with other Directors | Husband of Mrs. Ritaben Patel & Father of Mr. Aakash Patel and Aalok Patel |
| Date of first appointment | November 26, 1992 |
| Expertise / Brief Resume | Expertise: Management Acumen Brief Profile: Mr. Patel is the founder of the company and he has more than 25 years of Senior Managerial and board level experience in the finance sector. Mr. Patel was in U.S.A. for a decade where he completed his education. After completing his education, he joined business firm in USA namely Kapps Pharmaceuticals Inc. as Company Executive. During his stay in USA he successfully turned around two sick units into profitable position. Later he returned to India to concentrate and expand in the field of finance, he devoted fulltime attention to Arman in 1992. Mr. Patel is a founder member of the Gujarat Finance companies Association and presently secretary of the Association. |

| | |
|---|--|
| Remuneration | As per the resolution passed by the shareholders in their meeting held on September 22, 2016. |
| Qualification | B.Sc. |
| No. of Equity Shares held | 2,88,522 |
| Terms and conditions of appointment/ re-appointment | Mr. Jayendra Patel was appointed as a Managing Director of the Company for the period of 5 years w.e.f. September 01, 2016 pursuant to shareholders approval at 24th Annual General Meeting. |
| No. of Board meetings attended during FY 2018-19 | 7 |
| List of other Companies in which directorship are held | Namra Finance Limited |
| Chairmanship / Membership of Committees (includes only Audit and Stakeholder Relationship Committee) | Arman Financial Services Limited Member - Stakeholder Relationship Committee |

| Particulars | Reappointment |
|--|--|
| Name of Director | Mr. Kaushikbhai D. Shah |
| DIN | 00024305 |
| Date of Birth (Age) | January 24, 1948 (71 Years) |
| Relationships with other Directors | Nil |
| Date of first appointment | July 05, 1994 |
| Expertise / Brief Resume | Expertise: Direct & Indirect Taxation Brief Profile: Mr. Shah is a fellow member of The Institute of Chartered Accountants of India and has over 35 years of experience providing consulting and professional services to global companies in the field of business consulting and audit & assurance. He has extensive Finance and Accounting experience and an established track record in the field of audit. His experience as a business consultant extends from developing complex financial models to detailed business plans for start-ups and expansion project. In addition, his background includes considerable expertise in advising foreign companies on entry / exit strategies. He presently heads the audit and assurance practice of a renowned professional services firm. He is on the Board of Directors of many listed companies as an independent director offering invaluable guidance on the company's policies of good corporate governance. |
| Remuneration | Sitting fee is paid to him for attending the Board / Committee Meeting |
| Qualification | B. COM., LL.B., F.C.A. |
| No. of Equity Shares held | Nil |
| Terms and conditions of appointment/ re-appointment | Mr. Shah is re-appointed as an Independent Director w.e.f. September 24, 2019 for a period of 5 years in the meeting of the Board of Directors of the Company subject to approval of Shareholders in the ensuing Annual General Meeting. |
| No. of Board meetings attended during FY 2018-19 | 5 |
| List of other Companies in which directorship are held | Amol Dicalite Limited W H Brady And Company Limited Brady And Morris Engineering Company Limited Brady Services Private Limited Energy Infrastructure (India) Limited |

| | |
|--|--|
| Chairmanship / Membership of Committees (includes only Audit and Stakeholder Relationship Committee) | Arman Financial Services Limited Chairman – Audit Committee Member - Stakeholder Relationship Committee Amol Dicalite Limited Chairman – Audit Committee Member - Stakeholder Relationship Committee W H Brady And Company Limited Chairman – Audit Committee Member - Stakeholder Relationship Committee Brady And Morris Engineering Company Limited Chairman – Audit Committee Member - Stakeholder Relationship Committee |
|--|--|

