Arman Financial Services Limited

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Date: September 8, 2018

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

Dear Sir,

SUB: SUBMISSION OF ANNUAL REPORT FOR THE FY 2017-18

Pursuant to Regulation 34 (1) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 we hereby enclose copy of Annual Report for the FY 2017-18.

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 Ltd.

DANCING IN THE RAIN

26TH ANNUAL REPORT
2017-18

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FORWORD-LOOKING STATEMENTS

IN THIS ANNUAL REPORT, WE HAVE DISCLOSED FORWARD-LOOKING INFORMATION TO ENABLE INVESTORS TO FULLY APPRECIATE OUR PROSPECTS AND TAKE INFORMED INVESTMENT DECISIONS. THIS REPORT AND OTHER STATEMENTS – WRITTEN AND ORAL – THAT WE PERIODICALLY MAKE, CONTAIN FORWARD-LOOKING STATEMENTS THAT SET OUR ANTICIPATED RESULTS BASED ON MANAGEMENT PLANS AND ASSUMPTIONS. WE HAVE TRIED, WHERE POSSIBLE, TO IDENTIFY SUCH STATEMENTS BY USING WORDS SUCH AS 'ANTICIPATE', 'EXPECT', 'PROJECT', 'INTEND', 'PLAN', 'BELIEVE', AND WORDS OF SIMILAR SUBSTANCE IN CONNECTION WITH ANY DISCUSSION OF FUTURE PERFORMANCE. WE CANNOT, OF COURSE, GUARANTEE THAT THESE FORWARD-LOOKING STATEMENTS WILL BE REALISED, ALTHOUGH WE BELIEVE WE HAVE BEEN PRUDENT IN OUR ASSUMPTIONS. ACHIEVEMENT OF RESULTS IS SUBJECT TO RISKS, UNCERTAINTIES, AND POTENTIALLY INACCURATE ASSUMPTIONS. SHOULD KNOWN OR UNKNOWN RISKS OR UNCERTAINTIES MATERIALISE, OR SHOULD UNDERLYING ASSUMPTIONS PROVE INACCURATE, ACTUAL RESULTS COULD VARY MATERIALLY FROM THOSE ANTICIPATED, ESTIMATED, OR PROJECTED. READERS SHOULD BEAR THIS IN MIND. WE UNDERTAKE NO OBLIGATION TO PUBLICLY UPDATE ANY FORWARD-LOOKING STATEMENTS, WHETHER AS A RESULT OF NEW INFORMATION, FUTURE EVENTS, OR OTHERWISE.



As much as we root for the 'good days', the fact remains - we'll get our fair share of bad ones as well. And more often than not, they'll come unannounced.

We were caught unaware by our own share of recent tough times. And yes, we did stumble – only to learn to align ourselves better to sectoral realities, and make the best of them. We learnt to strive harder, which led us to perform better. After all, failure is far better a teacher than success – as long as you choose to be a willing learner!

So, instead of waiting for the storm to pass, we at Arman chose to pick ourselves up, go out there, and dance in that rain.

And we danced well!



Even as rain gods deluged the greater landmass, it carefully selected some land parcels for a light drizzle.

For Arman, Uttar Pradesh was one such opportunity.

Post the demonetisation drive, the larger and established players in the state faced issues with their operations, forcing them to reduce their exposure. As a result, disbursements declined significantly.

We seized the opportunity. We strengthened our presence with the right infrastructure and people. We tightened our filters and processes. We made growth a reality… from an area otherwise considered unsafe.

We danced in that rain. And we danced well!





19
New branches added in 2017-18

50,545
New customers added in 2017-18

101.98
Disbursements in 2017-18 (₹ crore)

0.6%
Portfolio at Risk > 30 Days (PAR>30) (%)

20,177
Average disbursement amount per client (₹)



Even as the torrential downpour wreaked havoc on one business space… the raging flood waters paved the way towards a promising haven.

For Arman, loans to the Rural Micro-Enterprise (MSME) sector was this new haven.

We were always aware of the reality that in today's volatile and challenging business ecosystem, you cannot rely on one revenue vertical to sustain business growth. So, even as we were working out the contours of the new revenue vertical synergic to our core business at our own pace, the policy-led disruption of November 2016 hastened our pace multi-fold.

And drove hard we did. We invested in infrastructure. We on-boarded required resources. We put-in-place required processes. We reached out far and wide. We made this vertical a profitable one… in the very first full-year of its operations.

We danced in that rain. And we danced well!



10

Branches added in 2017-18

11,363

Customers added in 2017-18

52.67

Disbursements in 2017-18 (₹ crore)



113

Total employees as on March 31, 2018

6.93

Revenue in 2017-18 (₹ crore)

99.80

Collection efficiency in 2017-18 (%)



Empowering Indians for an improved livelihood and a happier life

Arman Financial Services Limited (ASFL) bridges the gap between people's aspirations, wishes, and reality with an aim of transforming their lives, their family's future, and making happy communities.

An RBI-registered category 'A' Non-Banking Finance Company – Asset Finance Company (NBFC-AFC) with rural and semi-rural financing at the center of its business model, Arman provides affordable financing. AFSL and its subsidiaries offer three major financial services: Two-wheeler finance, Micro-enterprise (MSME) loans and Group-based microfinance.





Ahmedabad

Headquarters

53
Districts covered

127
Branches

2,44,925
Customers

423.59
Assets under management, March 31, 2018 (₹ crore)

394.92
Debt portfolio, March 31, 2018 (₹ crore)

56.90
Shareholders fund, March 31, 2018 (₹ crore)

542.47
Disbursements, 2017-18 (₹ crore)

7.30
Net profit, 2017-18 (₹ crore)

2.15
Return on total assets (average), 2017-18 (%)

12.93
Return on equity (average), 2017-18 (%)

1.13
Gross NPA – Namra (Microfinance), 2017-18 (%)

2.59
Gross NPA – Arman (2-Wheeler & MSME), 2017-18 (%)

1,028
Team size





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, talents and value systems. To uphold the guiding principles of trust, integrity and transparency in all aspects of interactions and dealings.





Corporate value

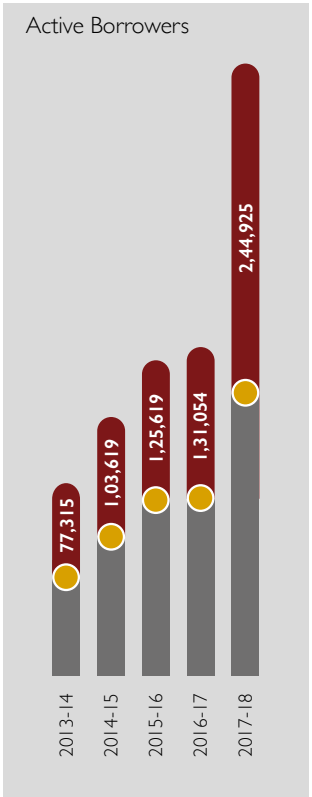
We will adhere, individually and collectively, to our commitments, our values, and the ethical conduct of our business.

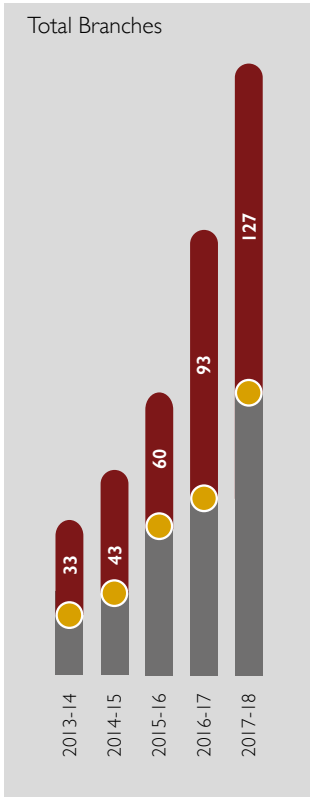
- To our customers, we are committed to providing quality products and services that consistently represent an exceptional value and result in high customer satisfaction.
- To the society, we are committed to improving the status of living for a large section of the population through our passion for 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.

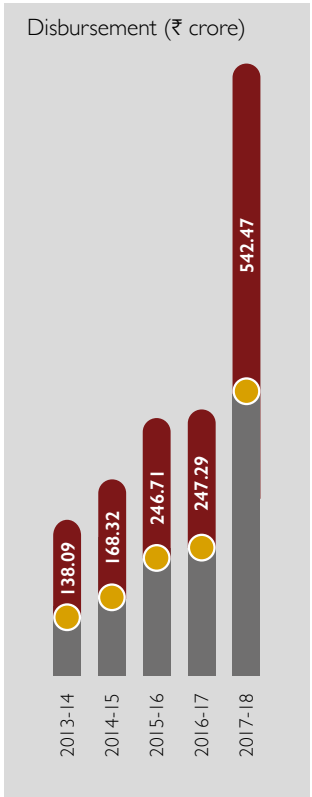
Dancing in the rain was an enjoyable experience… Here is proof!

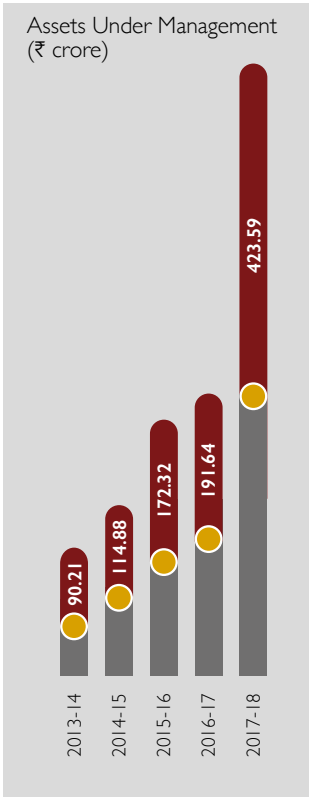


Business



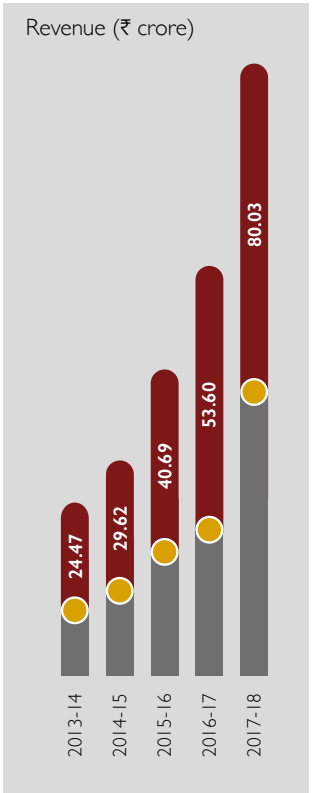


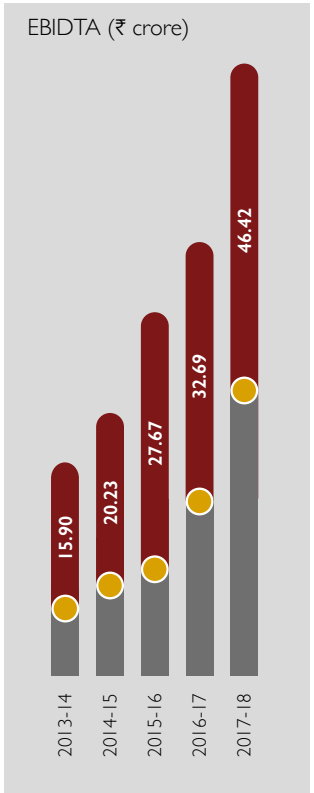


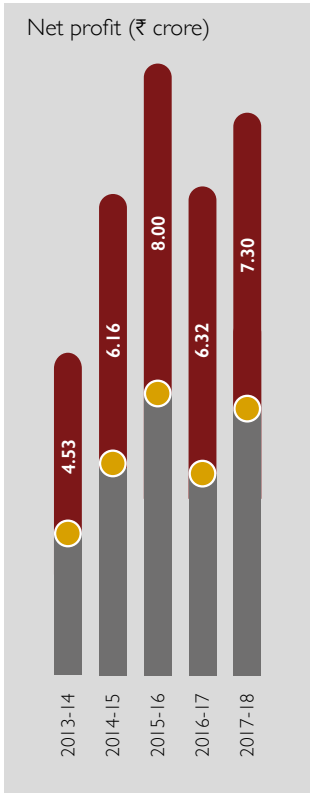


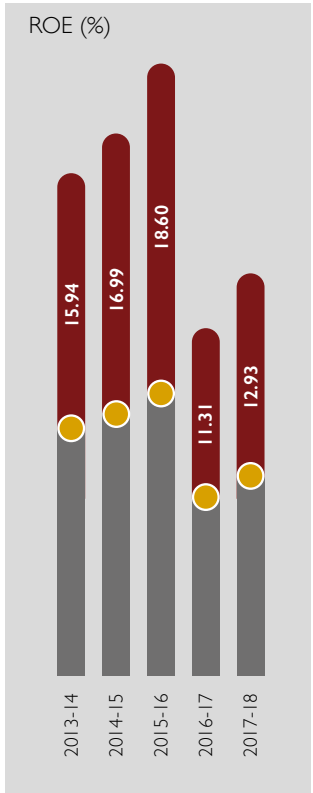


Profit and profitability









Our progress… step by step

Q1/2017-18

Performance

	Q1/ 2017-18	Q1/ 2016-17	Growth (%)
Branches	115	61	89%
Disbursement			
2-wheeler & MSME	31.19	16.36	91%
Microfinance	67.44	51.63	31%
Revenue	13.97	12.70	10%
Profit after Tax	0.94	2.87	-67%
Assets under management	226.90	187.22	21%
Net interest margin (annualised)	17.31%	18.16%	-4%

Highlights

- Compared to the same quarter in the previous year, this year we opened five new branches for the SME segment and 18 new branches for the microfinance segment.
- Achieved the highest ever disbursement in any quarter at ₹67.44 crore in the microfinance business.
- Posted a turnaround with a profit of ₹0.94 crore compared to a ₹0.75 crore loss in Q4FY17. Profitability impacted by demonetisation disruption, causing lower disbursements in the past 2 quarters, increased operating costs due to instalment recovery, and increased provisioning/write-offs.
- Achieved a 99.98% collection rate for the new disbursements post demonetisation.

Q2/2017-18

Performance

	Q2/ 2017-18	Q2/ 2016-17	Growth (%)
Branches	118	77	53%
Disbursement			
2-wheeler & MSME	35.19	18.55	90%
Microfinance	104.53	62.05	68%
Revenue	17.72	14.17	25%
Profit after Tax	0.80	2.48	-68%
Assets under management	296.27	214.97	38%
Net interest margin (annualised)	14.52%	17.17%	-15%

Highlights

- Compared to the same quarter in the previous year, we opened 41 new branches, with 31 in the MFI segment (from 70 to 101) and 10 in MSME (from 2 to 12).
- Reported a lower net profit primarily due to two reasons.
  - Increase in operating cost in the MFI and MSME segments as a result of opening 41 new branches.
  - Increase in bad debts/provisioning and operating costs in the MFI book as a result of the impact of demonetisation and increase in AUM, respectively.



Q3/2017-18

Performance

	Q3/ 2017-18	Q3/ 2016-17	Growth (%)
Branches	118	85	39%
Disbursement			
2-wheeler & MSME	40.37	27.05	49%
Microfinance	110.16	26.53	315%
Revenue	22.54	14.35	57%
Profit after Tax	3.14	1.72	83%
Assets under management	362.46	199.33	82%
Net interest margin (annualised)	15.07%	18.19%	-17.15%

Highlights

- Opened 2 new MSME branches compared to the same quarter the previous year.
- The MSME portfolio performed well, contributing almost 11% to the quarter's consolidated revenues.
- Peak monthly disbursement in the Microfinance segment had increased from ₹26 crore pre- demonetisation to ₹38 crore post-demonetisation.
- Profitability back to normal after subdued performance for 3 quarters due to demonetisation disruption.

Q4/2017-18

Performance

	Q4/ 2017-18	Q4/ 2016-17	Growth (%)
Branches	127	93	37%
Disbursement			
2-wheeler & MSME	38.21	27.21	40%
Microfinance	117.93	18.3	544%
Revenue	25.80	12.35	109%
Profit after Tax	2.43	(0.74)	N.M.*
Assets under management	423.34	183.91	130%
Net interest margin (annualised)	13.22	10.10	31%

*Not meaningful

Highlights

- Opened 9 new branches – 8 for the MFI operations and 1 for the MSME business compared to the same quarter the previous year.
- Shareholders approved an equity infusion by a SAIF Partners managed fund; the deal was concluded in April 2018. The equity infusion will add ₹57 crore to the net worth of the Company on a fully diluted basis, and will help the Company scale new heights.



From the Managing Director's desk

"We take great pride in the fact that we have been able to play a small part for many of our customers in their journey to escape poverty."

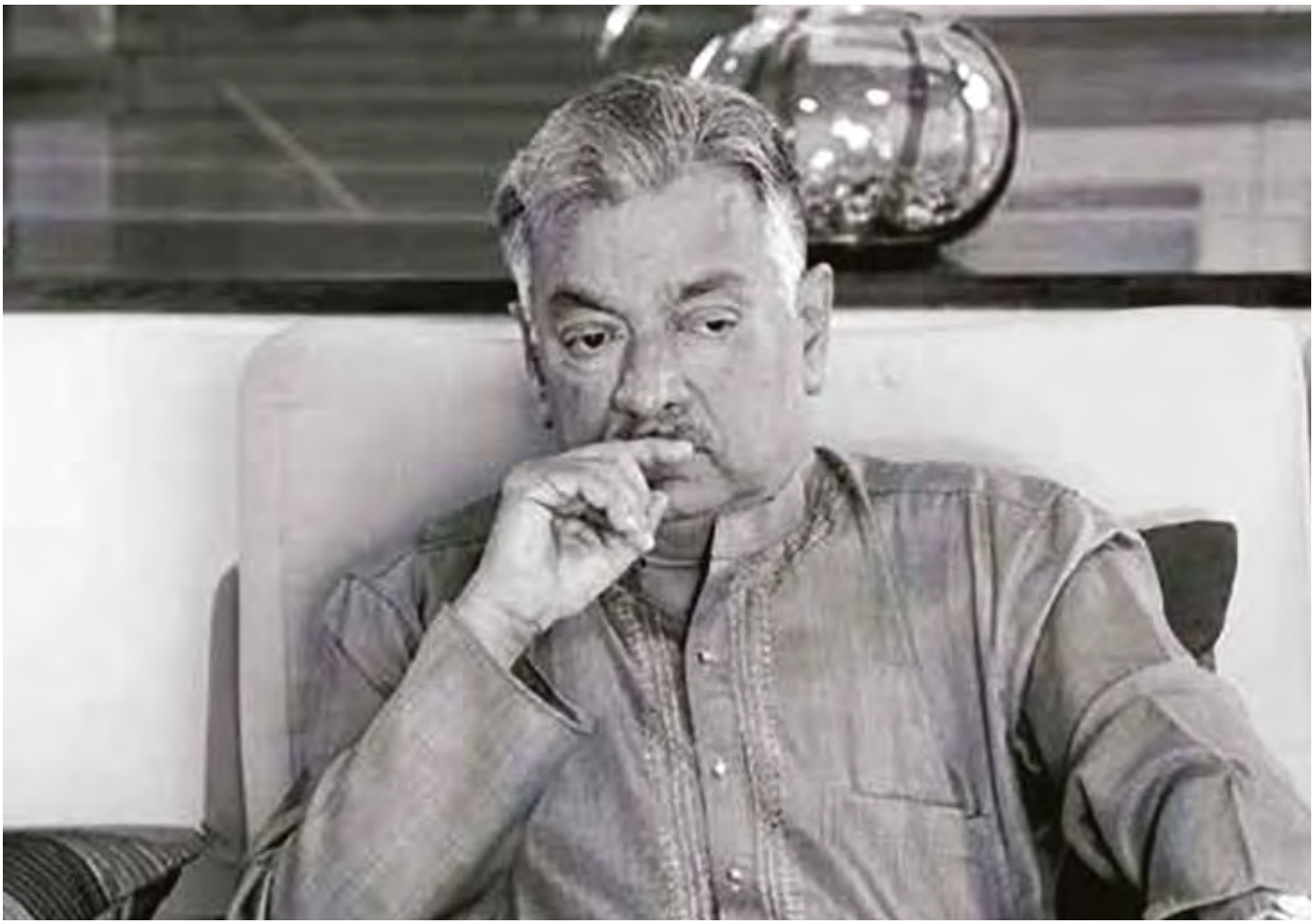


Dear friends,

It gives me immense pleasure to state that Arman has not only caught up with the lost growth owing to the shock of November 2016, but has surpassed goals set at the start of the year – ending the fiscal with record growth.