| Particulars | Appointment |
|--|---|
| Name of Director | Mr. Aalok Patel |
| DIN | 02482747 |
| Date of Birth (Age) | August 02, 1984 (35 Years) |
| Relationships with other Directors | Son of Mr. Jayendra Patel and Mrs. Ritaben Patel & Brother of Mr. Aakash Patel |
| Date of first appointment | January 01, 2007 |
| Expertise / Brief Resume | Expertise: Accounts & Finance Brief resume: Mr. Aalok Patel brings a vast array of innovative knowledge to the Company. In India, he completed his schooling in Lawrence School, Sanawar and continued his higher education in the U.S. at Drake University. At Drake, Mr. Patel graduated with High Honors with a Bachelors and a Master's Degree in Accountancy & Finance. He is a licensed Certified Public Accountant (CPA) in the U.S. Mr. Patel worked as an independent auditor for KPMG for almost 4 years, where many of his clients were included in the Fortune 100 list. He also brings experience from John Deere Credit, the equipment financing arm of John Deere & Co. Furthermore, Mr. Patel excels to equity analysis and valuation as well; his research has been quoted in reputable business journals. He currently works for Arman full-time as an Executive Director since 2010. |
| Remuneration | As per the resolution passed by the Board of Directors at the Meeting held on August 21, 2019 and subject to approval of shareholders |
| Qualification | B.S. Accounting & Finance; M.S. Accountancy, Certified Public Accountant (USA) |
| No. of Equity Shares held | 2,47,809 |
| Terms and conditions of appointment/re-appointment | Mr. Aalok Patel was appointed as a Joint Managing Director of the Company for the period of 5 years w.e.f. August 21, 2019 subject to approval of Shareholders in the ensuing Annual General Meeting |
| No. of Board meetings attended during FY 2018-19 | 6 |
| List of other Companies in which directorship are held | Namra Finance Limited |
| Chairmanship / Membership of Committees (includes only Audit and Stakeholder Relationship Committee) | Namra Finance Limited Member - Audit Committee |

Place: Ahmedabad
Date: August 21, 2019

Registered Office:

502-503, Sakar III,
Opp. Old High Court,
Off Ashram Road,
Ahmedabad 380014, Gujarat

By Order of the Board

Jayendra Patel
(Vice Chairman & Managing Director)
DIN: 00011814

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013

Item No: 5

Mr. Kaushikbhai D. Shah, aged 71 years, is currently an Independent Director ('IDs') of the Company. He was appointed as IDs for a period of upto 5 years at the 22nd Annual General Meeting held on September 24, 2014 ("first term") and as per Section 149(10) of the Company Act, 2013 ('Act'), an ID shall hold office for a term of upto five consecutive years but shall be eligible for re-appointment on passing a special resolution by the Company for another (second) term of upto five consecutive years on the Board of the Company. Further, shareholder's approval by way of Special Resolution is also required for continuation of any non-executive Director after they have attained seventy-five years of age.

Based on recommendation of Nomination and Remuneration Committee ('NRC') the Board at its meeting held on August 21, 2019 reappointed him as an Independent Director pursuant of provisions of Section 149, 150, 152, Schedule IV and other applicable provisions of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), for second term of upto 5 years, subject to approval of members.

Disclosure under Regulation 36(3) of the Listing Regulations and Secretarial Standard-2 issued by the Institute of Company Secretaries of India is set out in the Annexure to the notice.

Board also recommends for the approval of members of the Company, continuation of Mr. Kaushikbhai D. Shah, as an Independent Director even after his attaining the age of 75 years on January 24, 2023, upto the end of his second term.

None of the Directors or Key Managerial Personnel or their respective relatives, except Mr. Kaushikbhai D. Shah, to whom the resolution relates, is in any way concerned or interested, financially or otherwise in this resolution.

The Board recommends the resolution set forth in the Item No. 5 of the Notice for approval of the Members.

Item No: 6

At the 23rd Annual General Meeting held on September 29, 2015, Mr. Aalok Patel, aged 35 years, was appointed as Executive Director & C.F.O. of the Company for a period of 5 years effective from July 01, 2015 on the terms and conditions as approved by the shareholders at the said Annual General Meeting. Thereafter he relinquished his position as a C.F.O. w.e.f. May 25, 2018, however he continued his position as an Executive Director. After considering his valuable contribution to the Company, the Board of Directors at their meeting held on August 21, 2019 have, subject to the approval of the Shareholders, appointed him as Joint Managing Director of the Company with effect from August 21, 2019 for a period of 5 years on the remuneration, terms and conditions recommended by the nomination and remuneration committee as set out herein. While appointing Mr. Aalok Patel as Joint Managing Director of the Company, the Board of Directors considered his contribution in the overall progress of the Company. The Company during the year has achieved remarkable growth. Moreover, the Company is aggressively concentrating on its expansion plans. The Board is of the opinion that his services would help the Company to achieve greater heights.