Arman is not new to challenges. After working in the finance sector for the better part of three decades, I am keenly aware that the sector gets hit by some manner of crisis every 5-10 years. Whether random or predictable, this has become part of the larger financial sector business cycle. Interestingly, Arman has not only survived all such events in its 25-year journey but has almost always emerged stronger once the crisis is averted. That is not to take away from the fact that last year was definitely challenging. While we might have faced more challenging years in the past, but the stakes were a lot larger. Mistakes were made, by Arman, our customers, and the country as a whole. It is however counterproductive to dwell too much in the past, for to be judged for your mistakes is to be judged for being human; life goes on…

On behalf of the Company, we commit to build a resilient company with strong risk framework and never compromise asset quality in exchange for growth. In the forth quarter of Fiscal 16-17, we had mentioned three strategic moves to further de-risk our portfolio. First was to diversify our product-line, the second was to reduce geographical concentration, and third was to switch to cash-less disbursements. You will find that we have made strong headway in all three of the above within the past year.



I humbly state that the Arman team's determined efforts helped us in remaining dedicated on our commitment (of playing a meaningful role in helping our customer escape poverty) despite the many uncertainties during the year. We believe that financial inclusion is one of the many factors needed to escape poverty and when this support system is pulled out, the cascading impact can be catastrophic. While this is a bold statement, we have never taken the path of claiming that our loans 'deliver them out of poverty', as poverty is a complex issue and it generally takes a combination of many factors for our clients to end the cycle of poverty. Financial inclusion is not a silver bullet to end poverty, rather, one of the critical factors to help people help themselves. We take great pride in the fact that we have been able to play a small part for many of our customers in their journey to escape poverty.

Even as we continued to strengthen our core, we created flanking verticals which, I believe, will strengthen the organisation's ability in adding value to our shareholders who have honoured us with their unwavering trust and unstinted support during good times and bad.

I welcome SAIF Partners into the Arman family whose strategic investment in the Company is an important watermark on the validity and the relevance of our business model and operations. Their rich knowledge capital and insights into the financial world would help us further strengthen our systems and processes. I hope for a long and mutually fruitful relationship with them.

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

Warm regards

Jayendra Patel

Obituary

Mr. Shah was a friend, mentor, teacher, well-wisher, and an advisor to the Board and the Management.



It is with profound grief, we report that the Arman family has lost an important pillar with the passing away of its former Chairman, Shri C. R. Shah; at 11:50 PM on 6th June 2018 at his home in Ahmedabad, surrounded by his family.

Mr. Shah served as the Chairman of Arman for 24 uninterrupted years, until his recent resignation on the 25th of May 2018 due to his deteriorating health. He was instrumental in drawing the blueprint and spearheading the growth of the Company.

More than the Chairman, Mr. Shah was a friend, mentor, teacher, well-wisher, and an advisor to the Board and the Management. A perfectionist by nature and an avid supporter of corporate governance, shareholder rights and "doing the right thing the right way", it was a privilege to know Mr. Shah and to work alongside him for 24 years. He was a visionary and a strong leader – astute, generous and charismatic. He will be greatly missed by all of the Arman family.

Our heartfelt condolences to his family and may God give them the strength to bear the loss.



Operational review

"Our subtle yet strategic shifts, I believe, will make profitable business growth sustainable over the medium term."

Mr. Aalok Patel, Executive Director throws lights on Arman's performance and promise

How would you like to describe the Company's performance in 2017-18?

Excellent. For we registered a strong growth in our financial numbers – our disbursements increased by 124% from ₹241.84 crore in 2016-17 to ₹542.47 crore in 2017-18, revenue grew by 49% from ₹53.60 crore in 2016-17 to ₹80.03 crore in 2017-18 and assets under management scaled from ₹191.64 crore as on March 31, 2017 to ₹423.59 crore as on March 31, 2018. This was despite remaining steadfast on our usual conservative business policies and practices. I believe our greatest achievement this year was recovering from the demonetisation disruption unscathed, relatively speaking. Yes, our profitability and growth was reduced for 2 or 3 quarters, but we fared much better than many of our peers. I believe that is owing to our very conservative nature and reasonable growth targets. During the good days, that strategy seems like a thankless job, but during the bad days, it covers you like a warm blanket. It was nice to be vindicated to a certain extent.

How did you manage these excellent numbers?

I would not take the full credit for these growth numbers as some growth was owing to the sectoral tailwinds that catalysed it, while some of the credit goes to the unused capacity that we had built in FY 17 before the demonetisation event of November 2016. Post demonetisation and for several months after, the microfinance sector witnessed a meltdown which hampered growth and also created issues with loan recoveries. A side effect of this was that it created pent up demand in the microfinance ecosystem, as the industry significantly reduced disbursement. So, when the dark clouds dissipated for a sunny horizon, the customer pipeline swelled. As for Arman, we had spent the better part of our recent past in developing our infrastructure and branch network to be in a position to expand rapidly, and owing to the fact that our business was disrupted far less than many of our competitors, when the opportunity to expand arose, we capitalised it well!

Could you give us some sense of the additional numbers from a geographic perspective?

It has been an all-round growth for Arman. Every business vertical registered a healthy growth. And we grew business in each geography of our presence. For example, our MSME business (disbursements) grew by 7.6 times from ₹6.93 crore in 2016-17 to ₹52.67 crore in 2017-18. From a geographic perspective, our disbursements in Gujarat – our traditional bastion, increased by 51% from ₹100.85 crore in 2016-17 to ₹152.35 crore in 2017-18 for Micro Finance. However, as a part of our strategy to diversify geographically, we opened very few new branches in Gujarat. The bulk of our expansion was in the other states, namely UP, MP, and Maharashtra. Our exposure to these three states increased from ₹35 crore in 2016-17 to ₹184 crore in 2017-18. This well-rounded growth position also indicates the robustness and resilience of our business model.



How did you make the business stronger in 2017-18?

This is an interesting one, for we successfully implemented two strategies that promise to de-risk the business model further.

One, we widened our product basket. We made a significant headway in the MSME vertical, establishing ourselves as a serious participant in this business space. While there remains significant demand in the microfinance space, we do realise that it is important to diversify our product pool. We have therefore started evaluating and experimenting different products to serve Rural India, which remains our core competency. We expect to make great strides towards rural MSME in the medium-term.

Two, we widened our geographic coverage. Let me explain. While the demonetisation drive dealt a body blow to the microfinance industry, it also created opportunities. Uttar Pradesh is a glaring example. In the aftermath of this policy-led disruption, a number of deeply impacted large microfinance players had no choice but to temporarily reduce or stop their disbursements in this state, thus creating a vacuum. We were quick to leverage our network and infrastructure to capitalise on this opportunity. While this grew business at the consolidated level, it also reduced our dependence on Gujarat as our critical growth catalyst. So, while Gujarat accounted for almost 100% of our total disbursements in 2014-15, its share in the disbursement pie declined to about 50% on a consolidated basis and 38% in the Microfinance segment in 2017-18. Our Gujarat portfolio as a percent of our total portfolio will continue to decline in the coming years as we continue to execute our strategy to shift from a regional player to a national one.

These subtle yet strategic shifts, I believe, will make profitable business growth sustainable over the medium and long term.

There were other players who have faced issues in the MSME space leading to significant NPAs. What is your competitive advantage?

There are a number of factors, which I feel have contributed to our success.

One, most other non-MFIs are largely urban-focused, while we have concentrated our presence only in rural locations.

Two, we leverage local knowledge by splitting our credit appraisal team both at a branch level and head-office level. This helps us with a good cash-flow analysis of the customers at the ground level, while also ensuring proper standards and controls at the division level.

Three, our differentiated credit appraisal system helps in securing only quality assets. Our rejections rate for MSME applications is around 70%, and we are essentially cherry-picking the best clients to build a strong foundation for our new MSME segment.

Four, our discipline of constantly staying in touch with customers (face-to-face collections). This facilitates an understanding of the on-ground realities of our customers and proactively aligning with them.

Five, our low reliance on using our existing rural microfinance customers to cross-sell MSME loans. While this may sound counter-productive, our goals for MSME is to target customers which are one-step above the bottom-of-pyramid segment. While many of our peers are using their existing microfinance book to sell large-ticket MSME products, we believe that many microfinance customers may not be able to absorb the larger ticket-size of MSME loans, which may create a quality issue in the future.

MSME comes in many flavours, and a wide range of loan sizes. We are trying something new, and so far, it seems to be working for us. This is not to say that it is not possible to face issues in the future. That is why we have taken a conscious decision to balance growth and conservatism.

How are you building up on these initiatives?

We are working on expanding our opportunity canvass over the coming years.

From a product perspective, we are widening our product basket further. We are also considering an extension of the MSME division to include LAP (Loan against Property) loans. While we were considering adding an affordable housing loan segment in FY 19, we believe it is prudent to wait until we have a better idea of the loan quality experience in this newly evolving loan sector.



542

Disbursement (₹ crore) in 2017-18 against our target of ₹500 crore

From a geographic standpoint, even as we continue to entrench our presence in North and East Uttar Pradesh, we are testing the microfinance opportunity in two new states namely Uttarakhand and Rajasthan. We have already opened two new branches in Uttarakhand through our UP operations and plan on slowly entering Rajasthan through our MP operations. In the MSME segment, we have started expanding into MP, and will create a strong foothold in that state during FY 19. If successful, these States will contribute significantly to our future growth.

Could you give some more colour to your LAP vertical?

These will be high ticket loans initially ranging between ₹2 lakh to ₹5 lakh secured against property in rural locales. We would be targeting customers who feature in the MSME category or a step above. Basically, we would be focusing on people with well-established businesses but currently unbanked. This venture would help in making our MSME branches more productive and profitable.

How do you plan to leverage your geographic expansion for other verticals?

Our businesses are closely interlinked from a knowledge perspective. Our microfinance is our turf testing tool. We use this vertical to widen our geographic horizon for important reasons – it provides us grass root information at the absolute micro level, the risk of failure is low (owing to the low ticket size) and it establishes our brand.

This is critical because the other high-ticket verticals (MSME and LAP) mandate in-depth on-ground information to establish a presence in any state. So even as our microfinance business covers 4 states (technically 5 if you include our 2 branches in Uttarakhand through our UP operations), our MSME business is only operational in Gujarat and marginally in Madhya Pradesh. We will extend this business further in Madhya Pradesh in the coming year and to other states beyond, wherever we enjoy an entrenched presence.

How are you planning to secure the funding for your growth aspirations?

We received an equity infusion from SAIF Partners, one of the most reputed private equity investment managers in India. They have invested ₹50 crore in the form of CCD which, along with accrued interest, will convert into ordinary equity share after 18 months for a net investment of about ₹57 crore after 18 months. This fresh Tier I capital will be used to decrease risk and increase our RBI mandated CAR ratio, which will allow us to leverage more and increase our loan book. With regard to debt, we hope to raise funds through a variety of sources which includes Public and Private Banks, Financial Institutions, Loan Assignments and Securitisation, Foreign and Domestic NCDs, etc.

What steps have you taken to leverage the digital platform to strengthen business operations?

Even as we continued to ramp up our branch network from 93 as on March 31, 2017 to 127 as on March 31, 2018, we strengthened our IT backbone with a new ERP software, E-FIMO, which promises to improve business efficiency, employee productivity and provide host of information real-time for more informed business decisions. This new software will give real-time information and interaction to the field staff in the palm of their hands through mobile-phones. On the field, I am happy to mention that in March 2018, 76% of our disbursement in microfinance was cash-less, and 100% was cash-less in 2-wheeler and MSME. We plan to increase Microfinance to 100% as well by the second quarter of FY 19.

What can shareholders expect during the current year?

What lies ahead is exciting and challenging. For while we fortify our core microfinance business, we will work on growing our new flanking verticals. For while we strengthen the core of our business model, we will endeavor to make our business operations increasingly flexible. For while we expand our horizon to new opportunities, we will focus on coming closer to our customers. And in doing so, we are confident of growing shareholder value.

Looking forward to in 2018-19

Microfinance segment

- Strengthen presence in selected parts of this large space
- Establish a meaningful presence in Rajasthan and a small presence in Uttarakhand
- Intensify the use of the digital platform for faster and accurate processing – thereby enhancing the value-proposition for the customer

Other verticals

- Continue growing in the 2-wheeler segment by offering a competitive product in the most customer-friendly manner.
- Grow the MSME vertical by widening geographic coverage and increasing product awareness
- Create the LAP vertical with the necessary infrastructure and resources and spread awareness of the products.

Indian economy

What initially appeared to be a year of despair and gloom, turned out to be one of healthy growth which ended on a promising note.

In many ways, 2017-18 was a defining year for the Indian economy. India completely reset its indirect tax system to a comprehensive GST while still experiencing the impact of the demonetisation shock of November 2016. Call them disruptions or structural reforms, the result of these two reforms was evident as India's GDP growth dipped to 6.7% in 2017-18 against 7.1% in 2016-17.

The GDP growth rate tumbled down to 5.6% and 6.3% in Q1 and Q2 of the year due to the prolonged impact of demonetisation.

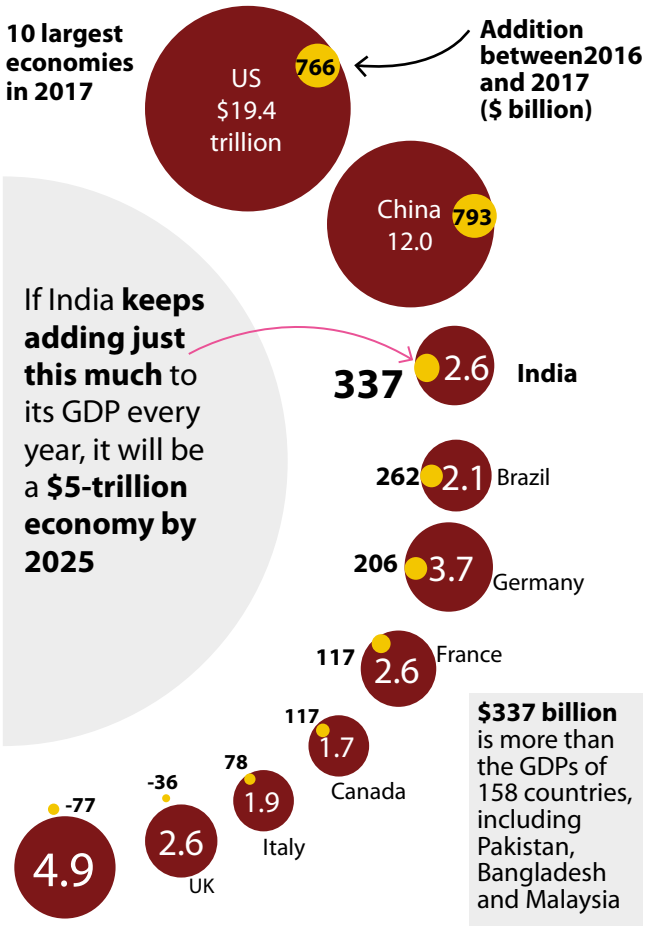
Interestingly, India has been able to shrug off the blues as she registered a GDP growth of 7.0% for Q3 of 2017-18 followed by a growth of 7.7% in Q4 of 2017-18 (the highest in any quarter since demonetistion).

Despite a lackluster performance of the industrial sector in the first half of 2017-18, the IIP registered a robust growth in the second half. Moreover, consumer inflation moderated to a five-month low in March, providing a double boost to the economy and the government. High industrial growth suggests a strengthening economic recovery while lower inflation reduces the chances of the Reserve Bank of India raising interest rates soon.

Estimates for tomorrow: The emerging narrative on the Indian economy, spelt out by the Economic Survey 2017-18 and reaffirmed by the World Bank and credit rating agencies, is of one that has shrugged off the blues and India is set to achieve a 7.3% growth in 2018-19 and progress even higher thereafter.



INDIAN ECONOMY TO DOUBLE TO $5 TRILLION BY 2025



Growing faster than France & Germany combined
India added $337 billion to its GDP in 1 year, which is more than the $323 billion growth jointly clocked by the two European powers.

How fast does India need to grow annually to be $5 trillion in 7 years?

4.7%
at constant prices with 5% inflation and no changes in exchange rate

9.7%
at current prices and no changes in exchange rate

15.3%
at constant prices if rupee depreciates as much as it did in the past 7 years

The highs…

- India emerged as the most competitive country in South Asia, appearing at No. 40 in the global competitiveness ranking of 137 countries by the World Economic Forum.
- India jumped up by 30 notches into the top 100 rankings on the World Bank's 'ease of doing business' index, consequent to major improvements in indicators such as resolving insolvency, paying taxes, protecting minority investors and getting credit.
- India topped management consulting firm AT Kearney's 2017 Global Services Location Index for the eighth consecutive year and extended its lead over other countries from 0.47 last year to 0.76 in 2017.

…and lows!

- India Inc. and the average Indian took time to realign themselves to the new GST regime which took a toll on the Indian economy in general and the industrial sector in particular.
- The banking sector was plagued with rising NPAs which thwarted their ability to support growth initiatives; the recent scams also cast a dark shadow on the fragile nature of the banking system.

India and cash

The Reserve Bank of India and banks annually spend around ₹21,000 crore (US$3.5 billion) in currency operations costs.

The scale of this burden is unique to India considering that it is among the most cash-intensive economies in the world with a cash-to-GDP ratio of 12% (March 31, 2017), almost four times as much as other markets such as Brazil (3.93%), Mexico (5.3%) and South Africa (3.73%).

There are many reasons why India has to pay such a high price for its payments. One, is the need to frequently reissue notes due to poor handling — low-value notes have to be replaced in less than a year. Two, is the need to frequently upgrade security features and replace old notes. There is a huge cost in pulling old notes out of circulation and replacing them. India also has unique issues in logistics and in some places the currency notes have to be transported by helicopter.



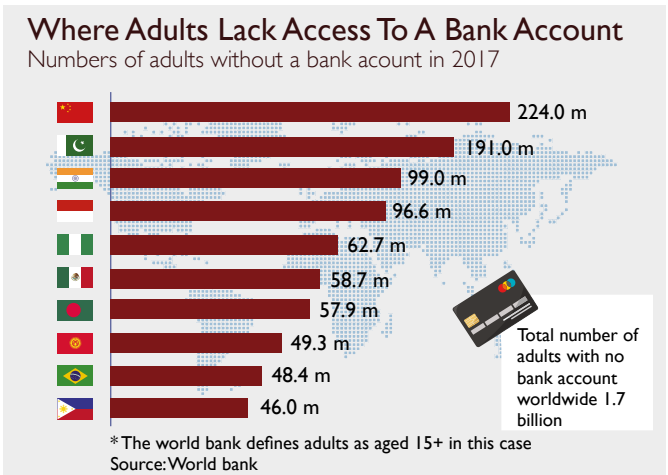
India: Evolving from cash to a less-cash economy

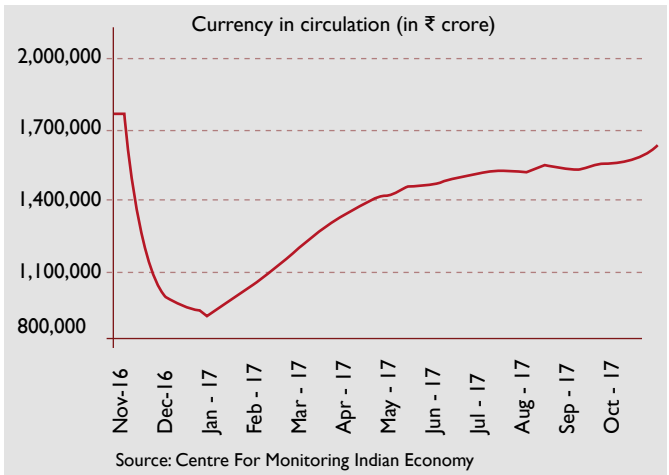
Demonetisation did rock the boat last November, but India's love affair with cash is well and truly back on track.

In fact, the romance has returned with such vigour that the currency with the Indian public at the end of October 2017 stood at Rs15.48 lakh crore, as the latest data available with the Reserve Bank of India (RBI) shows. That's only about 9% less than the Rs16.98 lakh crore the public held on Oct. 14, 2016, only a few weeks before demonetisation.

The Central Government's move to render two high-value currency notes illegal has done little to reduce India's dependence on cash. The government's key rationale for demonetisation was to curb the circulation of black money and making India's economy less cash-dependent.

This led to a spurt in digital transactions, but only temporarily. For the growth in electronic payments is declining and going back to the pre-currency ban levels. The only long-term gain (of demonetisation) is probably the less use of cash.





Women and work

1) The statistical reality

In India, women are less likely to work than they are in any other country in the G20 (except for Saudi Arabia). They contribute one-sixth of the economic output, among the lowest shares in the world and half the global average. The unrealised contribution of women is one reason for India remaining so poor.

As opposed to joining the labour force, women have been falling away at an alarming pace. The female employment rate in India, counting both the formal and informal economy, has tumbled from an already-low 35% in 2005 to just 26% now. In that time the economy has more than doubled in size and the number of working-age women has grown by a quarter, to 470million. Yet nearly 10 million fewer women are in jobs.

A rise in female employment rates up to the male level would provide India with an extra 235 million workers, more than the EU has of either gender, and more than enough to fill all the factories in the rest of Asia.

Were India to rebalance its workforce in this way, the IMF estimates, the world's biggest democracy would be 27% richer.

Women who work are likelier to invest more in their children's upbringing, and to have more say over how they lead their lives.

2) The real perspective

Women's participation in work is an indicator of their status in a society.

Where women's work participation rates are relatively low, it is safe to say that the surrounding society isn't giving women the capacities, opportunities and freedom to engage in productive work, nor recognising the vast amount of work performed by women as unpaid labour.

Estimates of employment in India are based on surveys conducted periodically (not every year) by the National Sample Survey Office (NSSO). However, this definition of employment excludes some important activities that are definitely work (sometimes very hard work) and contribute critically to the economy, but are not recognised as such by the surveys – or by policymakers and society.

In India's NSSO definition, one category excluded from employment (and therefore even from being counted in the labour force) is code 92: those who "attended to domestic duties only". That includes all the activities that constitute the care economy, that is looking after the young, the sick and the elderly as well as other healthy household members, cooking, cleaning and provisioning for the family, and so on. Another category excluded is code 93: those who "attended to domestic duties and were also engaged in free collection of goods (vegetables, roots, firewood, cattle feed), sewing, tailoring, weaving, etc for household use".

What has happened is not a decline in women's work participation, but a shift from recognised work to unpaid work. If such women are actually counted among workers, as indeed they should be with the new definition adopted by the ILO in 2014, then the picture changes completely.

Women's workforce participation rate in 1999-2000 increases to a whopping 89% in rural areas, and only declines to 85% in 2011-12 (a decline that can be completely explained by more enrolment in education among the 15-24 age group). In urban areas, the participation rate increases to 81% in 1999-2000 and remains around the same at 80% in 2011-12.

So what has actually happened is not a decline in women's work participation as such, but a shift from paid or recognised work to unpaid work. This is a dispiriting shift, because it is also typically associated with women's and girls' loss of agency and bargaining power within the family.

The invisibility of such women workers is appalling because such work is essential to the survival of society and provides a huge and unnoticed subsidy to the "formal" economy.

It is also inefficient and unjust, and adds significantly to the relational inequalities that are so entrenched in the Indian society. It disempowers even paid women workers, since what women do is undervalued, and contributes to large gender gaps in wages. And it allows policymakers to forget about the conditions of hundreds of millions of workers on whom the entire economy depends.

89%

of Arman's customers are women of which, 84% are located in rural areas and are using our loans for income generating activities to increase household income.

Microfinance sector

In India particularly, microfinance has reached an important inflection point. Many larger MFIs have transformed into Small Finance Banks and will have access to deposits, which theoretically, will allow them to reduce their costs of borrowings, and provide greater operational leverage.

FinTech is reshaping financial services and particularly the MFI sector in many ways. New age players are disrupting the micro-credit segment using digital data and technology. Some MFIs are making transformative changes in the ecosystem by embracing technology, establishing enduring partnerships, diversifying product portfolio and moving beyond the traditional group lending model. However, the viability of such models remains to be seen.

Going forward, MFIs will need to initiate strategic transformation in key areas of business:

(i) MFIs will need to broaden their range of loan products to include MSME, housing loans, clean energy loans, working capital loans, as well as other financial products such as micro-insurance. This will necessitate diversifying the customer segments from the current group-lending segment to adjacent and more affluent individual segments.

(ii) As the loan process gets unbundled, the MFI industry will witness technology becoming an integral part of the microfinance ecosystem. New age players will use data, algorithms, and possibly machine learning to help MFIs with digital on-boarding and more efficient credit assessment.

(iii) MFIs will need to build strong partnerships to offer more products and services and enhance efficiencies.

(iv) MFIs will need to look at models that enable relaxation of formal group liability, although the group structure will continue to facilitate interaction and offer incentives for peer support

(v) With the advent of mobile-wallets and electronic-money, financial literacy has become dependent on digital literacy and MFIs will need to invest in technology and establish a strong mobile presence through interactive applications

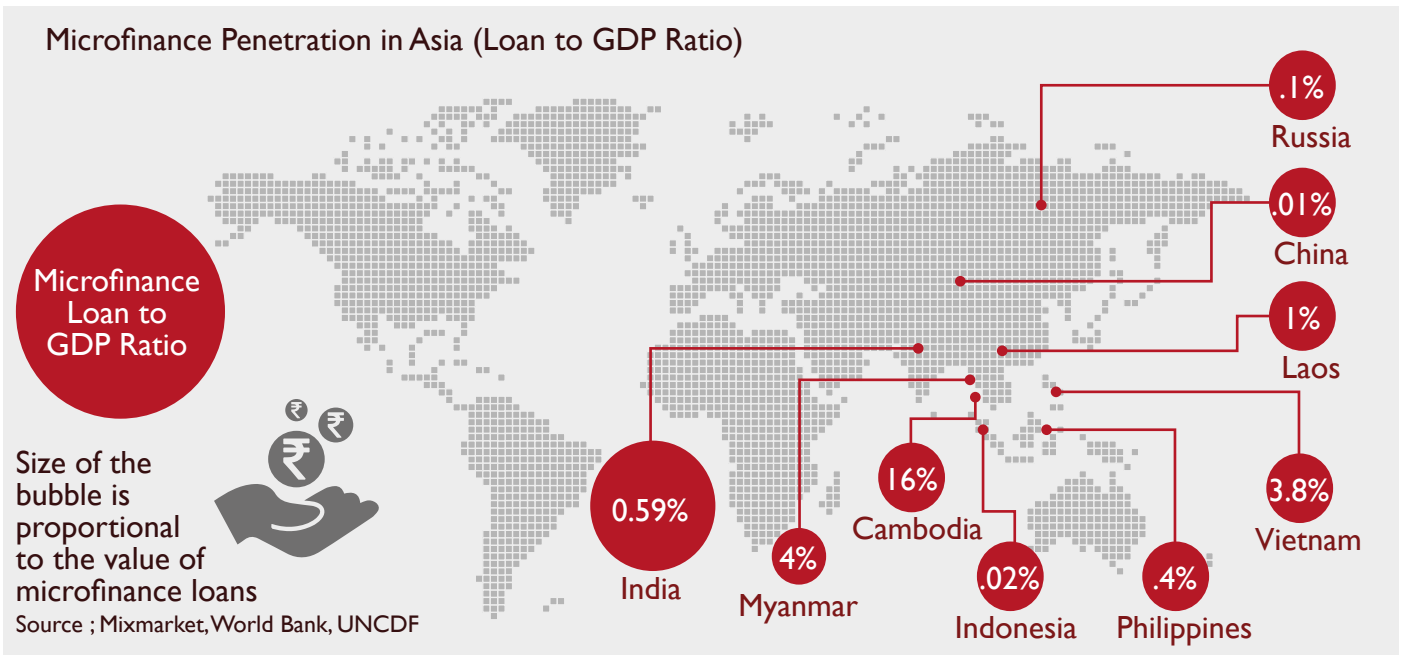
vi) MFIs will need to take digital initiatives which are aimed to provide competitive advantage and customer delight. MFI also need to take big tech strides towards cashless transaction which will increase ease of doing business.

Performance in 2017-18

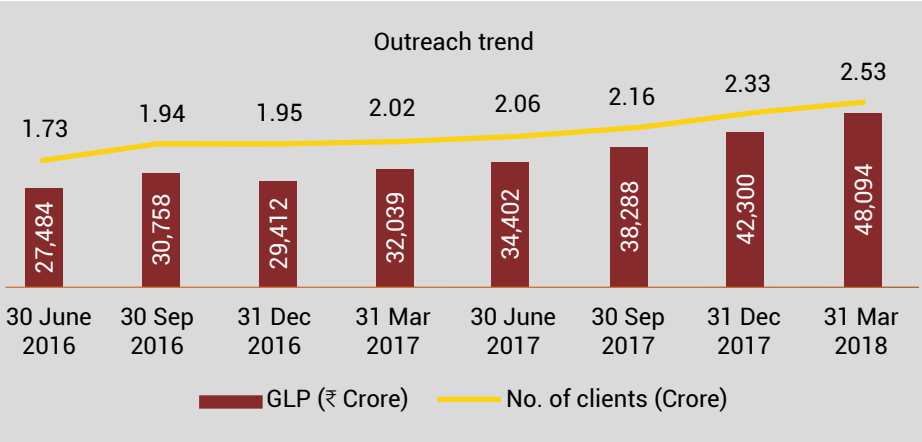
On the basis of the data reported by lending institutions as on 31 March 2018, the microfinance industry has total loan portfolio (i.e. loan amount outstanding) of ₹1,36,633 crore. This represents a growth of 27% over FY 16-17.

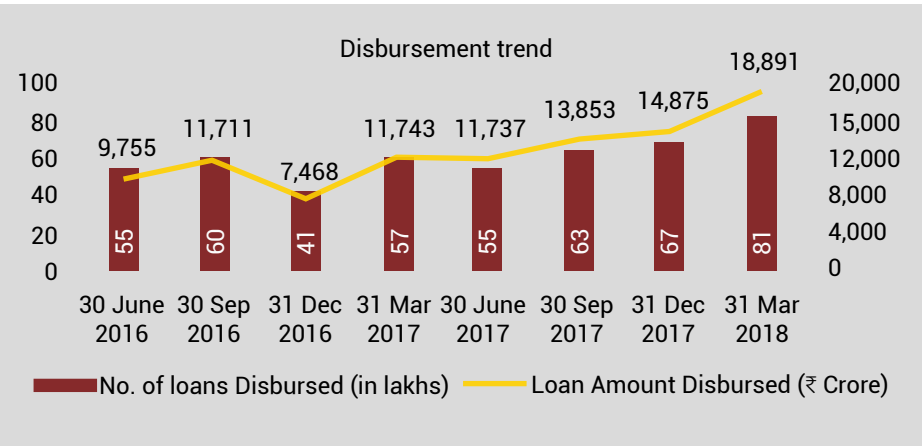
As of 31 March 2018, banks hold the largest share of portfolio in micro-credit, with total loan outstanding of ₹50,418 crore. This includes both direct lending as well as indirect lending through BC partnerships. Banks thus account for almost 38% of the total micro-credit universe.

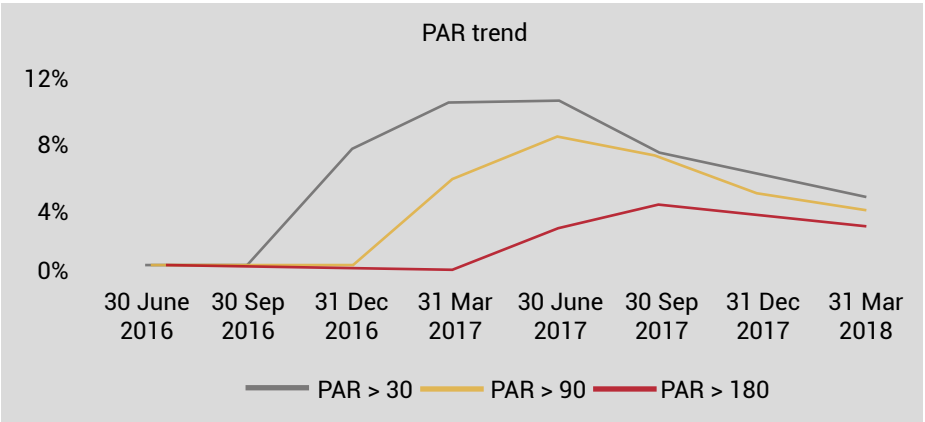
NBFC-MFIs as a group remain the second largest providers of micro-credit with a loan amount outstanding of ₹44,892 crore (excluding BC portfolio channeled through NBFC-MFIs), accounting for 28% of total industry portfolio (i.e. loan amount outstanding).



The NBFC-MFI segment has successfully overcome the significant disruption caused by the demonetisation drive, registering a smart jump in business and a sharp recovery in business efficiency reflected in improved collections and declining NPAs from September 2017. Average loan outstanding per account was ₹19,031 representing a growth of 20% over FY 16-17.







Microfinance in Asia: A Mosaic

The financial inclusion movement in developing economies, especially that of Asia and South- East Asia, is gaining momentum. This isn't without reason. In Asia alone, fewer than 27% of adults have an account in a formal financial institution and only 33% of enterprises report having a line of credit or loan from a financial institution. It is in this context that the importance of Microfinance in enabling developing economies to foster the climate of Financial Inclusion gets underlined.

	2017-18	2016-17	Growth (%)
Branches	10,077	8,032	25
Employees	82,004	65,839	25
Clients (crore)	2.53	2.02	25
Loan account (crore)	2.80	2.30	22
Gross loan portfolio (₹ crore)	48,094	32, 039	50
Loans disbursed during the year (crore)	2.68	2.14	25
Loans amount disbursed during the year (₹ crore)	59,629	39,986	49

Business overview

"The whole is more than the sum of parts."

Aristotle

This holds true for Arman. With each passing year, the success of each revenue vertical scales the Arman brand a few notches higher.

The success of every business vertical makes the Arman brand larger than its competitors.

Arman, a category 'A' Non-Banking Finance Company (NBFC), operates primarily in the unorganised and underserviced segment of the economy and mostly serves niche markets.

With more than two decades of experience in lending, the Company is making an important contribution in the India's financial inclusion across 5 states in India.

The USP of the Company's business model is very close customer interaction and relationships and a deep understanding of customer needs which enables it to align its offering with customer needs and bring in high operating efficiencies within the system. What separates Arman from banks and other NBFCs is the last mile credit delivery system.





Business segment 1

Micro finance

PRESENCE

5
States covered

53
Districts covered

1,98,751
Customers

PERFORMANCE

400.06
Disbursements, 2017-18 (₹ crore)

52.72
Revenue, 2017-18 (₹ crore)

287.46
Assets under Management, 2017-18 (₹ crore)

1.13%
Gross NPA, 2017-18

PRODUCTIVITY

485
Customers per field officer, 2017-18

94.24
Disbursement per field officer, 2017-18 (₹ lakh)

12.42
Revenue per field officer, 2017-18 (₹ lakh)

99.42%
Collection efficiency for microfinance of loans post-demonetisation

Business overview

This is the flagship division of the Company accounting for more than 66% of the Company revenue. The Microfinance business is operated thru Arman's wholly owned subsidiary, Namra Finance Ltd., which is a licensed NBFC-MFI.

The Company provides unsecured loans exclusively for income-generating activities to women of economically poor and socially neglected communities in 53 districts in five states of India.

As a locational discipline, the Company focuses on establishing its presence in small rural pockets that are largely uncluttered with an MFI presence, but which enjoy a culture of financial discipline.

The Company's institutionalised process, discipline, and robust credit filters facilitate in maintaining asset quality. In addition, the Company's stringent disbursement discipline helps in avoiding over- leverage to any particular client – enabling superior collection efficiency.

Business performance, 2017-18

It was the best year for the Microfinance business as the Company made up for the business loss consequent to the demonetisation drive. Disbursements during the year increased by 152%, from ₹159.00 crore in 2016-17 to ₹400.06 crore in 2017-18. Consequently, revenue increased by 42%, from ₹37.02 crore in 2016-17 to ₹52.72 crore in 2017-18 and the AUM jumped by 132%, from ₹123.88 crore as on March 31, 2017 to ₹287.46 crore as on March 31, 2018. Number of active customers increased from 1,02,716 as on March 31, 2017 to 1,98,751 as on March 31, 2018, a 94% increase.

Fiscal 2017-18 was particularly important owing to the Company's success in Uttar Pradesh. The Company was able to make significant inroads in this state and capitalised on the vacuum created due to some MFIs reducing their exposure in this area. The Company strengthened its presence by adding 19 branches and recruited a local and experienced team which facilitated in accurate area and client selection. In keeping with its conservative approach, the team tightened its appraisal norms, kept the loan size small (average loan size was about ₹20,177 per customer) and maintained 100% cash-less disbursement. These factors helped in achieving a Portfolio-At-Risk Greater Than 30 Days (PAR-30) of 0.68% from this state.

To improve collection efficiencies, the Company created a dedicated recovery team for collection of demonetisation related overdue amounts. This step yielded heartening returns – the team recovered ₹82.81 lakh out of the written off loans during 2017-18. In addition, the Company tested the microfinance opportunity in two new states namely Uttarakhand (through it Uttar Pradesh operations) and will also be foraying into Rajasthan (through its Madhya Pradesh presence) in the coming fiscal year.

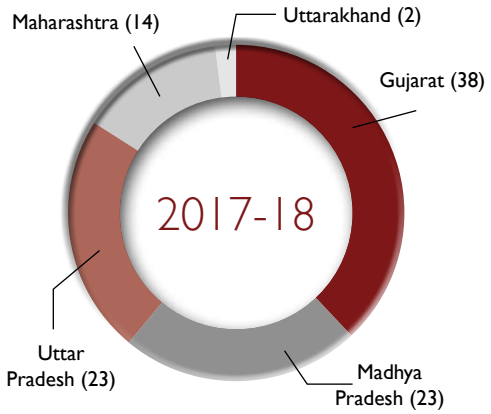
Business priorities

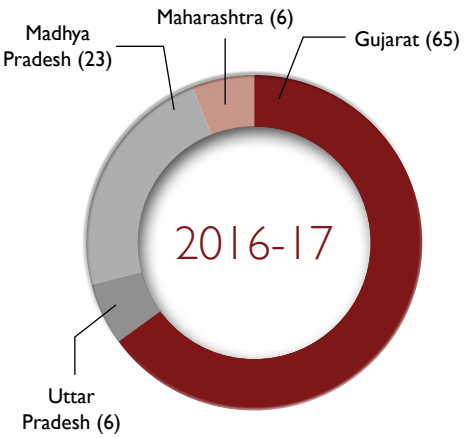
The Company is focused on maintaining a 50% annual growth in this business. Towards this end, it has drawn a strategic road map that could facilitate in achieving its growth aspiration

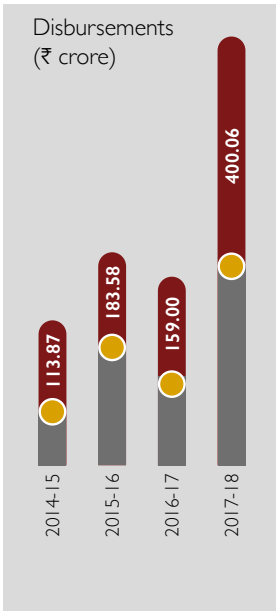
- Establish a meaningful presence in new states – Rajasthan and Uttarakhand
- Strengthen presence in the other pockets of Uttar Pradesh and Maharashtra

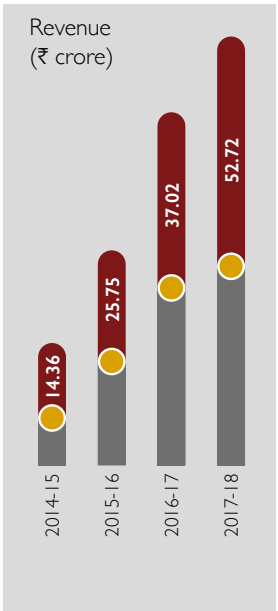
In addition, the Company plans to leverage digital solutions to improve field officer productivity and optimise the turnaround time between loan application and disbursement.

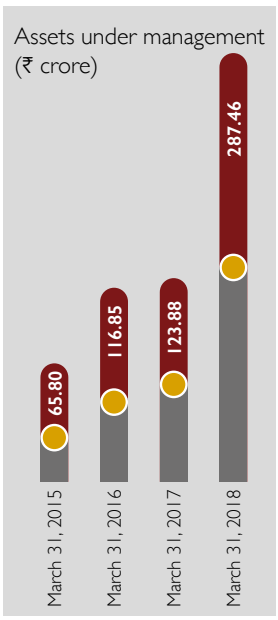
Microfinance AUM distribution (%)











Business segment 2

2-wheeler finance

PRODUCTIVITY

1
States covered

12
Districts of presence

60
Dealer associations

34,061
Customers

PERFORMANCE

92.29
Disbursements, 2017-18 (₹ crore)

20.39
Revenue, 2017-18 (₹ crore)

90.01
Assets under Management, 2017-18 (₹ crore)

PRODUCTIVITY

524
Customers per field officer, 2017-18

133.88
Disbursement per field officer, 2017-18 (₹ lakh)

31.37
Revenue per field officer, 2017-18 (₹ lakh)

Business overview

This is the oldest business vertical for the Company which is concentrated in Gujarat. Over the years, the Company established its competence through a growing presence in a number of towns and cities in this state.

While the Company does have six branches for this business, majority of the vehicle finance business works from the dealerships. The Company secures business from about a network of about 60 dealers; the customers are attended to by the Company's staff present at the dealer offices.

In this urban centric, highly-competitive, cash-less business, the Company has been able to sustain its growth owing to its value-proposition comprising flexibility in terms of loan tenure, initial down payment, processing fees, instalments and service speed.