He is also been appointed as Joint Managing Director of wholly owned subsidiary, Namra Finance Limited.

Taking into consideration the duties and responsibilities of the Joint Managing Director, the prevailing managerial remuneration in industry and on the recommendation of the nomination and remuneration committee, the Board at its meeting held on August 21, 2019 approved the remuneration, terms and conditions of the appointment of Mr. Aalok Patel, subject to approval of the shareholders on remuneration including minimum remuneration and on terms and conditions given hereunder:

- a) Salary and perquisites shall not exceed Rs. 84.00 lakhs per annum payable either monthly or quarterly or half yearly or yearly and by way of performance linked bonus and/or commission and/or Sweat Equity or any other form as may be recognised under the term salary and perquisites in Income Tax Act;
- b) In addition to salary, benefits like contribution to provident fund, gratuity, leave travel concession etc. shall be paid. The list of benefits is limited to perquisites as provided under Section IV of Schedule V to the Companies Act, 2013;
- c) Minimum Remuneration: Notwithstanding anything to the contrary contained herein, where, in any financial year during the currency of the tenure of Mr. Aalok Patel, the Company has no profits or its profits are inadequate, the Company will pay remuneration to the maximum as laid down in paragraph 1, Section II of Part II of Schedule V to the Companies Act, 2013 as minimum remuneration.
- d) The total combined remuneration drawn from this Company and Namra Finance Limited would not exceed the higher maximum

limit admissible as provided under paragraph 1 of section II of Part II of Schedule V, from any one of the Companies of which he is a managerial person and that any excess remuneration, if any, drawn or paid to him shall be forthwith refunded to the Company in the event the appointment comes to an end by any reason whatsoever prematurely before the tenure of appointment is over and also in the event when his appointment is not renewed for a further period beyond the period of five years for which he is appointed;

- e) As the terms of appointment and the remuneration proposed are in conformity with the relevant provisions of the Companies Act, 2013, read with Schedule V to the said Act, Central Government approval is not necessary for this appointment.

Disclosure under Regulation 36(3) of the Listing Regulations and Secretarial Standard-2 issued by the Institute of Company Secretaries of India is set out in the Annexure to the notice

Mr. Aalok Patel, Mr. Jayendra Patel, Mr. Aakash Patel and Mrs. Ritaben Patel and their relatives are deemed to be interested in the resolution. None of the other Directors or Key Managerial Personnel (KMP) of the Company or their relatives is in any way concerned or interested in the proposed resolution.

The Board recommends the resolution set forth in the Item No. 6 of the Notice for approval of the Members

Item No: 7

Section 42 of the Companies Act, 2013 read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 ("Prospectus and Allotment Rules") deals with private placement of securities by a company. Rule 14(1) of the Prospectus and Allotment Rules prescribes that in case of an offer or invitation to subscribe to securities, the Company shall obtain previous approval of its shareholders/members ("Members") by means of a special resolution. Proviso 3 of the Prospectus and Allotment Rules further prescribes that in case of the issue of non-convertible debentures ("NCDs") exceeding the limits prescribed in Section 180(1)(c) of the Companies Act, 2013, it shall be sufficient to obtain such previous approval only once in a year for all the offers or invitations for such NCDs issued during a period of one year from the date of passing of the aforementioned special resolution.

In order to augment resources for on-lending by the Company, repayment/refinance of existing debt, working capital requirement, purchase of assets, investments, general corporate purposes etc. the Company may invite subscription for secured/unsecured/subordinated/senior, rated/unrated, listed/unlisted, redeemable NCDs, in one or more series/tranches on private placement basis. The NCDs proposed to be issued, may be issued either at par or at premium or at a discount to face value and the issue price (including premium, if any) shall be decided by the board of directors of the Company ("Board") on the basis of various factors including the interest rate/effective yield determined, based on market conditions prevailing at the time of the issue(s).