Business performance, 2017-18

The vehicle finance business registered a healthy growth in disbursements and revenue. While disbursements and AUM grew by 13% and 17%, respectively, over the previous year, revenue increased by 24% over the same period. During the year, the Company implemented important initiatives that catalysed growth:

- Reduced the interest rates in line with competitive pressure
- Revamped its dealership network aligning with its growth aspiration
- Recruited experienced members to its sales force which aided in driving growth

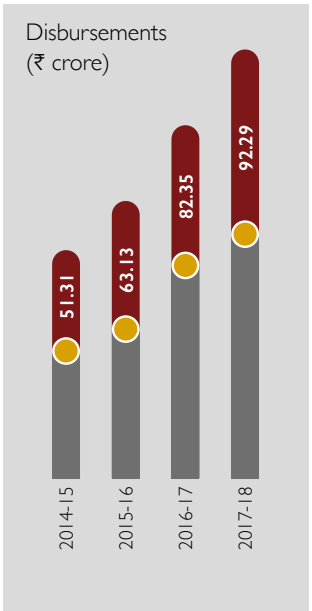


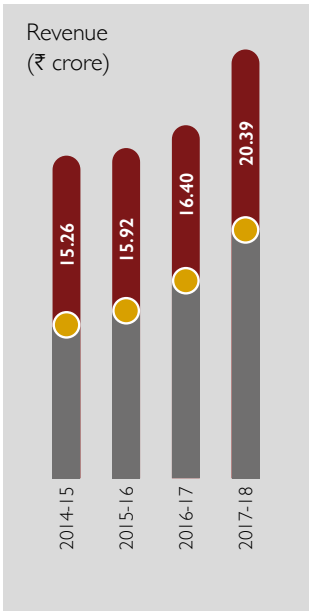
13.62

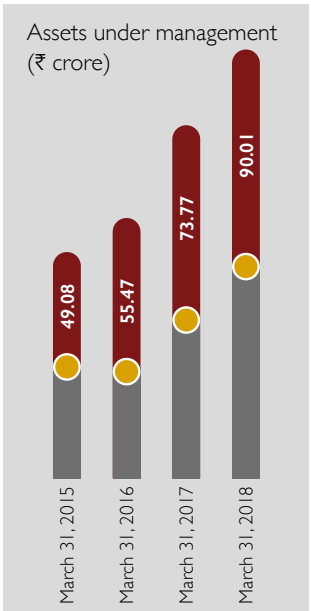
Business achieved in the Diwali period (₹ crore) was significantly higher than expected.

Business priorities

While concentrating its presence only in Gujarat to leverage its local presence and its healthy relations with its dealers, the Company will continue to sustain a double-digit growth. To improve customer experience, the Company plans to leverage the digital platform to accomplish its aim of providing service at its customer's finger tips.







Business segment 3

MSME

PRESENCE

2
States covered

15
Branches

12,113
Customers

PERFORMANCE

52.67
Disbursements, 2017-18 (₹ crore)

6.93
Revenue, 2017-18 (₹ crore)

46.12
Assets under Management, 2017-18 (₹ crore)

PRODUCTIVITY

231
Customers per field officer, 2017-18

100.33
Disbursement per field officer, 2017-18 (₹ lakh)

13.19
Revenue per field officer, 2017-18 (₹ lakh)

Business overview

This is the newest business vertical for the Company and one we hope will become a major vertical after the Microfinance division.

MSME venture is an extension of microfinance. So far, these are individual non-group unsecured loans, and we are working to expand this division to include secured LAP loans as well during the coming fiscal year. This venture provides financial support to small and medium enterprises operating in rural India, which was hitherto deprived of formal funding options. As a start, the Company established its presence in Gujarat and Madhya Pradesh, disbursing loans with ticket sizes ranging between ₹40,000 and ₹150,000, within the non-salaried rural segments. In addition to leveraging local knowledge to ascertain prospective opportunities and worthy clients, the Company has institutionalised robust operational systems with multi-level checks and balances to ensure good quality assets.

As this vertical is new, the Company is taking an extremely conservative approach, with customer rejection rates between 60-70%. The Company's USP is collection from its customer's door step, which facilitates regular contact with customers.

Business performance, 2017-18

This business registered healthy growth as the team widened its business operations and intensified its product awareness. The Company opened 10 branches in Gujarat and Madhya Pradesh which added 11363 customers. In the first full year of operations, this vertical registered disbursement of ₹52.67 crore and generated revenue of ₹6.93 crore. Despite currently being a small vertical, this venture holds the potential to emerge as an important business and profitability driver over the medium term.



6.93

Net interest income (₹ crore) from this business in 2017-18

Business priorities

Increasing focus on the Make in India drive is fuelling the aspiration of the middle and small enterprises to grow their business. The Company is focused on capitalising on this optimism by strengthening its penetration in existing states even as it continues to widen its presence in states in which it is operating for its microfinance business.



Risk management

"The biggest risk is not taking any risk."

Mark Zuckerberg



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

Growth risk: The Company may not be able to sustain business growth going forward.

Mitigation: Arman has reported a healthy growth in its performance in 2017-18. To sustain its growth momentum, the management is creating avenues in existing verticals and is strategising on capitalising new opportunities:

- For the microfinance business, the Company plans to enter two new states namely Rajasthan and Uttarakhand which are contiguous to its existing coverage.
- For the MSME business, the Company plans to strengthen its presence in existing states even as it is strategising to establish its presence in new states.
- As a part of the MSME division, the Company is planning to initiate Loans against Property (LAP) which, over the coming years, promises to emerge as an important business and profitability driver.

Competition risk: Increasing competition from small finance banks could impact the Company's growth and profitability.

Mitigation: Arman's sustained growth over the years, despite intense competition is owing to its de-risking strategy – to establish a presence in areas that are un-served or under-serviced by the financial sector. As a further de-risking, the Company is creating other niche



revenue verticals, hitherto uncluttered by competition, leveraging its expertise in financial services and local knowledge. These should facilitate in reducing the overdependence of the Company's growth on the microfinance vertical. The Company continues to adapt and explore new niche rural products for the rising Indian masses.

Geographic concentration risk: Overdependence on a particular state for business growth could be detrimental.

Mitigation: Arman has moved beyond its historic stronghold of Gujarat and into other neighbouring states. Currently, the Company's operations are spread across 3 divisions and 5 states. While this geographic expansion widens the opportunity canvass for the Company, it also reduces the dependence on any one state for business growth. Few years ago, Gujarat accounted for more than 85% of the consolidated disbursements; today that proportion has declined to a little over 50%, even as business from each state continues to grow. In our largest division, Microfinance, AUMs in Gujarat have declined from 65% in Fiscal 16-17 to 38% in Fiscal 17-18. This trend will continue as we explore other states as a part of our Pan-India expansion strategy.

Funding risk: Securing the requisite funds would become essential for growing the business.

Mitigation: Arman's strengthening business model, widening presence and growing opportunities have attracted key investors to partner with the Company in its corporate journey. In 2017-18, the Company received a ₹50 crore equity infusion from SAIF Partners in the form of CCD's. This will allow the Company to increase its loan portfolio over the coming years while continuing to align with the RBI mandated CAR ratio. For debt funding, at the end of 2017-18 the Company had active loans from 28 varied and diverse institutions. This number continues to increase every quarter.

Service risk: maintaining service quality even as business continues to expand geographically and in scale could be a challenge.

Mitigation: At Arman, sustainable growth is the mantra. In keeping with this goal, the Company focuses on recruiting local knowledge proximate to its branch offices (but posted at least 50 km away) which brings on board in-depth knowledge on the people, their mind-set and hence the growth opportunity. More importantly, recruiting local residents facilitates in providing superior services to customers in the vicinity and help with local languages, and dialects. Arman has a strong policy for internal promotions, and prefers to recruit at a lower level. This ensures that managers at all levels understand ground realities and are capable of understanding situational challenges. Arman has a strong centralised training and customer grievance redressal system. In addition, the Company is leveraging the digital platform, which will facilitate in reducing the turnaround time between application and disbursement – strengthening its service quotient to its customers. This would also help in optimising cost of operations and improving business profitability.

Quality risk: Maintaining a superior asset portfolio is critical to business sustainability.

Mitigation: At Arman the passion for quality assets is reflected in its conservative business approach which focuses on profitable business growth as opposed to aggressive scale-led growth. This is one of the primary reasons that Arman was able to isolate, manage and recover quickly from the sectoral meltdown post the demonetisation drive. From an operational perspective, the reliance on local resources, use of data from multiple credit bureaus, a prudent mix of authority and responsibility at the field level and multi-level checks help in improving asset quality. This relentless pursuit of quality assets is reflected in a lesser-than industry net NPA and a healthy bottomline growth.



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CORPORATE INFORMATION

BOARD OF DIRECTORS

1. Shri Chinubhai R. Shah
   Chairman (upto 25.05.2018)
2. Shri Alok N. Prasad
   Independent Director (w.e.f. 01.08.2018)
   Chairman (w.e.f. 09.08.2018)
3. Shri Jayendrabhai B. Patel
   Vice Chairman & Managing Director
4. Shri Aalok J. Patel
   Executive Director
5. Shri Amitbhai R. Manakiwala
   Whole Time Director (upto 31.08.2017)
6. Shri Kaushikbhai D. Shah
   Independent Director
7. Smt. Ritaben J. Patel
   Director
8. Shri Aakash J. Patel
   Director
9. Shri Ramakant D. Nagpal
   Independent Director
10. Shri Mridul Arora
    Nominee Director (w.e.f. 12.04.2018)

BOARD COMMITEES

Audit Committee

Shri Kaushikbhai D. Shah
Chairman
Shri Chinubhai R. Shah (upto 25.05.2018)
Member
Smt. Ritaben J. Patel
Member

Stakeholders Relationship Committee

Shri Chinubhai R. Shah (upto 25.05.2018)
Chairman
Shri Kaushikbhai D. Shah
Member
Shri Jayendrabhai B. Patel
Member

Nomination and Remuneration Committee

Shri Ramakant D. Nagpal
Chairman
Shri Chinubhai R. Shah (upto 25.05.2018)
Member
Shri Kaushikbhai D. Shah
Member

CHIEF EXECUTIVE OFFICER

Shri 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
HDFC Bank Limited
The Federal Bank Limited
Oriental Bank of Commerce
AU Small Finance Bank Limited

DIRECTOR'S REPORT

Dear Members,

Your Directors have pleasure in presenting the **26th** Director's Report of your Company together with the Audited Financial Statement for the year ended on 31st March, 2018.

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	
	2017-18	2016-17	2017-18	2016-17
Total Revenue	80,03,47,585	53,59,44,111	27,31,96,179	16,57,75,976
Profit Before Interest and Depreciation	46,42,69,355	32,68,70,879	15,43,31,042	8,69,19,162
Finance Charges	36,26,07,844	22,52,46,066	10,84,86,332	4,80,01,495
Provision for Depreciation	37,32,412	29,42,396	10,71,855	11,06,664
Net Profit Before Tax	9,79,29,099	9,86,82,417	4,47,72,855	3,78,11,003
Provision for Tax	3,11,84,709	3,62,10,000	1,38,40,000	1,31,10,000
Deferred Tax (Asset)/Liability	(62,12,318)	(7,64,020)	(11,26,905)	(2,77,859)
Net Profit After Tax	**7,29,56,708**	**6,32,36,437**	**3,20,59,760**	**2,49,78,862**

2. OPERATIONS

Your Company is engaged in the business of Asset Finance, MSME and Microfinance. The Parent Company, Arman Financial Services Limited, is engaged in Asset Finance viz. two-wheeler finance and MSME; while the Microfinance business is managed through Arman's wholly owned subsidiary, Namra Finance Limited. The financial statements of both Arman and Namra, as well as the consolidated financials of Arman are included within the Annual Report.

Financial year 2017-18 was a remarkable year for the Company, in many ways. The first two quarters were defined by steady recovery after the demonetization event of November 2017. The last two quarters were of unparalleled growth in Disbursements, Assets Under Management (AUM), and Profits as well. The AUM of the Company increased from ₹192 crores to ₹424 crores, a 121% increase. Consolidated disbursements totaled ₹542 crores compared to ₹247 crores the previous year, a 119% increase.

In FY 2018, the Board and the Shareholders approved an equity infusion by a SAIF Partners managed fund. The deal was concluded in April 2018. The investment came in the form of Compulsory Convertible Debentures (CCDs), and will almost double the net worth of the Company on a fully diluted basis. The equity infusion will be used by the Company to increase the AUM, both with the proceeds and the higher leveraging allowable with the increased net worth.

Income from operations during the year under review was ₹80.03 crores against ₹53.59 crores for the previous year, resulting in an increase of 49%. Earnings before Interest & Taxes (EBIT) for the current year is ₹46.05 crores (₹32.39 crores in previous year) thereby resulting in increase of 42%. Net Profit after Taxes amounted to ₹7.30 crores (₹6.32 crores in previous year) thereby resulting in increase of 16% in the fiscal year.

3. DIVIDEND

Your Directors are pleased to recommend a Dividend of ₹1.00/- (Previous Year ₹1.00/-) per equity share of ₹10/- each (i.e. 10%) for the year ended 31st March, 2018, 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: ₹65,00,000/-
- 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 directors report.

6. CREDIT RATING

The Company's bank(s) / Financial Institute(s) facilities are rated by CARE Rating Limited. The Company continues to have rating CARE BBB for its working capital facilities and for long term borrowings, which indicates stable outlook regarding timely payment of financial obligations.

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. 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.

8. UNCLAIMED DIVIDEND & SHARES

During the year Company has transferred unclaimed dividend for the year 2009-10 of ₹ 1,73,168/- 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 1,13,681 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 2010-11 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 KMP

The Board of Directors consists of 8 members, of which

3 are Independent Directors and 1 is 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, Mrs. Ritaben Patel [DIN-00011818] and Mr. Aalok Patel [DIN-02482747] will retire by rotation at the ensuing AGM and being eligible, offer themselves for reappointment.

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.

Mr. Alok Prasad (DIN: 00080225) has been appointed as an Additional Director (Independent) for a period of five years with effect from 01.08.2018. Brief resumes of the directors being appointed / re-appointed form part of the Notice of the ensuing AGM.

During the year, Mr. Amit Manakiwala, Whole Time Director, has resigned from the Board of Director of the Company. The Board has accepted his resignation w.e.f. 31.08.2017 and also placed on record it's appreciation for the valuable service, advice and guidance rendered by Mr. Amit Manakiwala as a member of core management team for last 25 years.

Mr. Chinubhai R. Shah, 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 has accepted his resignation and placed on record its appreciation & deep gratitude for the valuable guidance and for uninterrupted leadership for last 24 years and acknowledges his integrity, fairness, astute leadership, keen insight and prudent judgment as a member of the Board.

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

1. Jayendra Patel – Managing Director and C.E.O.
2. Amit Manakiwala- Whole Time Director (upto 31.08.2017)
3. Aalok Patel – Executive Director & C.F.O. (upto 25.05.2018)
4. Vivek Modi – C.F.O. (w.e.f. 26.05.2018)
5. Jaimish Patel – Company Secretary & Compliance Office

12. MEETING OF THE BOARD & AUDIT COMMITTEE

The Board during the financial year 2017-18 met five times and Audit Committee met four times. All the recommendations made by the Audit Committee during the year were accepted by the Board. The details of the constitution and meetings of the Board and the Committees held during the year are provided in the Corporate Governance Report which forms part of this Annual Report.

13. NOMINATION AND REMUNERATION COMMITTEE

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

14. REMUNERATION POLICY

Remuneration to Executive Directors

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

Remuneration to Non-Executive Directors

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

15. PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

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

However, the information required pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(2) and 5(3) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, will be provided upon request. In terms of Section 136(1) of the Companies Act, 2013, the Report and Accounts are being sent to the Members and others entitled thereto,

excluding the information on employees' particulars which is available for inspection by the Members at the Registered office of the Company during business hours on working days of the Company up to the date of the ensuing Annual General Meeting. If any Member is interested in obtaining a copy thereof, such Member may write to the Company Secretary in this regard.

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

The Company has zero tolerance for sexual harassment at workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and no complaint has been received on sexual harassment during the financial year 2017-18.

17. DIRECTORS' RESPONSIBILITY STATEMENT

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

a) In the preparation of the annual accounts for the year ended on 31st March, 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 31st March, 2018 and of the profit and loss of the Company for the year ended on that date;

c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) The Directors have prepared the annual accounts on a going concern basis;

e) That the Directors have laid down internal financial controls to be followed by the Company and that the financial controls are adequate and are operating effectively; and

f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

18. DECLARATION BY INDEPENDENT DIRECTORS

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

19. 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. As per the recent amendment issued by Ministry of Corporate Affairs, ratification 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 2017-18. The Secretarial Audit Report is annexed herewith as "Annexure-3". The Secretarial Audit Report does not contain any qualification, reservation or adverse remarks.

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 to them with effective actions.
- Identify access and manage existing and new risks in a planned and coordinated manner with minimum disruption and cost, to protect and preserve Company's human, physical and financial asset.

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.

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

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

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 a preferential basis under Regulation 28(1) of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 and pursuant to shareholder's approval obtained in Extra Ordinary General meeting of the Company held on 29.03.2018.

  These CCDs will be converted into 18,90,417 ordinary equity shares of ₹10/- each on a following manner:
  a. 16,66,667 CCDs will be converted into 16,66,667 ordinary equity shares; and
  b. 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.

The Company has also obtained in principle approval

from the BSE Limited and National Stock Exchange of India Limited to issue and allot above mentioned CCDs.

- **Employees Stock Option Plan**
  During the FY 2017-18 Company has granted 97,500 stock options (of which, 59,050 stock options were granted to the employee of Namra Finance Limited, a wholly owned subsidiary) to the eligible employees of the Company / Subsidiary Company pursuant to 'Arman Employee Stock Option Plan 2016'. Particulars of Employee Stock Options granted during the year are given in "Annexure-5". Further, the Company has granted 9,000 stock options to the eligible employees of the Company / Subsidiary Company on 25.05.2018.

- **Reclassification of 'promoter and promoter group category' to 'public category'**
  Mr. Amit Rajnikant Manakiwala, Mrs. Himani Amit Manakiwala and Mr. Maulik Amit Manakiwala existing promoters have requested the Company to reclassify them from 'promoter and promoter group category' to 'public category' since:

  1) They are not holding more than 1% shares of the Company;
  2) They do not have any special rights in the Company through formal or informal arrangements;
  3) They do not directly or indirectly, exercise control over the affairs of the Company;
  4) They have neither any representation on the Board of the Company nor have any veto / special rights as to voting power or control over the Company;
  5) They will not act as Key Managerial Personnel of the Company.

  Board of Director has accepted their request to reclassify them from 'promoter and promoter group category' to 'public category'.

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. 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.

35. 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
(Exe. Director)
DIN: 02482747

Date: 09.08.2018
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

Details of Transaction are as follows:

SRN	Particulars	Amount (₹ in Lakh)
1	Name of the Subsidiary Company	Namra Finance Limited
2	Reporting period of the Subsidiary Company	31st March, 2018
3	Reporting Currency of the Subsidiary Company	INR
4	Share Capital	1517.50
5	Reserves & Surplus	2394.59
6	Total Assets	34778.92
7	Total Liability	30866.83
8	Investment	270.16
9	Turnover	5271.51
10	Profit Before Tax	531.56
11	Provision for Tax	122.59
12	Profit after Tax	408.97
13	Dividend	Nil
14	Extent of shareholding (in percentage)	100%

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

ANNEXURE-2

PARTICULARS OF REMUNERATION

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

i. The ratio of the remuneration of each director to the median remuneration of the employees for the financial year 2017-18:

Name of Director	Designation	Remuneration of the Directors for 2017-18 (₹ in Lakhs)	Ratio of remuneration of the Directors to the median remuneration of the employees
Chinubhai R. Shah	Chairman & Independent Director	1.50	0.86:1
Jayendra Patel	Vice Chairman & Managing Director	21.23	12.13:1
Amit Manakiwala*	Whole Time Director	5.55	3.17:1
Aalok Patel	Executive Director & C.F.O.	9.96	5.59:1
Kaushikbhai Shah	Independent Director	1.50	0.86:1
Ramakant Nagpal	Independent Director	0.70	0.40:1
Ritaben Patel	Non-Executive Director	1.13	0.65:1
Aakash Patel	Non-Executive Director	0.13	0.07:1

* resigned w.e.f. 31.08.2017

Note: Sitting Fees paid to Non-executive & Independent Directors 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	Percentage increase in remuneration
Chinubhai R. Shah	Chairman & Independent Director	21.95%
Jayendra Patel	Vice Chairman & Managing Director	23.00%
Amit Manakiwala*	Whole Time Director	24.57%
Aalok Patel	Executive Director & C.F.O.	27.53%
Kaushikbhai Shah	Independent Director	21.95%
Ramakant Nagpal	Independent Director	112.12%
Ritaben Patel	Non-Executive Director	79.37%
Aakash Patel	Non-Executive Director	N.A.
Jaimish Patel	Company Secretary	23.81%

* resigned w.e.f. 31.08.2017

iii. The percentage increase in the median remuneration of employees in the financial year 2017-18: **16.31%**

iv. There were **260** employees on the rolls of Company as on 31st March, 2018.

v. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

Average KMP salary increase: 24.73%, while average employees salary increase: 16.31%. 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 31ST MARCH, 2018

(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 31st March, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Company for the financial year ended on 31st March, 2018 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client – (not applicable)
g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

Based on our verification, we have observed that the SEBI regulations mentioned at (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 on Meetings of the Board of Directors, General Meeting and Dividend;
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 member's 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: 09.08.2018
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-A forms an integral part of this report.

ANNEXURE-A

To,
The Members,
Arman Financial Services Limited

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

Management Responsibility:

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

Auditors Responsibility:

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company or verified compliances of Laws other than those mentioned above. Wherever required, we have obtained the management representation about the Compliance of laws, rules and regulations and happening of events etc.
4. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

Date: 09.08.2018
Place: Ahmedabad

Pinakin Shah & Co.
Company Secretary,

Pinakin Shah
Proprietor
FCS: 2562; COP: 2932

ANNEXURE-4

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
AS ON FINANCIAL YEAR ENDED ON 31ST MARCH, 2018

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

I. REGISTRATION & COMPANY DETAILS

1.	CIN	L55910GJ1992PLC018623
2.	Registration Date	26.11.1992
3.	Name of the Company	Arman Financial Services Limited
4.	Category/Sub-category of the Company	Category: Company Limited by Shares Sub Category: Indian Non-Government Company
5.	Address of the Registered office & contact details	502-503, Sakar III, Opp. Old High Court, Off. Ashram Road, Ahmedabad-380014, Gujarat, India Ph: +91-79-40507000, 27541989 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	1402866	-	1402866	24.53	1357516	-	1357516	23.73	-0.8
B	Central /State Govt.(s)	-	-	-	-	-	-	-	-	-
C	Bodies Corporate	165400	-	165400	2.89	165400	-	165400	2.89	-
D	Banks/ FIs	-	-	-	-	-	-	-	-	-
E	Any Other	-	-	-	-	-	-	-	-	-
	Sub-total (A1):-	**1568266**	**-**	**1568266**	**27.42**	**1522916**	**-**	**1522916**	**26.62**	**-0.8**
(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)	**1568266**	**-**	**1568266**	**27.42**	**1522916**	**-**	**1522916**	**26.62**	**-0.8**
B	**Public Shareholding**									
(1)	**Institutions**									
A	Mutual Funds	394798	-	394798	6.90	-	-	-	-	-6.90
B	Financial Institutions/Banks	7408	-	7408	0.13	200	-	200	0.01	-0.12
C	Central /State Government(s)	-	-	-	-	-	-	-	-	-
D	Venture Capital Funds	-	-	-	-	-	-	-	-	-
E	Insurance Companies	-	-	-	-	-	-	-	-	-
F	Foreign Institutional Investors	-	-	-	-	-	-	-	-	-
G	Foreign Portfolio Investor	-	-	-	-	4720	-	4720	0.08	0.08
H	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
I	Others	-	-	-	-	-	-	-	-	-
	Sub-Total (B1)	**402206**	**-**	**402206**	**7.03**	**4920**	**-**	**4920**	**0.09**	**-6.94**

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	236473	34000	270473	4.73	170639	30700	201339	3.52	-1.21
B	Individuals									
	(i) Individuals holding nominal share capital upto 2 lakh	1655091	406040	2061131	36.03	1597869	275740	1873609	32.75	-3.28
	(ii) Individuals holding nominal share capital in excess of 2 lakh	1118840	-	1118840	19.56	1677688	-	1677688	29.33	9.77
C	Non-Resident Repatriates	4396	-	4396	0.08	4171	-	4171	0.07	-0.01
D	Non Resident Non Repatriates	39678	-	39678	0.69	113954	-	113954	1.99	1.30
E	Clearing Members	125424	-	125424	2.19	58501	-	58501	1.02	-1.17
F	Others (Non Resident Indians)	110765	19000	129765	2.27	135700	13700	149400	2.61	0.34
G	IEPF Authority	-	-	-	-	113681	-	113681	1.99	1.99
	Sub-Total (B2)	3290667	459040	3749707	65.55	3872203	320140	4192343	73.29	7.74
	Total B=(B1)+(B2)	3692873	459040	4151913	72.58	3877123	320140	4197263	73.38	0.80
	Total (A+B) :	**5261139**	**459040**	**5720179**	**100.00**	**5400039**	**320140**	**5720179**	**100.00**	**-**

Note: Above details excludes 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	5.04	-	288522	5.04	-	-
2	Aakash Patel	278830	4.87	-	278830	4.87	-	-
3	Aalok Patel	247809	4.33	-	247809	4.33	-	-
4	Jayendra Patel -HUF	196000	3.43	-	196000	3.43	-	-
5	Namra Holdings & Consultancy Services LLP	165400	2.89	-	165400	2.89	-	-
6	Rita Patel	296674	5.19	-	296674	5.19	-	-
7	Amit Manakiwala	44231	0.77	-	13244	0.23	-	-0.54
8	Himani Manakiwala	50000	0.87	-	35637	0.62	-	-0.25
9	Maulik Manakiwala	800	0.01	-	800	0.01	-	-

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

c. Change in Promoters' Shareholding

SRN	Promoter's Name	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	Amit Manakiwala				
	At the Beginning of the year	44231	0.77	44231	0.77
	Sale-06.06.2017	2808	0.05	41423	0.72
	Sale-08.08.2017	4440	0.08	36983	0.65
	Sale-09.08.2017	11050	0.19	25933	0.45
	Sale-17.08.2017	4730	0.08	21203	0.37
	Sale-18.08.2017	2484	0.04	18719	0.33
	Sale-16.11.2017	5475	0.1	13244	0.23
	At the end of the year			13244	0.23
2	Himani Manakiwala				
	At the Beginning of the year	50000	0.87	50000	0.87
	Sale-20.11.2017	4992	0.08	45208	0.79
	Sale-21.11.2017	5000	0.09	40208	0.7
	Sale-14.02.2018	3000	0.05	37208	0.65
	Sale-15.02.2018	1571	0.03	35637	0.62
	At the end of the year			35637	0.62

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	Reliance Capital Trustee Co. Ltd	Mutual Fund	394798	6.90		
	Less: Market Sale		394798	6.90	Nil	-
2	Mukul Agrawal	Public	207303	3.62		
	Add: Market Purchase		367697	6.43	575000	10.05
3	Babulall Dugar	Public	135815	2.37	135815	2.37
4	Vinod Kumar Dugar	Public	91730	1.60	91730	1.60
5	Avinash P Wadhwa	Public	90099	1.58		
	Add: Market Purchase		29901	0.52	120000	2.10
6	Bharati Jain	Public	84953	1.49		
	Less: Market Sale		1813	0.04	83140	1.45
7	Janki Devi Khandelwal	Public	75855	1.33		
	Add: Market Sale		75855	1.33	Nil	-
8	Rahul Kayan	Public	56185	0.98		
	Add: Market Sale		56185	0.98	Nil	-
9	Chetan Jayantilal Shah	Public	50000	0.87	50000	0.87
10	Pragati Dugar	Public	49997	0.87	49997	0.87
11	IEPF Authority	IEPF	Nil	-		
	Add: Transfer under section 124		113681	1.99	113681	1.99
12	Debashish Neogi	Public	24244	0.42		
	Add: Market Purchase		54044	0.95	78288	1.37
13	Om Prakash Damani	Public	Nil	-		
	Add: Market Purchase		74251	1.30	74251	1.30
14	Adarsh Zacharias Augustine	Public	9000	0.16		
	Add: Market Purchase		60000	1.05	69000	1.21

e. Shareholding of Directors and Key Managerial Personnel:

SRN	Promoter's Name	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of Shares	% of total Shares	No. of Shares	% of total Shares
1	Jayendra Patel	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	Amit Manakiwala	44231	0.77	13244	0.23
6	C. R. Shah	200	0.00	200	0.00
7	K. D. Shah	-	-	-	-
8	R. K. Nagpal	-	-	-	-
9	Jaimish Patel	-	-	-	-

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

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i.Principal Amount	368610964	98112096	0	466723060
ii. Interest due but not paid	0	0	0	0
iii. Interest accrued but not due	113195	0	0	113195
Total (i + ii + iii)	**368724159**	**98112096**	**0**	**466836255**
Change in Indebtedness during the financial year				
Addition	650000000	54527919	0	704527919
Reduction	157068830	0	0	157068830
Net Change	492931170	54527919	0	547459089
Indebtedness at the end of the financial year				
i. Principal Amount	860557980	152640015	0	1013197995
ii. Interest due but not paid	0	0	0	0
iii. Interest accrued but not due	1097349	0	0	1097349
Total (i + ii + iii)	**861655329**	**152640015**	**0**	**1014295344**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

SRN	Particulars of Remuneration	Name of MD/WTD/ Manager/ Director			Total Amount
		Jayendra Patel (Managing Director)	Amit Manakiwala* (Whole Time Director)	Aalok Patel (Exe. Director & CFO)	
1	**Gross salary**				
	a) Salary as per provisions contained in Section 17(1) of the Income tax Act, 1961	19,65,274/-	5,55,000/-	9,96,000/-	35,16,274/-
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	1,58,006/-	-	-	1,58,006/-
	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)	21,23,280/-	5,55,000/-	9,96,000/-	36,74,280/-
Ceiling as per the Act		₹53,52,897/- (Being 10% of the profit of ₹5,35,28,978/- the Company calculated as per section 198 of the Act.			

*Resigned w.e.f. 31.08.2017

B. Remuneration to other Directors

Particulars of Remuneration	Name of Directors				
Director	C. R. Shah	K. D. Shah	R. K. Nagpal	Ritaben Patel	**Total**
-Fees for attending Board/ Committee Meetings	1,50,000/-	1,50,000/-	70,000/-	1,12,500/-	4,82,500/-
-Commission	-	-	-	-	-
-Others, Please specify	-	-	-	-	-
Total (B)	1,50,000/-	1,50,000/-	70,000/-	1,12,500/-	4,82,500/-
Total Managerial Remuneration (A)+(B)					41,56,780/-

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

SRN	Particulars of Remuneration	Key Managerial Personnel	Total Amount
		Jaimish Patel (Company Secretary)	
1	**Gross salary**		
	a) Salary as per provisions contained in section 17(1) of the Income tax Act, 1961	3,12,000/-	3,12,000/-
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	c) Profits in lieu of salary under Section 17(3) Income- tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission	-	-
	Total	3,12,000/-	3,12,000/-

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

There were no material penalties/punishment/compounding of offences for the year ended on 31st March, 2018.

ANNEXURE-5

DISCLOSURE PURSUANT TO REGULATION 14 OF SECURITIES AND EXCHANGE BOARD OF INDIA (SHARE BASED EMPLOYEE BENEFITS) REGULATIONS, 2014 FOR FINANCIAL YEAR 2017-18

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.

A. Relevant disclosures in terms of the "Guidance Note on Accounting for Employee Share-based Payments" issued by ICAI has been made in Note no. 26 of the Notes to Accounts forming part of the Annual Report 2017-18 of the Company.

B. 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.

C. 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
a)	Date of shareholders' approval	22.09.2016
b)	Total number of options approved under ESOP	1,25,000 options
c)	Vesting requirements	The options would vest not earlier than one year and later than three years from the date of grant of options.
d)	Exercise price or pricing formula	₹50/-
e)	Maximum term of options granted	3 years
f)	Source of shares	Primary
g)	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	Nil
Number of options granted during the year	97,500
Number of options forfeited / lapsed during the year	Nil
Number of options vested during the year	Nil
Number of options exercised during the year	Nil
Number of shares arising as a result of exercise of options	Nil
Money realized by exercise of options (INR), if scheme is implemented directly by the company	Nil
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	Nil

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/-	₹146.92

f. Employee-wise details of options granted during the financial year 2017-18:
i. Senior managerial personnel:

Name of Employee	Designation	No of Options Granted during the year	Exercise Price
Chandramouli Akkiraju	COO- Micro Finance	6500	₹50/-
Rambabu Agarwal	Head Operation-Vehicle Finance	3750	₹50/-
Atulkumar Patel	Chief Accounts Officer	3250	₹50/-
Prashant Modi	Recovery Manager	3250	₹50/-
Biswanath Swain	State Head-Operation	3000	₹50/-

Name of Employee	Designation	No of Options Granted during the year	Exercise Price
Kamlesh Garg	MIS Manager	3000	₹50/-
Mahendar Pinninti	Product Head- Rural MSME	2750	₹50/-
Jaimish Patel	Company Secretary	2750	₹50/-
Chandrabhan Gadhavi	IT Manager	2500	₹50/-
Rahul Shah	HR Manager	1000	₹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
Chandramouli Akkiraju	COO- Micro Finance	6500	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:

	Weighted-average values of:	Details
1	Share price at grant date	₹190/-
	Exercise price	₹ 50/-
	Expected volatility	41.35%
	Expected option life	3 years
	Expected dividend yield	0.52%
	The risk-free interest rate	6.60%
	Any other inputs to the model	N.A.
2	The method used and the assumptions made to incorporate the effects of expected early exercise	Black – Scholes Method
3	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.
4	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 31st March, 2018 the strength of the Board was 7 (seven) comprising of Vice Chairman and Managing Director and Executive Director, two Non-Executive Directors and three Independent Directors. Independent Directors are free from any business or other relationship that could materially influence their judgment.

  Details of Directors as on 31st March, 2018 and their attendance at the Board meetings and Annual General Meeting ("AGM") during the financial year ended 31st March, 2018 are given below:

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

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

%Vacated on 25.05.2018;
@Vacated on 31.08.2017;
#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.

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

SRN	Date of Meeting	Board Strength	No of Director Present
1	26.05.2017	8	7
2	05.08.2017	8	8
3	13.11.2017	7	6
4	09.02.2018	7	6
5	05.03.2018	7	6

- **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:

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

  [%]Vacated on 25.05.2018

  The Committee members possess sound knowledge of accounts, finance, audit, governance and legal matters. The Chairman of the Audit Committee, Shri K. D. Shah was present at the last Annual General Meeting held on 28.09.2017.

- **MEETING AND ATTENDANCE DURING THE YEAR**

  During the period under review, the Audit Committee met four times on 26.05.2017, 05.08.2017, 13.11.2017 and 09.02.2018. The attendance at the meetings is as under:

Name of Directors	No. of meetings Held	No. of Meetings attended
Shri K. D. Shah	4	4
Shri C. R. Shah[%]	4	4
Smt. Ritaben Patel	4	4

[%]Vacated on 25.05.2018

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:

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

  [%]Vacated on 25.05.2018

  All the members of the Committee are Independent Directors

- **MEETING AND ATTENDANCE DURING THE YEAR**

Name of the Director	No. of meetings Held	No. of Meetings attended
Shri R. K. Nagpal	1	1
Shri C. R. Shah[%]	1	1
Shri K. D. Shah	1	1

[%]Vacated on 25.05.2018

- **REMUNERATION TO DIRECTORS**

The Vice Chairman and Managing Director, Executive Director and Whole Time Director (up to 31.08.2017) get salary including perquisites. Remuneration paid for the year ended 31st March, 2018 was as under:

Name of the Director	Remuneration	Period of appointment	Approving Authority
Jayendra Patel	21,23,280/-	Five years w.e.f. 01.09.2016	24th AGM
Amit Manakiwala[@]	5,55,000/-	Five years w.e.f. 01.07.2012	20th AGM
Aalok Patel	9,96,000/-	Five years w.e.f. 01.07.2015	23rd AGM
Total	**36,74,280/-**		

[@]Vacated on 31.08.2017

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

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

- Remuneration is determined keeping in view the industry benchmarks.

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

Name of the Director	Sitting Fees Paid	No. of Equity Shares held
Shri C. R. Shah[%]	1,50,000/-	200
Shri K. D. Shah	1,50,000/-	-
Shri R. K. Nagpal	70,000/-	-
Smt. Rita Patel	1,12,500/-	296674

[%]Vacated on 25.05.2018

4. STAKEHOLDERS' RELATIONSHIP COMMITTEE

- **BRIEF DESCRIPTION OF TERMS OF REFERENCE**

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

- **COMPOSITION**

The following Directors are the members of the Committee.

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

- **MEETING AND ATTENDANCE DURING THE YEAR**

Name of the Director	No. of meetings Held	No. of Meetings attended
Shri C. R. Shah[%]	4	4
Shri K. D. Shah	4	4
Shri Jayendra Patel	4	4

[%]Vacated on 25.05.2018

- **SHARE TRANSFER COMMITTEE**

  The Stakeholder Relationship Committee has delegated power of approving transfer of securities to Share Transfer Committee comprising of Shri Jayendra Patel and Shri 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 29 times during the year to approve transfer/ transmission/ demat of equity shares. It transferred 10,300 equity shares submitted through physical transfer deed.

  During the year, 01 complaints were received and resolved to the satisfaction of investors. As on 31.03.2018, there are no outstanding complaints from the investors. 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 ₹ Two Hundred Crores (including present outstanding) from time to time as may be required for the purposes of the business of the Company.

- **COMPOSITION**

  The Finance & Investment Committee was reconstituted on 13.11.2017 which comprises following members:

  1. Shri Aalok Patel, Chairman
  2. Shri Jayendra Patel

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. Shri Jayendra Patel, Chairman
2. Shri Aalok Patel, and
3. Shri Vivek Modi

7. SPECIAL RESOLUTIONS PASSED

- **Annual General Meeting**

Year	Venue of A.G.M	Day, Date & Time	No. of Special Resolutions
2014-15	ATMA Hall, Ahmedabad	Tuesday, 29.09.2015, 3:30 p.m.	0
2015-16	ATMA Hall, Ahmedabad	Thursday, 22.09.2016, 12.00 p.m.	2
2016-17	ATMA Hall, Ahmedabad	Thursday, 28.09.2017, 12.00 p.m.	0

- **Extra Ordinary General Meeting**
  One (1) Extra Ordinary General Meeting was held on 29.03.2018 in which two (2) Special Resolutions were passed relating to raising of funds through issue of Unsecured Compulsorily Convertible Debentures on a preferential basis and amendment of the Articles of Association of the Company. As required, a poll (electronically and by physical ballot) was conducted for the same and the resolutions were passed with requisite majority.

- **Details of Resolution Passed through Postal Ballot**
  There was no resolution passed by the shareholders through postal ballot during the year.

8. FAMILIARIZATION PROGRAMME

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

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

9. DISCLOSURE ON MATERIAL SIGNIFICANT RELATED PARTY TRANSACTIONS

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

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

The Board has laid down a policy on dealing with related party transactions and it is posted on the Company's website at the link https://armanindia.com/corporategovernance.aspx --> Policy Of Related Party Transactions

10. STRICTURES AND PENALTIES

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

11. MEANS OF COMMUNICATION

The quarterly, half-yearly and yearly financial results are sent to the Stock Exchanges immediately after the Board approves the same. Thereafter, the same were published in The Economic Times - English and Gujarati language editions in Ahmedabad (For Q1, Q2 and Q3) and Indian Express – English & Financial Express – Gujarati (For Q4). Disclosures pursuant to various Regulations of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 were promptly communicated to the Stock Exchanges. Press Release on quarterly result was made at the end of each quarter for the benefit of the investors and analysts the said press release was available on the website of Stock Exchanges as well as the Company's website. Senior Management of the Company interacts with the interested stakeholders via Conference call to discuss on financial performance of the Company after declaring the results on every quarter. The transcripts of the Conference call are also available on the website of the Company at www.armanindia.com.

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

12. GENERAL SHAREHOLDER INFORMATION

a) Exclusive E-Mail id for investor grievances

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

b) Toll Free Number For Investor Grievances

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

c) Annual General Meeting

The 26th Annual General Meeting will be held on Friday, 7th Day of September, 2018, at 12.00 noon at Ahmedabad Textile Mills' Association (ATMA) Hall, Opp. City Gold Cinema, Ashram Road, Ahmedabad-380009

d) Financial Calendar

First quarter results: July/August 2018
Second quarter results: October/November 2018
Third quarter results: January/February 2019
Annual results: April/May 2019
Annual General Meeting: August/September 2019

e) Book Closure

The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, 1st September, 2018, to Friday, 7th September, 2018 (both days inclusive) for determining the name of members eligible to receive dividend on equity shares.

f) Dividend Payment Date

Dividend for the year ended 31st March, 2018, 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 31st August, 2018; 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 31st August, 2018.