Pursuant to Rule 14(1) read with proviso 3 of the Prospectus and Allotment Rules, the following disclosures are being made by the Company to the Members:

| | |
|---|--|
| PARTICULARS OF THE OFFER INCLUDING DATE OF PASSING BOARD RESOLUTION | <p>The second proviso to Rule 14(1) of the Prospectus and Allotment Rules prescribes that where the amount to be raised through offer or invitation of NCDs (as defined above) exceeds the limit prescribed, it shall be sufficient if the company passes a previous special resolution only once in a year for all the offers or invitations for such NCDs during the year.</p> <p>In view of this, pursuant to this resolution under Section 42 of the Companies Act, 2013, the specific terms of each offer/issue of NCDs (whether secured/ unsecured/subordinated/ senior, rated/unrated, listed/unlisted, redeemable (including market linked debentures) NCDs) shall be decided from time to time, within the period of 1 year from the date of the aforementioned resolution. In line with Rule 14(1) of the Prospectus and Allotment Rules, the date of the relevant board resolution shall be mentioned/disclosed in the private placement offer and application letter for each offer/issue of NCDs.</p> |
| KINDS OF SECURITIES OFFERED AND THE PRICE AT WHICH THE SECURITY IS BEING OFFERED | <p>Non-convertible debt securities/NCDs.</p> <p>The NCDs will be offered/issued either at par or at premium or at a discount to face value, which will be decided by the Board for each specific issue, on the basis of the interest rate/effective yield determined, based on market conditions prevailing at the time of the respective issue.</p> |

| | |
|---|---|
| BASIS OR JUSTIFICATION FOR THE PRICE (INCLUDING PREMIUM, IF ANY) AT WHICH THE OFFER OR INVITATION IS BEING MADE | Not applicable, as the securities proposed to be issued (in multiple issues/tranches) are non-convertible debt instruments which will be issued either at par or at premium or at a discount to face value in accordance with terms to be decided by the Board, in discussions with the relevant investor(s). |
| NAME AND ADDRESS OF VALUER WHO PERFORMED VALUATION | Not applicable as the securities proposed to be issued (in multiple issues/tranches) are non-convertible debt instruments. |
| AMOUNT WHICH THE COMPANY INTENDS TO RAISE BY WAY OF SECURITIES | The specific terms of each offer/issue of NCDs shall be decided from time to time, within the period of 1 (one) year from the date of the aforementioned resolution, provided that the amounts of all such NCDs at any time issued within the period of 1 (one) year from the date of passing of the aforementioned shareholders resolution shall not exceed the limit specified in the resolution under Section 42 of the Companies Act, 2013. |
| MATERIAL TERMS OF RAISING OF SECURITIES, PROPOSED TIME SCHEDULE, PURPOSES OR OBJECTS OF OFFER, CONTRIBUTION BEING MADE BY THE PROMOTERS OR DIRECTORS EITHER AS PART OF THE OFFER OR SEPARATELY IN FURTHERANCE OF OBJECTS; PRINCIPLE TERMS OF ASSETS CHARGED AS SECURITIES. | The specific terms of each offer/issue of NCDs shall be decided from time to time, within the period of 1 year from the date of the aforementioned resolution, in discussions with the respective investor(s). These disclosures will be specifically made in each private placement offer and application letter for each offer/issue. |

Accordingly, consent of the Members is sought in connection with the aforesaid issue of NCDs and they are requested to authorize the Board to issue such NCDs during the year on private placement basis up to INR 300 Crores (Indian Rupees Three Hundred Crores) as stipulated above, in one or more tranches, which is within the overall borrowing limit of the Company pursuant to Section 180(1)(c) of the Companies Act, 2013.

None of the directors and key managerial personnel of the Company and their relatives are concerned or interested, financially or otherwise, in this resolution except to the extent of their shareholding (if any) in the Company. The Board recommends the passing of the resolution as special resolution.

The Board recommends the resolution set forth in the Item No. 7 of the Notice for approval of the Members.