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 amount is transferred to central governments' investor education and protection fund.

h) Shares listed at

- The BSE Limited
- National Stock Exchange of India Limited

Annual Listing fee for the year 2018-19 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 2017-18 is furnished below:

Months	Share price BSE		Share price NSE	
	High (In ₹)	Low (In ₹)	High (In ₹)	Low (In ₹)
April, 2017	219.00	187.30	210.55	193.00
May, 2017	203.90	177.10	202.00	178.45
June, 2017	195.00	175.00	197.00	173.15
July, 2017	224.60	194.00	229.50	194.00
August, 2017	215.00	177.20	220.00	178.00
September, 2017	235.00	197.80	235.00	195.00
October, 2017	242.00	208.00	229.00	206.05
November, 2017	287.85	201.00	290.00	199.00
December, 2017	277.90	234.25	276.70	234.50
January, 2018	314.25	247.00	311.15	246.00
February, 2018	326.00	254.60	316.75	243.30
March, 2018	358.00	297.30	364.00	305.50

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 31st March, 2018

- 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	2731	384524	6.72	1937	228240	3.99	4668	612764	10.71
2	501-1000	292	220768	3.86	29	24800	0.43	321	245568	4.29

SRN	Category (Shares)	Electronic			Physical			Total		
		Holders	Shares	% to total shares	Holders	Shares	% to total shares	Holders	Shares	% to total shares
3	1001-2000	169	249459	4.36	10	14300	0.25	179	263759	4.61
4	2001-3000	64	165367	2.89	2	4400	0.08	66	169767	2.97
5	3001-4000	33	121044	2.12	1	3500	0.06	34	124544	2.18
6	4001-5000	30	141689	2.48	1	4500	0.08	31	146189	2.56
7	5001-10000	31	217900	3.81	0	0	0.00	31	217900	3.81
8	Above 10000	69	3899288	68.17	3	40400	0.71	72	3939688	68.87
	TOTAL	3419	5400039	94.41	1983	320140	5.60	5402	5720179	100.00

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

- **On the basis of Category:**

Category	No of Shares Held	% to Total Shares Held
Promoters	1522916	26.62%
Foreign Portfolio Investor	4720	0.08%
Financial Institutions/ Banks	200	0.01%
Individual	3551297	62.08%
Bodies Corporate	201339	3.52%
NRIs & Foreign Nationals	267525	4.68%
IEPF Authority	113681	1.99%
Clearing Members	58501	1.02%
TOTAL	5720179	100.00%

Note: Above details 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 28,700 equity shares. As on 31st March, 2018, 92.37% 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 BSE and is also placed before the meetings of the Board of Directors and the Stakeholder Relationship Committee.

r) Outstanding GDRs/ADRs/Warrants or any convertible instrument as on 31st March, 2018

There were no outstanding GDRs/ADRs/Warrants or any convertible instrument as on 31st March, 2018.

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

Auditor's Certificate regarding compliance of conditions of Corporate Governance

To,
The Members,
Arman Financial Services Limited,
Ahmedabad

I have examined the compliance of regulations of Corporate Governance by Arman Financial Services Limited for the year ended on 31st March, 2018, as stipulated in Regulations Part C of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

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

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

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

Place: Ahmedabad
Date: 09.08.2018

Pinakin Shah & Co.,
Company Secretary,

Pinakin Shah
Proprietor
FCS-2562, C.P No-2932

Arman Financial Services Limited

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

All the Board Members of Board of Directors and senior management personnel have affirmed compliance with the code of conduct of Board of Directors and senior management of Arman Financial Services Limited for the financial year ended 31st March, 2018.

Place: Ahmedabad
Date: 09.08.2018

For, and on behalf of the Board

Jayendra Patel
Chief Executive Officer
DIN: 00011814

CEO-CFO CERTIFICATION

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

We, Jayendra Patel, Vice Chairman and Managing Director (CEO) and 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 31st March, 2018 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 Finance Officer)

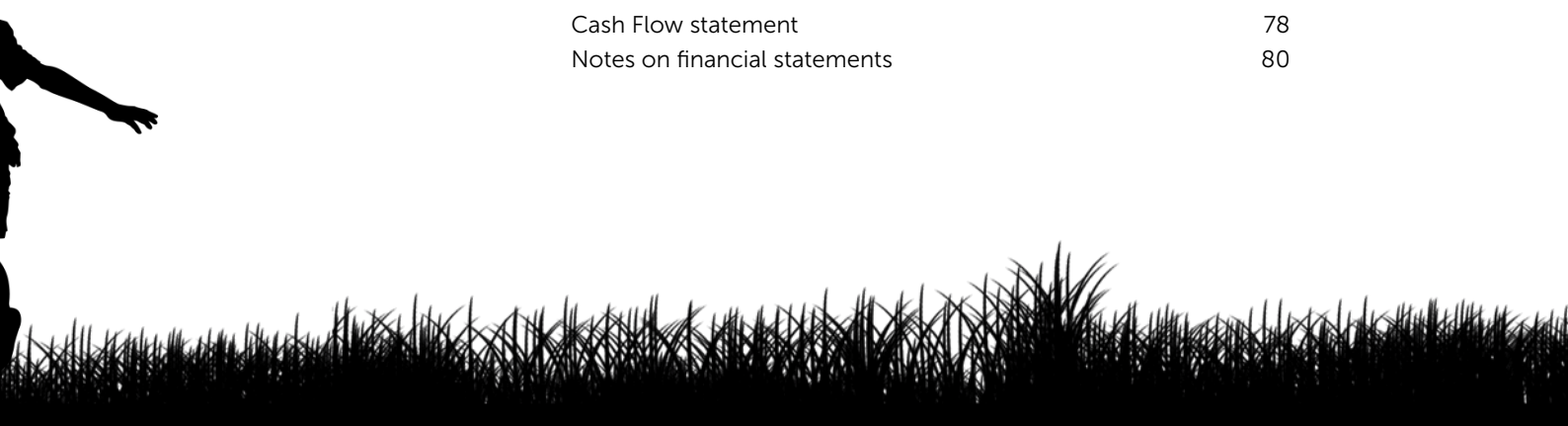
Date: 09.08.2018
Place: Ahmedabad

Arman Financial Services Limited



CONSOLIDATED ACCOUNTS

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INDEPENDENT AUDITOR'S REPORT

To,
The Members of
ARMAN FINANCIAL SERVICES LIMITED
Ahmedabad

1. Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of ARMAN FINANCIAL SERVICES LIMITED (hereinafter referred to as "Holding Company") and it's one subsidiary (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at 31st March, 2018, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

2. Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the group are responsible for maintenance of adequate accounting records in accordance with the provisions of the act for safeguarding the assets of the group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

3. Auditors' Responsibility

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:-

i. In the case of the Consolidated Balance Sheet, of the state of affairs of the group as at 31st March, 2018;

ii. In the case of the Consolidated statement of Profit and Loss, of the profit for the year ended on that date; and

iii. In the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

5. Report on Other Legal and Regulatory Requirements

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

a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

b. In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appear from our examination of those books and the reports of the other auditors.

c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d. In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act.

e. On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2018 taken on record by the Board of Directors of Holding Company and the Reports of the Statutory Auditors of its subsidiary companies, none of the directors of the group companies, is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

f. With respect to the adequacy of the internal financial controls over financial reporting of the group and the operating effectiveness of such controls, refer to our separate Report in "Annexure-A".

g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. (Refer Note-22 to the consolidated financial statements).

ii. The group did not have any material foreseeable losses on long-term contracts including derivative contracts.

iii. There has been no delay in transferring amount, required to be transfered, to the Investor Education and Protection Fund by the Holding Company and there were no amounts which were required to be transferred to the Investor Education and Protection Fund by Subsidiary Company incorporated in India.

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

Place: Ahmedabad
Date: 25.05.2018

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

ANNEXURE "A" TO THE CONSOLIDATED AUDITOR'S REPORT

Referred to in paragraph 5 (i)(f) of our Report of even date to the Members of ARMAN FINANCIAL SERVICES LIMITED for the year ended 31st March, 2018.

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31st March, 2018, We have audited the internal financial controls over financial reporting of ARMAN FINANCIAL SERVICES LIMITED (hereinafter referred to as "Holding Company") and its one Subsidiary Company, which is a Company incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the guidance note on audit of internal financial controls over financial reporting (the "Guidance Note") issued by the ICAI and the standards on auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants ofIndia. Those standards and the guidance note require that I/we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining and understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained terms of their reports referred to in the other matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are

recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company, its Subsidiary Company, which is a Company incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2018, 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: 25.05.2018

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

Arman Financial Services Limited

CONSOLIDATED BALANCE SHEET

as at 31st March, 2018

(Amount in ₹)

Particulars	Notes	As at March 31, 2018	As at March 31, 2017
EQUITY AND LIABILITIES			
[1] Shareholder's Funds			
[a] Share Capital	1	6,92,46,530	11,92,46,530
[b] Reserves & Surplus	2	49,97,69,988	44,07,71,467
		56,90,16,518	56,00,17,997
[2] Non-Current Liabilities			
[a] Long Term Borrowings	3	2,22,10,29,625	48,16,55,414
[b] Deferred Tax Liabilities (Net)		Nil	Nil
[c] Long Term Provisions	4	66,44,873	26,08,561
		2,22,76,74,498	48,42,63,975
[3] Current Liabilities			
[a] Short-Term Borrowings	5	49,75,68,455	42,37,93,125
[b] Other Current Liabilities	6	1,30,35,74,927	65,50,36,265
[c] Short Term Provisions	7	4,21,08,886	2,96,86,377
		1,84,32,52,269	1,10,85,15,767
Total		**4,63,99,43,285**	**2,15,27,97,739**
ASSETS			
[1] Non-Current Assets			
[a] Property, Plant & Equipment	8	2,59,12,717	2,33,18,748
[b] Intangible Assets	8	22,38,554	19,53,789
		2,81,51,271	2,52,72,537
[c] Long Term Investments	9	2,70,15,995	2,40,15,995
[d] Deferred Tax Assets (Net)	10	1,06,24,107	44,11,789
[e] Long-term Loans and Advances	11	77,22,60,838	26,85,96,811
[f] Other Non-Current Assets	12	10,52,84,070	6,17,46,908
		94,33,36,280	38,40,44,039
[2] Current Assets			
[a] Trade Receivables	13	7,42,34,076	5,54,31,850
[b] Cash & Bank Balance	14	18,91,04,510	21,38,31,136
[c] Short term Loans and Advances	11	3,43,32,68,418	1,49,94,90,713
[d] Other Current Assets		Nil	Nil
		3,69,66,07,004	1,76,87,53,700
Total		**4,63,99,43,285**	**2,15,27,97,739**
Significant Accounting Policies and Notes on Financial Statements	1 to 30		

As per our report of even date attached herewith

For, Arman Financial Services Limited

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

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

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

Jaimish Patel
Company Secretary
(M.No. A42244)

Aalok Patel
Executive Director & C.F.O.
(DIN - 02482747)

Place: Ahmedabad
Date: 25.05.2018

CONSOLIDATED STATEMENT OF PROFIT & LOSS

for the year ended 31st March, 2018

(Amount in ₹)

Particulars	Notes	2017-18	2016-17
INCOME			
Revenue from Operations	15	80,02,09,271	53,57,11,798
Other Income	16	1,38,314	2,32,313
Total Revenue		**80,03,47,585**	**53,59,44,111**
EXPENDITURE			
Employee Benefits Expenses	17	16,37,72,658	10,18,65,477
Finance Costs	18	36,26,07,844	22,52,46,066
Depreciation and Amortisation expense	19	37,32,412	29,42,396
Other Expenses	20	17,23,05,572	10,72,07,755
Total Expenses		**70,24,18,486**	**43,72,61,694**
Profit before Tax		**9,79,29,099**	**9,86,82,417**
Less : Tax expense:			
- Current Tax		3,44,40,000	3,62,10,000
- Short Provision of Income Tax of earlier years		(32,55,291)	Nil
- Deferred Tax Liability/(Asset)	21	(62,12,318)	(7,64,020)
Profit for the year		**7,29,56,708**	**6,32,36,437**
Basic Earnings Per Share of ₹ 10 each	24	10.21	8.00
Diluted Earnings Per share of ₹ 10 each	24	10.09	8.00
Significant Accounting Policies and Notes on Financial Statements	1 to 30		

As per our report of even date attached herewith

For, Arman Financial Services Limited

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

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

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

Jaimish Patel
Company Secretary
(M.No. A42244)

Aalok Patel
Executive Director & C.F.O.
(DIN - 02482747)

Place: Ahmedabad
Date: 25.05.2018

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31st March, 2018

(Amount in ₹)

Particulars	2017-18		2016-17	
A. Cash from Operating Activities:				
Net profit before taxation		9,79,29,099		9,86,82,418
Adjustment For:				
Depreication & amortization expense	37,32,412		29,42,396	
NPA provisions (Net)	12,60,469		5,01,619	
Contingent provision on standard assets	2,26,05,000		16,60,000	
Interest expenes	33,65,62,585		21,89,91,159	
Loss/(Profit) on sale of Property, Plant & Equipment	(1,21,548)		(93,678)	
Loss /(Profit) on sale of investments	Nil		(15,995)	
Bad debts w/off	5,23,56,235		3,20,20,626	
Short fall on interest on advance tax payment	24,60,000		16,80,000	
		41,88,55,153		25,76,86,127
Operating profit before working capital changes:		**51,67,84,252**		**35,63,68,545**
Adjustment For:				
Increase/(Decrease) In long-term provision	2,92,260		(1,30,568)	
Increase/(Decrease) In short-term provision	4,05,681		6,08,898	
Increase/(Decrease) In other current liability	2,53,46,959		62,30,352	
Decrease/(Increase) In trade receivables	(7,11,58,461)		(6,77,30,497)	
Decrease/(Increase) In long term loans and advances	(50,36,64,027)		(60,37,815)	
Decrease/(Increase) In short term loans and advances	(1,93,37,77,705)		(4,08,37,621)	
		(2,48,25,55,293)		(10,78,97,250)
Cash Generated From Operations		**(1,96,57,71,041)**		**24,84,71,294**
Income tax paid	(3,97,93,486)		(3,42,60,634)	
		(3,97,93,486)		(3,42,60,634)
Net Cash From Operating Activities:		**(2,00,55,64,527)**		**21,42,10,660**
B. Cash Flow From Investment Activities:				
Purchase of Property, Plant & Equipment	(81,35,599)		(1,04,30,663)	
Sale of Property, Plant & Equipment	16,46,000		17,22,600	
(Increase) /Decrease in bank deposits	(10,58,97,269)		18,94,526	
Purchase of investments	(30,00,000)		(1,00,00,000)	
Net Cash from Investment Activities:		**(11,53,86,868)**		**(1,68,13,537)**

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31st March, 2018

(Amount in ₹)

Particulars	2017-18	2016-17
C. Cash Flow From Financing Activities:		
Redumption of Preference Share	(5,00,00,000)	Nil
Proceeds from debentures issue	Nil	33,30,00,000
Preference dividend paid	(34,93,494)	(65,00,000)
Dividend tax paid on above preferance	(7,11,304)	(13,23,400)
Proceeds from long term borrowings	2,93,28,18,251	6,74,46,502
Repayment of long term borrowings	(57,04,54,447)	(34,94,37,549)
Proceeds from short term borrowings	10,34,24,059	8,89,03,568
Repayment of short term borrowings	(2,96,48,728)	Nil
Share issue expenses Dr. to share premium A/c	(33,74,826)	Nil
Interest paid	(33,63,97,016)	(21,53,15,039)
Dividend paid (including Dividend Distribution Tax)	(82,97,832)	(1,12,31,718)
Net Cash from Financing Activities:	**2,03,38,64,662**	**(9,44,57,636)**
Net Increase in Cash & Cash Equivalents:	**(8,70,86,733)**	**10,29,39,487**
Cash & cash equivalents at the beginning	17,59,09,666	7,29,70,179
Cash & cash equivalents at the end	8,88,22,932	17,59,09,666

As per our report of even date attached.

Notes :

(1) The above cash flow statement has been prepared under the "Indirect Method" set out in Accounting Standard - 3 issued by the Institute of Chartered Accountants of India.

(2) Cash and cash equivalents at the end includes ₹19,99,455/- (Prev. Year ₹19,62,913/-) in respect of unclaimed dividends which are not available for use by the Company.

For, Arman Financial Services Limited

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

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

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

Jaimish Patel
Company Secretary
(M.No. A42244)

Aalok Patel
Executive Director & C.F.O.
(DIN - 02482747)

Place: Ahmedabad
Date: 25.05.2018

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March, 2018

1 Share Capital

(Amount in ₹)

Particulars	As at 31.03.2018	As at 31.03.2017
[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
Nil (Previous Year 1,00,00,000) Preference Shares of par value of ₹10/- each	Nil	10,00,00,000
Total	**15,00,00,000**	**25,00,00,000**
[b] Issued, Subscribed & Paid-up Capital:		
57,20,179 (Previous Year 57,20,179) Ordinary Equity Shares of par value of ₹10/- each fully paid up	5,72,01,790	5,72,01,790
12,04,474 (Previous Year 12,04,474) Class "A" Ordinary Equity Shares of par value of ₹10/- each fully paid up	1,20,44,740	1,20,44,740
50,00,000 (Previous Year 50,00,000) Cumulative Non - Convertible Compulsorily Redeemable Preference shares of par value of ₹10/- each fully paid up	Nil	5,00,00,000
Total	**6,92,46,530**	**11,92,46,530**

1.1 The Company has two classes of shares referred to as i) Ordinary Equity shares having face value of ₹10/-. Each Holder of Equity Share is entitled to 1 vote per share and ii) Class "A" Ordinary Shares having face value of ₹10/. Each Holder of Class "A" Ordinary Shares is Entitle to one Vote for one lakh Shares.

1.2 In the event of liquidation of the Company, the holders of both type of Equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of Equity shares held by shareholders.

1.3 The holder(s) of Cumulative Non - Convertible Compulsorily Redeemable Preference shares (CNCCRPS) had no voting rights other than in respect of matters directly affecting the rights attached to the CNCCRPS. In the event of any due and payable dividends on the CNCCRPS remaining unpaid, the holder(s) of CNCCRPS would have gained voting rights in respect of all matters placed at a General Meeting of its Equity Shareholders in accordance with the provisions of the Companies Act, 2013.

1.4 Cumulative Non -Convertible Compulsorily Redeemable Preference shares were redeemable after 18 Months from date of issue i.e. 31.12.2015 at par. The Preference Share holders were not entitled to any voting rights except under the circumstances as mentioned in para 1.3 above.

1.5 During the year ended 31st March, 2018, dividend recognized as distribution to Cumulative Non - Convertible Compulsorily Redeemable Preference Share holders @ 13% (P.Y. @13% on prorata basis) ₹18,68,494/- (P.Y. ₹65,00,000/-) excluding corporate dividend tax of ₹3,80,492/- (P.Y. ₹13,23,400/-).

1.6 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 per equity share of ₹10/- each for the Financial Year 2017-18. 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, 2018

1.7 Details of Shareholder holding more than 5 % of Ordinary Shares of the company are as follows:

Name of Shareholder	As at 31.03.2018		As at 31.03.2017	
	%	Shares	%	Shares
Jayendrabhai Patel	5.04	2,88,522	5.04	2,88,522
Ritaben Patel	5.19	2,96,674	5.19	2,96,674
Mukul Agrawal	10.05	5,75,000	3.62	2,07,303
Reliance Capital Trustee Co. Ltd.	Nil	Nil	6.90	3,94,798

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

Name of Shareholder	As at 31.03.2018		As at 31.03.2017	
	%	Shares	%	Shares
Namra Holdings & Consultancy Services LLP	100.00	12,04,474	100.00	12,04,474.00

1.9 Details of Preference Shareholder holding more than 5 % preference shares of the Company are as follows:

Name of Shareholder	As at 31.03.2018		As at 31.03.2017	
	%	Shares	%	Shares
UNIFI AIF	Nil	Nil	100.00	50,00,000

1.10 The Reconciliation of the number of shares outstanding and the amount of ordinary Equity Share capital as at 31.03.2018 & 31.03.2017 is set out below

Ordinary Equity Shares

Particulars	As at 31.03.2018		As at 31.03.2017	
	No. of Shares	Amounts ₹	No. of Shares	Amounts ₹
Shares at the beginning	57,20,179	5,72,01,790	57,20,179	5,72,01,790
Addition - Subscription during the year	Nil	Nil	Nil	Nil
Deletion	Nil	Nil	Nil	Nil
Shares at the end	57,20,179	5,72,01,790	57,20,179	5,72,01,790

Class "A" Ordinary Equity Share capital

Particulars	As at 31.03.2018		As at 31.03.2017	
	No. of Shares	Amounts ₹	No. of Shares	Amounts ₹
Shares at the beginning	12,04,474	1,20,44,740	12,04,474	1,20,44,740
Addition - Subscription during the year	Nil	Nil	Nil	Nil
Deletion	Nil	Nil	Nil	Nil
Shares at the end	12,04,474	1,20,44,740	12,04,474	1,20,44,740

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March, 2018

Preference Shares

Particulars	As at 31.03.2018		As at 31.03.2017	
	No. of Shares	Amounts ₹	No. of Shares	Amounts ₹
Shares at the beginning	50,00,000	5,00,00,000	Nil	Nil
Addition - Subscription during the year	Nil	Nil	50,00,000	5,00,00,000
Deletion/Redumption	(50,00,000)	(5,00,00,000)	Nil	Nil
Shares at the end	Nil	Nil	50,00,000	5,00,00,000

2. Reserves & Surplus

(Amounts in ₹)

Particulars	As at 31.03.2018	As at 31.03.2017
General Reserve		
Balance as per last financial Statement	96,35,377	85,35,376
Add: Transfer from Statement of Profit and Loss (Refer Note 2.1)	11,00,000	11,00,000
Closing Balance	**1,07,35,377**	**96,35,376**
Special Reserve u/s 45-IC of the RBI Act, 1934		
Balance as per last financial Statement	7,65,50,000	6,36,50,000
Add: Transfer from Statement of Profit and Loss (Refer Note 2.1)	1,49,00,000	1,32,00,000
Closing Balance	**9,14,50,000**	**7,68,50,000**
Securities Premium Reserve	**12,24,99,306**	**12,24,99,306**
Add: On account of equity shares/warrant capitalised during the year	Nil	Nil
Less : Shares issues expenses	33,74,826	Nil
Closing Balance	**11,91,24,480**	**12,24,99,306**
Surplus in the Statement of Profit and Loss		
Balance as per last financial Statement	23,20,86,785	19,06,73,748
Add : Profit for the year	7,29,56,706	6,32,36,437
Less: Appropriations		
Amount transfer to General Reserve (Refer Note 2.1)	(11,00,000)	(11,00,000)
Amount transfer to Special Reserve u/s 45-IC of RBI Act, 1934 (Refer Note 2.1)	(1,49,00,000)	(1,32,00,000)
Dividend paid on reference shares	(18,68,494)	(48,75,000)
Tax on Dividend Paid	(3,80,492)	(9,92,588)
Dividend paid on Equity Share	(69,24,653)	Nil
Tax on Dividend paid on Equity Shares	(14,09,721)	Nil
Proposed Dividend on Preference shares	Nil	(16,25,000)
Tax on proposed dividend	Nil	(3,30,812)
Closing Balance	**27,84,60,131**	**23,17,86,786**
Total	**49,97,69,988**	**44,07,71,467**

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March, 2018

2.1

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

3 Long Term Borrowings

(Amounts in ₹)

Particulars	As at 31.03.2018		As at 31.03.2017	
	Non Current	Current	Non Current	Current
Secured Loans				
From Banks				
-- Term Loans @@	63,46,57,403	69,49,66,921	9,70,70,678	40,90,21,649
From Financial Institutions				
-- Term Loans @@	1,10,33,72,222	53,51,36,442	5,15,84,736	19,82,78,531
Debentures				
From Financial Institutions				
Redeemable Non-Convertible Debenture	33,30,00,000	Nil	33,30,00,000	Nil
Unsecured Loans				
Others				
From Financial Institutions	15,00,00,000	Nil	Nil	Nil
Inter Corporate Deposit	Nil	71,86,411	Nil	70,00,000
Total	**2,22,10,29,625**	**1,23,72,89,773**	**48,16,55,414**	**61,43,00,180**
Less : Amount disclosed under head Other Current Liabilities (Note - 6)	Nil	1,23,72,89,773	Nil	61,43,00,180
Total	**2,22,10,29,625**	**Nil**	**48,16,55,414**	**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, 2018

Interest:

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.
Loans from Directors and their relatives carries interest rate @ 16 % p.a.
Inter Corporate Deposits carries interest rate @ 12 % p.a.

Repayment:

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

(Amount in ₹)

	Upto 1 year	2 to 3 Years	More than 3 years
Term Loan Repayment	1,23,01,03,362	1,73,80,29,625	15,00,00,000
Inter Corporate Deposits	71,86,411	Nil	Nil
From Directors and their Relatives	4,46,80,232	Nil	Nil
Debenture	Nil	33,30,00,000	Nil

4 Long Term Provisions

(Amount in ₹)

Particulars	As at 31.03.2018		As at 31.03.2017	
	Non Current	Current	Non Current	Current
Provision for Employee Benefit- Gratuity	14,18,721	12,23,064	11,26,461	8,17,383
Provision for Dividend Cumulative Non - Convertible Compulsorily Redeemable Preference shares	Nil	Nil	Nil	16,25,000
Provision for tax on distributed profits	Nil	Nil	Nil	3,30,812
Contingent provision against standard assets	48,74,536	3,24,40,464	14,82,100	1,32,27,900
NPA provisions	3,51,616	32,13,032	Nil	23,04,179
Net	**66,44,873**	**3,68,76,560**	**26,08,561**	**1,83,05,274**
Less : Amount disclosed under head short term provisions - (Note-7)	Nil	3,68,76,560	Nil	1,83,05,274
Total	**66,44,873**	**Nil**	**26,08,561**	**Nil**

5 Short-Term Borrowings

(Amount in ₹)

Particulars	Current	
	As at 31.03.2018	As at 31.03.2017
Loans Repayable on Demand		
Working Capital Loans from Banks -Secured @	45,28,88,223	42,27,77,051
From Directors and their Relatives -Unsecured	4,46,80,232	10,16,074
Total	**49,75,68,455**	**42,37,93,125**

@ 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, 2018

6 Other Current Liabilities

(Amounts in ₹)

Particulars	As at 31.03.2018	As at 31.03.2017
Current maturity of long term borrowings (Note 3)	1,23,72,89,773	61,43,00,180
Salary & wages payable	1,28,23,242	92,10,671
Other statutory dues	32,25,597	12,71,538
TDS payable	41,12,151	22,43,047
Sundry creditors for expense	34,72,027	17,70,489
Security deposit	24,84,755	24,49,365
Interest accrued but not due on term loans	61,71,757	60,06,188
Micro insurance payable	1,41,18,022	89,01,143
Unpaid dividend	19,99,455	19,62,913
Unpaid expenses	1,78,78,148	69,20,730
Total	**1,30,35,74,927**	**65,50,36,265**

7 Short Term Provisions

(Amount in ₹)

Particulars	Current	
	As at 31.03.2018	As at 31.03.2017
Provisions for employee benefits - Gratuity (Note - 4)	12,23,064	8,17,383
Contingent provision against standard asset (Note - 4)	3,24,40,464	1,32,27,900
NPA provisions (Note- 4)	32,13,032	23,04,179
Provision for dividend on Cumulative Non - Convertible Compulsorily Redeemable Preference shares (Note -4)	Nil	16,25,000
Provision for tax on distribution profit (Note - 4)	Nil	3,30,812
	3,68,76,560	1,83,05,274
Provision for tax	15,44,61,332	17,77,10,000
Less : Advance tax & TDS	(14,92,29,006)	(16,63,28,897)
Net	52,32,326	1,13,81,103
Total	**4,21,08,886**	**2,96,86,377**

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). "

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March, 2018

8 Property, Plant & Equipment

(Amounts in ₹)

Property, Plant & Equipment								
Carrying Value	**Buildings**	**Furniture & Fixtures**	**Office Equipment**	**Vehicles**	**Computer**	**Total**	**Intangible Assets**	**Total Assets**
As at 01.04.2016	**1,30,98,150**	**53,56,120**	**16,50,054**	**27,22,452**	**49,69,273**	**2,77,96,049**	**16,65,870**	**2,94,61,919**
Addition	Nil	11,38,191	4,73,947	64,54,300	15,33,725	96,00,163	8,30,500	1,04,30,663
Disposal	Nil	Nil	Nil	35,46,852	Nil	35,46,852	Nil	35,46,852
Other Adjustment	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
As at 31.03.2017	**1,30,98,150**	**64,94,311**	**21,24,001**	**56,29,900**	**65,02,998**	**3,38,49,360**	**24,96,370**	**3,63,45,730**
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
As 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**

Accumulated Depreciation	**Buildings**	**Furniture & Fixtures**	**Office Equipment**	**Vehicles**	**Computer**	**Total**	**Intangible Assets**	**Total Assets**
As at 01.04.2016	**16,19,273**	**25,78,129**	**6,83,589**	**19,52,316**	**30,59,801**	**98,93,108**	**1,55,619**	**1,00,48,727**
Change for the year	2,06,951	4,12,562	5,26,118	6,14,062	7,95,741	25,55,434	3,86,962	29,42,396
Disposal	Nil	Nil	Nil	19,17,930	Nil	19,17,930	Nil	19,17,930
As at 31.03.2017	**18,26,224**	**29,90,691**	**12,09,707**	**6,48,448**	**38,55,542**	**1,05,30,612**	**5,42,581**	**1,10,73,193**
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
As 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**
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**

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March, 2018

9 Investment

(Amounts in ₹)

Particulars	As at 31.03.2018		As at 31.03.2017	
	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. 500975) of SBI debt fund series B-36 (1131 Days)	50,09,755	Nil	50,09,755	Nil
c) 624507 (P.Y. 624507 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	Nil	Nil
Total	**2,70,15,995**	**Nil**	**2,40,15,995**	**Nil**
Aggregate market value of unquoted investment	3,10,59,077	Nil	2,62,17,588	Nil
Aggregate cost	**2,70,15,995**	**Nil**	**2,40,15,995**	**Nil**

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

10 Net Deferred Tax Assets

(Amounts in ₹)

	As at 31.03.2018	As at 31.03.2017
Deferred Tax Assets arising out of timing difference relating to:		
Provision for Gratuity that are allowable for tax purpose in the year of payment	7,34,945	6,42,693
Shares issue expenses that are allowable for tax purpose on deferred basis	1,86,627	3,39,910
Provision for NPA that are allowable for tax purpose in the year of actual loss	1,13,72,718	53,40,362
Total Deferred Tax Assets	**1,22,94,290**	**63,22,965**
Deferred Tax Liability arising out of timing difference relating to:		
Difference of Depreciation as per Tax Provision and Company Law	16,70,182	19,11,175
Total Deferred Tax Liability	**16,70,182**	**19,11,175**
Net Deferred Tax Assets / (Liability)	**1,06,24,107**	**44,11,789**

11 Loans and Advances (Considered good unless otherwise stated)

(Amounts in ₹)

Particulars	As at 31.03.2018		As at 31.03.2017	
	Non Current	Current	Non Current	Current
A. Secured				
Loans secured by hypothecation of assets	23,53,87,171	50,67,67,450	16,92,93,256	44,09,70,431
B. Unsecured				
Loans to Companies, Firms and Individuals	51,63,55,980	2,87,51,33,419	3,46,50,693	94,92,75,181
Deposits	2,05,17,687	1,83,57,292	70,75,449	55,81,313

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March, 2018

11 Loans and Advance (Contd...)

(Amounts in ₹)

Particulars	As at 31.03.2018		As at 31.03.2017	
	Non Current	Current	Non Current	Current
Other loans and advances	Nil	2,98,71,295	5,75,77,413	10,23,53,096
Advances to staff	Nil	22,03,435	Nil	11,48,350
Balance with government authority	Nil	9,35,527	Nil	1,62,342
Total	**77,22,60,838**	**3,43,32,68,418**	**26,85,96,811**	**1,49,94,90,713**

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 ₹1,40,78,002/- (P.Y. ₹91,63,625/-) outstanding portfolio on which NPA provision of ₹14,07,800/- (P.Y. ₹9,23,699/-) has been made.

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

12 Other Non Current Assets

(Amounts in ₹)

Particulars	As at 31.03.2018	As at 31.03.2017
Deposits with original maturity for more than 12 months (Note 14)	10,52,84,070	6,17,46,908
Total	**10,52,84,070**	**6,17,46,908**

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

13 Trade Receivables

(Amounts in ₹)

Particulars	As at 31.03.2018	As at 31.03.2017
A. Outstanding for a period exceeding six months from the date they are due for payment (unsecured, considered good)		
Secured	4,42,65,973	1,37,24,801
Unsecured	1,06,000	Nil
	4,43,71,973	**1,37,24,801**
B. Other Trade receivables (unsecured, considered good)		
Secured	1,48,77,220	72,10,849
Unsecured	1,49,84,883	3,44,96,200
	2,98,62,103	**4,17,07,049**
Total	**7,42,34,076**	**5,54,31,850**

13.1 Sundry debtors includes ₹2,15,07,790/-(P.Y. ₹1,37,24,801/-) outstanding portfolio on which NPA provision of ₹21,56,848/- (P.Y. ₹13,80,480/-) has been made.

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March, 2018

14 Cash and Bank Balance

(Amounts in ₹)

Particulars	As at 31.03.2018		As at 31.03.2017	
	Non Current	Current	Non Current	Current
A. Cash and cash equivalents				
Cash on hand	Nil	1,18,78,045	Nil	1,06,14,739
Balance with banks	Nil	7,69,44,887	Nil	16,52,94,927
Total	**Nil**	**8,88,22,932**	**Nil**	**17,59,09,666**
B. Other Bank Balance				
Deposits with original maturity for more than 12 months	10,52,84,070	10,02,81,578	6,17,46,908	3,79,21,471
	10,52,84,070	10,02,81,578	6,17,46,908	3,79,21,471
Less Amount disclosed under non current assets (Note 12)	10,52,84,070	Nil	6,17,46,908	Nil
Total	**Nil**	**18,91,04,510**	**Nil**	**21,38,31,136**

14.1 Current account with banks includes ₹19,99,455/- (P.Y. ₹19,62,913/-) in Unpaid Dividend Account.

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

15 Revenue from operation

(Amounts in ₹)

Particulars	2017-18	2016-17
Interest income	73,06,90,891	49,74,71,459
Other interest income	2,88,02,006	2,17,30,061
Processing fees	3,97,76,734	1,58,43,516
Other charges in respect of loans	9,39,640	6,66,762
Total	**80,02,09,271**	**53,57,11,798**

16 Other Income

(Amounts in ₹)

Particulars	2017-18	2016-17
Profit on sale of Property, Plant & Equipment	1,23,626	93,678
Profit on sale of investments	Nil	15,995
Misc. income	14,688	1,22,640
Total	**1,38,314**	**2,32,313**

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March, 2018

17 Employee Benefit Expenses

(Amounts in ₹)

Particulars	2017-18	2016-17
Salary, wages & bonus	15,04,62,341	9,28,98,765
Contribution to provident fund & other funds	1,07,36,119	68,80,401
Welfare expenses	25,74,198	20,86,311
Total	**16,37,72,658**	**10,18,65,477**

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

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

(Amounts in ₹)

Particulars	Gratuity Defined Benefit Obligation 2017-18	Gratuity Defined Benefit Obligation 2016-17
Present value of funded obligations	Nil	Nil
Fair value of plan assets	Nil	Nil
Present value of unfunded obligations	29,64,538	23,75,694
Unrecognized past service cost	Nil	Nil
Net liability	29,64,538	23,75,694
Amounts in the balance sheet:	Nil	Nil
Liabilities	29,64,538	23,75,694
Assets	3,22,753	4,31,850
Net liability	26,41,785	19,43,844

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

(Amounts in ₹)

Particulars	Gratuity Defined Benefit Obligation 2017-18	Gratuity Defined Benefit Obligation 2016-17
Current service cost	8,17,383	4,67,390
Interest on obligation	1,50,939	1,09,582
Expected return on plan assets	(46,549)	(10,421)
Net actuarial losses (gains) recognized in year	(2,24,446)	3,80,338
Past service cost	614	Nil
Losses (gains) on curtailments and settlement	Nil	Nil
Total, included in 'employee benefit expense'	6,97,941	9,46,889
Actual return on plan assets	Nil	Nil

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March, 2018

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

(Amounts in ₹)

Particulars	Gratuity Defined Benefit Obligation 2017-18	Gratuity Defined Benefit Obligation 2016-17
Opening defined benefit obligation	23,75,694	14,65,514
Transfer out liability	Nil	Nil
Service cost	8,17,383	4,67,390
Interest cost	1,50,939	1,09,582
Actuarial losses (gains)	(2,93,207)	3,33,208
Past Service Cost	614	Nil
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	(86,885)	Nil
Closing defined benefit obligation	29,64,538	23,75,694

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 2017-18	Gratuity Defined Benefit Obligation 2016-17
Opening fair value of plan assets	4,31,850	Nil
Expected return	46,549	10,421
Actuarial gains and (losses)	(68,761)	(47,130)
Assets distributed on settlements	Nil	Nil
Contributions by employer	Nil	4,68,559
Assets acquired in an amalgamation in the nature of purchase	Nil	Nil
Exchange differences on foreign plans	Nil	Nil
Benefits paid	(86,885)	Nil
Closing balance of fair value of plan assets	3,22,753	4,31,850

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March, 2018

E. Reconciliation of gratuity provision account

(Amounts in ₹)

Particulars	Gratuity Defined Benefit Obligation 2017-18	Gratuity Defined Benefit Obligation 2016-17
Net opening provision in books of accounts	19,43,844	14,65,514
Employee benefit expense	6,97,941	9,46,889
Transfer in liability from Arman Financial Services Ltd	Nil	Nil
	26,41,785	24,12,403
Benefits paid by the Company	Nil	(2,22,566)
Amounts transferred to 'Payable Account'	Nil	Nil
Contributions to plan assets	Nil	(2,45,993)
Closing provision in books of accounts	26,41,785	19,43,844

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

Particulars	Gratuity Defined Benefit Obligation 2017-18	Gratuity Defined Benefit Obligation 2016-17
Government of India securities	0%	0%
High quality corporate bonds	0%	0%
Equity shares of listed companies	0%	0%
Property	0%	0%
Insurance Company	0%	0%

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

Particulars	Gratuity Defined Benefit Obligation 2017-18	Gratuity Defined Benefit Obligation 2016-17
Discount rate	7.35%	6.80%
Expected return on plan assets	-	-
Proportion of employees opting for early retirement	-	-
Annual increase in salary costs	6.00%	6.00%
Future changes in maximum state health care benefits	-	-

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March, 2018

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

(Amounts in ₹)

Particulars	2017-18	2016-17
Defined benefit obligation	29,64,538	23,75,694
Plan assets	3,22,753	4,31,850
Surplus / (deficit)	(26,41,785)	(19,43,844)
Experience adjustments on plan liabilities	(2,15,166)	2,00,316
Experience adjustments on plan assets	68,761	Nil
Actuarial Loss/(Gain) due to change in assumption	Nil	Nil
Actuarial Loss/(Gain) due to participant experience	Nil	Nil
Actuarial Loss/(Gain) due to change in financial assumption	(78,041)	1,32,892
Actuarial Loss/(Gain) on liabilities	(2,24,446)	3,33,208
Net Actuarial Loss/(Gain) on liabilities	(2,24,446)	3,33,208

I. Experience Adjustment

(Amounts in ₹)

Particulars	31.03.2018	31.03.2017	31.03.2016	31.03.2015	31.03.2014
Defined benefit obligation	29,64,538	23,75,694	14,65,514	16,54,475	8,65,614
Plan assets	3,22,753	4,31,850	Nil	Nil	Nil
Unrecognised past service cost	Nil	Nil	Nil	Nil	Nil
Deficit	Nil	Nil	Nil	Nil	Nil
Experience adjustments on plan liabilities	(2,15,166)	2,00,316	14,65,514	16,54,475	8,65,614
Experience adjustments on plan assets	Nil	Nil	Nil	Nil	Nil

18 Finance Cost

(Amounts in ₹)

Particulars	2017-18	2016-17
Interest expenses	33,90,22,585	22,06,71,159
Other borrowing cost	2,35,85,259	45,74,907
Total	**36,26,07,844**	**22,52,46,066**

19 Depreciation And Amortisation Expense

(Amounts in ₹)

Particulars	2017-18	2016-17
Depreciation of Property, Plant & Equipment	31,53,477	25,55,434
Amortization of intangible assets	5,78,935	3,86,962
Total	**37,32,412**	**29,42,396**

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March, 2018

20 Other Costs

(Amounts in ₹)

Particulars	2017-18	2016-17
Electricity & fuel charges	15,88,292	12,03,409
Repairs To:		
Building	9,59,728	7,50,220
Other	Nil	Nil
Sub Total	**9,59,728**	**7,50,220**
Insurance	7,06,226	3,39,380
Rent	1,23,25,424	84,17,869
Rates & taxes	1,90,903	4,06,642
Stationery & printing	46,58,944	30,40,728
Advertisement expenses	1,46,933	2,20,409
Communication	60,98,119	51,98,640
Traveling & conveyance expenses	1,77,05,548	1,08,73,463
Professional fees	2,15,97,475	1,54,37,333
Auditor's Remuneration:		
Audit fees	4,89,700	4,77,250
For tax audit	29,500	1,15,000
For certification	24,330	6,900
For income tax consultancy fee	29,050	Nil
Sub Total	**5,72,580**	**5,99,150**
Corporate social responsibility activities	1,00,000	2,25,750
Director sitting fees	5,75,000	3,80,000
Marketing & incentive expenses	1,68,34,949	1,46,78,659
Bad debts written off	5,23,56,235	3,20,20,626
Provision for NPA	12,60,469	5,01,619
Contingent provision against standard assets (Net)	2,26,05,000	16,60,000
Share issue expenditure	Nil	7,56,900
Loss on sale of property, plant & equipment	2,078	Nil
Loss/ (Profit) on sale of investments	Nil	Nil
Sundry balance written off	4,78,800	1,46,714
General charges (including bank charges, security charges & membership fees etc.)	1,15,42,869	1,03,50,244
Total	**17,23,05,572**	**10,72,07,755**

20.1 Bad debts & irrecoverable w/o are shown net off bad debts recovery during the year amounting to ₹1,15,51,952/- (P.Y. ₹6,95,821/-).