By Order of the Board
Jayendra Patel

(Vice Chairman & Managing Director)

Place: Ahmedabad

Date: August 21, 2019

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 Email: finance@armanindia.com Website: www.armanindia.com
CIN: L55910GJ1992PLC018623

ATTENDANCE SLIP

27th Annual General Meeting
Monday, September 23, 2019

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 27th Annual General Meeting of the Company held on Monday, September 23, 2019 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)

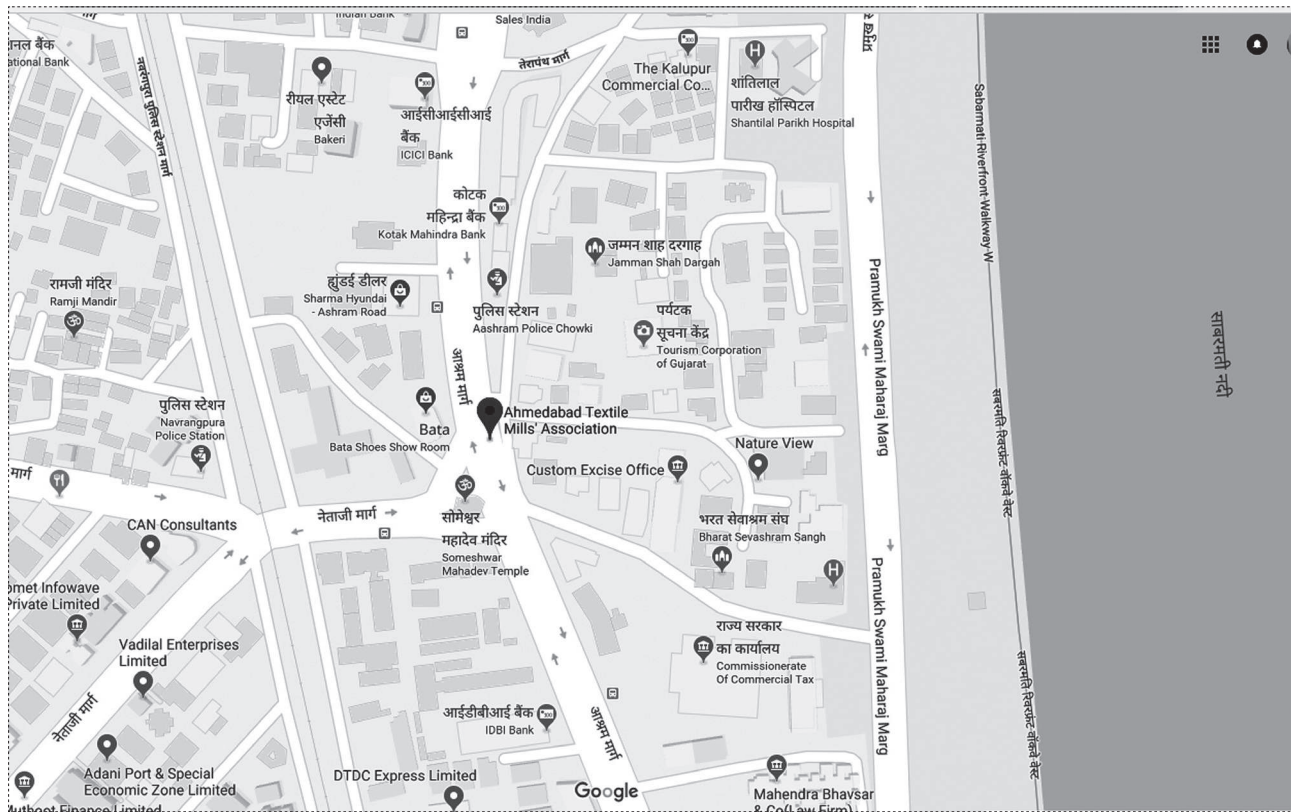
.....
Signature of the Shareholder / Proxy



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 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 | |
| Or failing him/her | | |

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 27th Annual General Meeting of members of the Company, to be held on Monday, September 23, 2019 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, 2019 |
| 2. | Declaration of the Dividend on Equity shares |
| 3. | Re-appointment Mr. Aakash Patel as a Director |
| 4. | Re-appointment of Mr. Jayendrabhai Patel as a Director |
| 5. | Re-appointment of Mr. Kaushikbhai D. Shah as an Independent Director |
| 6. | Appointment Mr. Aalok Patel as the Joint Managing Director of the Company |
| 7. | Private Placement of Non-Convertible Debentures |

Signed this day of..... 2019

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