20.2 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, 2018

21 Deferred Tax Liabilities / (Assets)

(Amounts in ₹)

Particulars	2017-18	2016-17
Opening balance of Deffered Tax Liability / (Assets)	**(44,11,790)**	**(36,47,769)**
Closing balance of deffered tax liability / (Assets)	(1,06,24,108)	(44,11,789)
Deferred Tax Liabilities / (Assets) for the year	**(62,12,318)**	**(7,64,020)**

22. Contingent liabilities not provided for: -

(a) Disputed demand of Income Tax ₹750.85 Lakhs (Previous year ₹792.51 Lakhs) (Against which the Company has paid ₹148.56 Lakhs [Previous year ₹8.79 Lakhs] under protest which are shown as advances).

23. Related Party Disclosures:

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

A) Key Managerial Personnel

Mr. Jayendra Patel
Mr. Aalok Patel
Mr. Amit Manakiwala (Up to 31st August 2017)

B) Directors and Relatives of Key Managerial Personnel

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

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

Namra Holdings & Consultancy Services LLP — Key Managerial Personnel is Partner

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March, 2018

Details of transactions are as follows:

(Amounts in ₹)

SRN	Nature of transaction	Key Managerial Personnel	Relatives of Key Managerial Personnel	Relative of KMP and their enterprise	Total
1	**Expenses**				
	Remuneration & perquisites	63,75,274	Nil	Nil	63,75,274
		(58,84,102)	(Nil)	(Nil)	(58,84,102)
	Sitting fees	Nil	1,65,000	Nil	1,65,000
		(Nil)	(73,000)	(Nil)	(73,000)
	Interest expenses	8,42,715	35,20,248	27,03,202	70,66,165
		(6,22,286)	(22,27,771)	(15,31,835)	(43,81,892)
	Rent paid	Nil	17,30,140	Nil	17,30,140
		(Nil)	(16,25,501)	(Nil)	(16,25,501)
	Dividend paid	5,36,331	8,83,339	13,69,874	27,89,544
		(8,31,685)	(12,10,747)	(19,17,824)	(39,60,256)
2	**Unsecured Loan**				
	Loan taken during the year	1,31,75,000	5,50,60,511	2,07,60,000	8,89,95,511
		(1,09,15,000)	(1,72,15,438)	(3,07,75,000)	(5,89,05,438)
	Loan repaid during the year	83,28,432	4,12,40,884	28,28,202	5,23,97,518
		(1,15,37,286)	(1,92,97,452)	(3,23,06,835)	(6,31,41,573)
	Balance out standing at 31.03.2018	56,89,283	1,83,55,949	2,06,35,000	4,46,80,232
		(Nil)	(10,16,074)	(Nil)	(10,16,074)

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:

Unsecured loan taken

(Amounts in ₹)

SRN	Name of relative	2017-18	2016-17
1	Jayendra Patel	97,75,000	70,15,000
2	Jayendra Patel (HUF)	1,22,00,000	56,25,000
3	Namra Holdings & Consultancy Services LLP	2,07,60,000	3,07,75,000

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March, 2018

Unsecured loan repayments

(Amounts in ₹)

SRN	Name of relative	2017-18	2016-17
1	Jayendra Patel	65,85,808	73,77,199
2	Jayendra Patel (HUF)	68,30,783	64,45,911
3	Namra Holdings & Consultancy Services LLP	28,28,202	3,23,06,835
4	Ritaben J. Patel	49,36,010	Nil

Interest expenses

(Amounts in ₹)

SRN	Name of relative	2017-18	2016-17
1	Jayendra Patel (HUF)	10,30,783	8,20,911
2	Aakash Patel (HUF)	7,41,869	3,29,487
3	Namra Holdings & Consultancy Services LLP	27,03,202	15,31,835

Remuneration and perquisite

(Amounts in ₹)

SRN	Name of relative	2017-18	2016-17
1	Jayendra Patel	31,23,280	27,26,302
2	Aalok Patel	17,00,000	14,85,200
3	Amit Manakiwala	17,10,000	16,72,600

Sitting fees

(Amounts in ₹)

SRN	Name of relative	2017-18	2016-17
1	Ritaben Patel	1,52,500	73,000

Rent paid

(Amounts in ₹)

SRN	Name of relative	2017-18	2016-17
1	Ritaben Patel	13,69,240	12,80,816

Dividend paid

(Amounts in ₹)

SRN	Name of relative	2017-18	2016-17
1	Jayendrabhai Patel	2,88,522	4,00,415
2	Ritaben Patel	2,96,674	4,15,343
3	Namra Holdings & Consultancy Services LLP	13,69,874	19,17,824

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March, 2018

24. Earnings Per Share:

Particular	Unit	31.03.2018	31.03.2017
Numerator used for calculating Basic EPS (profit after tax)	₹	7,29,56,708	6,32,36,437
Less: Dividend on preference shares	₹	(18,68,494)	(65,00,000)
Less: Tax on preference dividend	₹	(3,80,492)	(13,23,400)
Numerator used for calculating diluted earnings per share (profit after tax)	₹	7,07,07,722	5,54,13,037
Weighted average No. of shares used as denominator for calculating Basic EPS	No. of Shares	69,24,653	69,24,653
Weighted average No. of shares used as denominator for calculating diluted EPS	No. of Shares	70,06,969	69,24,653
Face value of share	₹	10	10
Basic earnings per share	₹	10.21	8.00
Diluted earnings per share	₹	10.09	8.00

25. 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.

26. 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.

(Amounts in ₹)

Particulars	2017-18	2016-17
a) Gross amount required to be spent by the Company during the year	12,99,493	10,03,253
b) Amount spent during the year on purposes other than construction / acquisition of any asset		
a. Paid	1,00,000	2,25,750
b. Yet to be paid	11,99,493	7,77,503

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March, 2018

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, 2018, Company has granted 97,500 stock options (out of total 1,25,000 option available for being granted to eligible employees of the Company / Subsidiary Company/ies) to various employees of Company/ subsidiary Company on 26.05.2017 under the scheme of 'ARMAN-EMPLOYEE STOCK OPTION PLAN 2016' ("ESOP 2016"). The details are as under:

Scheme	ESOP-2016
Date of grant	26.05.2017
Date of Board approval	11.08.2016
Date of Shareholder's approval	22.09.2016
Number of options granted	97,500
Exercise price	₹50/-
Method of Settlement	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;
	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.
Exercise period	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.
Name of the plan	'ARMAN-EMPLOYEE STOCK OPTION PLAN 2016' ("ESOP 2016")

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

Particulars	**2017-18**	**2016-17**
Outstanding at the beginning of the year	-	-
Vested but not exercised at the beginning of the year	-	-
Granted during the year	97500	-
Forfeited during the year	-	-
Exercised during the year	-	-
Particulars	**2017-18**	**2016-17**
Expired during the year	-	-
Outstanding at the end of the year	97500	-
Exercisable at the end of the year	-	-
Weighted average exercise price per option	-	-

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

(Amounts in ₹)

Classification	**Portfolio loan outstanding (Gross)**		**Provision for standard and non performing assets**	
	31.03.2018	**31.03.2017**	**31.03.2018**	**31.03.2017**
Standard assets	4,20,07,86,786	1,79,70,18,471	3,73,15,000	1,47,10,000
Sub standard assets	7,16,11,579	2,61,66,346	35,64,648	23,04,179
Total	**4,27,23,98,365**	**1,82,31,84,817**	**4,08,79,648**	**1,70,14,179**

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

Name of Entity	Net Assets i.e. Total assets minus Total liabilities		Share in profit or loss	
	As % of Consolidated net assets	Amounts (₹ In lakhs)	As % of Consolidated Net Assets	Amounts (₹ In lakhs)
Parent				
Arman Financial Services Limited	70.65	4020.26	43.94	320.60
Subsidiaries Indian				
Namra Finance Limited	68.75	3912.09	56.06	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

30. 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 "30"
As per our report of even date attached

For, Arman Financial Services Limited

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

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

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

Jaimish Patel
Company Secretary
(M.No. A42244)

Aalok Patel
Executive Director & C.F.O.
(DIN - 02482747)

Place: Ahmedabad
Date: 25.05.2018



STANDALONE ACCOUNTS

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INDEPENDENT AUDITOR'S REPORT

To,
The Members of
ARMAN FINANCIAL SERVICES LIMITED
Ahmedabad

1. Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **ARMAN FINANCIAL SERVICES LIMITED ("the Company"),** which comprise the Balance Sheet as at **31st March, 2018,** the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditor's Responsibility

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

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder .

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

4. OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:-

i. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2018;

ii. In the case of the Statement Profit and Loss, of the profit for the year ended on that date; and
iii. In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

5. Report on Other Legal and Regulatory Requirements

(i) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure-A" statement on the matters specified in paragraphs 3 and 4 of the Order.

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

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

(c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) On the basis of the written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure-B".

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements. (Refer Note-22 to the financial statements).
ii. The Company did not have any outstanding long-term contracts including derivative contracts as at 31st March, 2018 for which there were any material foreseeable losses; and
iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

Place: Ahmedabad
Date: 25.05.2018

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

ANNEXURE "A" TO INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 5 (i) of our report of even date to the Members of ARMAN FINANCIAL SERVICES LIMITED for the year ended 31st March, 2018.

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 ₹13586.20 Lakhs and the maximum amount involved during the year was ₹13586.20 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, except there was delay in payment of service tax. According to the information and explanations given to us, no undisputed amounts payable in respect statutory dues were outstanding as at 31st March, 2018 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.

(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	594.23	2012-13	CIT (Appeals)	--
Income Tax Act, 1961	Income Tax	5.05	2013-14	CIT (Appeals)	--
Income Tax Act, 1961	Income Tax	3.00	2014-15	CIT (Appeals)	--

8. Based on our audit procedure and according to the information and explanation given to us, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institutions, banks or debenture holders.

9. According to the information and explanations given to us, the Company had not raised any money by way of public issue during the year. According to the information and explanations given to us, and on an overall examination of the balance sheet of the Company, in our opinion, the term loans taken during the year were applied for the purpose for which they were obtained.

10. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud by the Company or any fraud on the Company by it's officer or employees has been noticed or reported during the course of our audit.

11. In our opinion and according to the information and explanations given to us, the Company has paid managerial remuneration which is in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V of The Companies Act, 2013.

12. In our opinion and according to the information and explanations given to us, the provisions of special statute applicable to chit funds and nidhi / mutual benefit funds / societies are not applicable to the company. Hence, clause (xii) of the Company's (Auditor's Report) Order, 2016 is not applicable.

13. In our opinion and according to the information and explanations given to us, the transactions entered by the Company with related parties are in compliance with the provisions of section 177 and 188 of The Companies Act, 2013 and details thereof are properly disclosed in the financial statements.

14. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review hence provisions of sections of 42 of the Companies Act, 2013 are not applicable.

15. The Company has not entered in to any non-cash transactions with the directors or persons connected with him during the year, hence section 192 of the Companies Act, 2013 and clause (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: 25.05.2018

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

ANNEXURE "B" TO INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 5(ii)(f) of our Report of even date to the Members of ARMAN FINANCIAL SERVICES LIMITED for the year ended 31st March, 2018.

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 2018, 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. 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 2018, 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: 25.05.2018

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

BALANCE SHEET

as at 31st March, 2018

(Amount in ₹)

Particulars	Notes	As at March 31, 2018	As at March 31, 2017
EQUITY AND LIABILITIES			
[1] Shareholder's Funds			
[a] Share Capital	1	6,92,46,530	6,92,46,530
[b] Reserves & Surplus	2	33,27,79,688	31,24,29,128
		40,20,26,218	**38,16,75,658**
[2] Non-Current Liabilities			
[a] Long Term Borrowings	3	28,28,44,968	Nil
[b] Deferred Tax Liabilities (Net)		Nil	Nil
[c] Long Term Provisions	4	30,63,285	14,36,736
		28,59,08,253	**14,36,736**
[3] Current Liabilities			
[a] Short-Term Borrowings	5	49,63,06,706	45,05,08,484
[b] Other Current Liabilities	6	26,90,04,128	4,48,29,641
[c] Short Term Provisions	7	70,19,458	42,81,609
		77,23,30,293	**49,96,19,734**
Total		**1,46,02,64,764**	**88,27,32,128**
ASSETS			
[1] Non-Current Assets			
[a] Property, Plant & Equipment	8	1,40,98,962	1,44,34,556
[b] Intangible Assets	8	3,66,259	5,19,185
		1,44,65,221	**1,49,53,741**
[c] Long Term Investments	9	22,42,18,750	15,42,18,750
[d] Deferred Tax Assets (Net)	10	15,94,665	4,67,760
[e] Long-term Loans and Advances	11	44,53,59,497	17,55,45,606
[f] Other Non-Current Assets	12	3,36,54,085	2,77,81,045
		71,92,92,218	**37,29,66,902**
[2] Current Assets			
[a] Trade Receivables	13	3,16,24,531	2,09,35,650
[b] Cash & Bank Balances	14	3,48,49,092	45,91,102
[c] Short term Loans and Advances	11	67,44,98,923	48,42,38,474
[d] Other Current Assets		Nil	Nil
		74,09,72,545	**50,97,65,226**
Total		**1,46,02,64,764**	**88,27,32,128**
Significant Accounting Policies and Notes on Financial Statements	1 to 36		

As per our report of even date attached herewith

For, Arman Financial Services Limited

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

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

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

Jaimish Patel
Company Secretary
(M.No. A42244)

Aalok Patel
Executive Director & C.F.O.
(DIN - 02482747)

Place: Ahmedabad
Date: 25.05.2018

STATEMENT OF PROFIT & LOSS

for the year ended 31st March, 2018

(Amount in ₹)

Particulars	Notes	2017-18	2016-17
INCOME			
Revenue from Operations	15	27,30,57,866	16,55,59,658
Other Income	16	1,38,314	2,16,318
Total Revenue		**27,31,96,179**	**16,57,75,976**
EXPENDITURE			
Employee Benefit Expenses	17	6,29,28,410	3,69,22,821
Finance Costs	18	10,84,86,332	4,80,01,495
Depreciation and Amortisation expenses	19	10,71,855	11,06,664
Other Expenses	20	5,59,36,728	4,19,33,992
Total Expenses		**22,84,23,325**	**12,79,64,973**
Profit before Tax		**4,47,72,855**	**3,78,11,003**
Less : Tax expense:			
- Current Tax		1,38,40,000	1,31,10,000
- Deferred Tax Liability/(Asset)	21	(11,26,905)	(2,77,859)
Profit for the year		**3,20,59,760**	**2,49,78,862**
Basic Earnings Per Share of ₹10 each	24	4.63	3.61
Diluted Earnings Per share of ₹10 each	24	4.58	3.61
Significant Accounting Policies and Notes on Financial Statements	1 to 36		

As per our report of even date attached herewith

For, Arman Financial Services Limited

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

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

Jayendra Patel
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Jaimish Patel
Company Secretary
(M.No. A42244)

Aalok Patel
Executive Director & C.F.O.
(DIN - 02482747)

Place: Ahmedabad
Date: 25.05.2018

CASH FLOW STATEMENT

for the year ended 31st March, 2018

(Amount in ₹)

Particulars	2017-18		2016-17	
A. Cash from Operating Activities:				
Net profit before taxation		4,47,72,855		3,78,11,003
Adjustment For:				
Depreciation & Amortization expense	10,71,855		11,06,664	
NPA provisions (Net)	12,60,469		5,01,619	
Contingent provision on standard assets	27,90,000		5,60,000	
Interest expense	9,98,31,232		4,56,83,588	
Loss / (Profit) on sale of Property, Plant & Equipment	(1,23,626)		(93,678)	
Bad Debts w/off	92,68,675		90,84,706	
Short fall on interest on advance tax payment	10,60,000		5,80,000	
		11,51,58,605		5,74,22,899
Operating profit before working capital changes :		**15,99,31,460**		**9,52,33,902**
Adjustment For :				
Increase/(Decrease) In long-term provision	2,34,933		67,515	
Increase/(Decrease) In short-term provision	78,996		1,06,731	
Increase/(Decrease) In other current liability	53,22,047		1,96,23,754	
Decrease/(Increase) In trade receivables	(1,99,57,556)		(1,36,97,008)	
Decrease/(Increase) In long term loans and advances	(25,82,54,339)		(4,98,30,727)	
Decrease/(Increase) In short term loans and advances	(19,02,60,449)		(2,67,25,217)	
		(46,28,36,367)		(7,04,54,952)
Cash Generated From Operations		**(30,29,04,908)**		**2,47,78,950**
Income tax paid	(2,64,59,552)		(92,53,689)	
		(2,64,59,552)		**(92,53,689)**
Net Cash From Operating Activities:		**(32,93,64,460)**		**1,55,25,262**
B. Cash Flow From Investment Activities:				
Purchase of Property, Plant & Equipment	(20,59,709)		(11,56,558)	
Sale of Property, Plant & Equipment	16,00,000		17,22,601	
(Increase) /Decrease in bank deposits	(2,83,70,459)		(3,06,872)	
Investments in subsidiary	(7,00,00,000)		(5,00,00,000)	
Net Cash from Investment Activities:		**(9,88,30,168)**		**(4,97,40,829)**

CASH FLOW STATEMENT

for the year ended 31st March, 2018

(Amount in ₹)

Particulars	2017-18	2016-17
C. Cash Flow From Financing Activities:		
Proceeds from long term borrowings	51,68,91,288	9,72,41,779
Repayment of long term borrowings	(1,62,14,576)	(5,78,81,381)
Proceeds from short term borrowings	5,99,88,949	5,05,22,083
Repayment of short term borrowings	(1,41,90,727)	(36,72,658)
Interest paid	(9,88,47,078)	(4,61,50,108)
Share issue expense Dr. to share premium A/c	(33,74,826)	Nil
Dividend paid (including Dividend Distribution Tax)	(82,97,832)	(1,12,31,718)
Net Cash from Financing Activities:	**43,59,55,198**	**2,88,27,997**
Net Increase in Cash & Cash Equivalents:	**77,60,571**	**(53,87,572)**
Cash & cash equivalents at the beginning	45,91,102	99,78,674
Cash & cash equivalents at the end	1,23,51,673	45,91,102

As per our report of even date attached.

Notes :

(1) The above cash flow statement has been prepared under the "Indirect Method" set out in Accounting Standard - 3 issued by the Institute of Chartered Accountants of India.

(2) Cash and cash equivalents at the end includes ₹19,99,455/- (Prev. Year ₹19,62,913/-) in respect of unclaimed dividends which are not available for use by the Company.

For, Arman Financial Services Limited

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

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

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

Jaimish Patel
Company Secretary
(M.No. A42244)

Aalok Patel
Executive Director & C.F.O.
(DIN - 02482747)

Place: Ahmedabad
Date: 25.05.2018

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

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 economics 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 uncertainly as to collectability exists. Income on non performing assets is recognized when realized as per the guidelines for prudential norms prescribed by the Reserve Bank of India.

ii. Income from Assignment

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

iii. Other Interest Income

Other Interest Income is recognized on accrual basis.

iv. Processing Fees

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

v. Late Payment Charges

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

vi. Insurance Commission

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

vii. Income from Investments

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

d. Property, Plant & Equipment

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

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

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, 2018

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

a. The Employee and Company make monthly fixed contribution to government of India employee's provident fund equal to a specified percentage of the covered employee's salary. Provision for the same is made in the year in which services are rendered by the employee.

b. The liability for gratuity to employees, which is a defined benefit plan, as at Balance Sheet date determined on the basis of actuarial valuation based on projected unit credit method is funded to a gratuity fund administered by the trustees and managed by Life Insurance Corporation of India and the contribution thereof paid/payable is absorbed in the accounts.

c. The Company does not allow carry forward of unavailed leave and hence unavailed leaves are encashed in the current year itself.

d. Short term benefits are recognised as an expense at the undiscounted amounts in the statement of profit and loss of the year in which the related service is rendered.

g. Borrowing Cost

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

h. Segment Information

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

i. Lease

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

j. Provision for Current and Deferred Tax

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

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

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, 2018

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

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

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

l. Earnings per Share

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

m. Impairment

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

n. Provision, Contingent Liabilities and Contingent Assets

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

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

o. Transfer and recourse obligation under Debt Securitization

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

p. Classification and Provision Policy for Loan Portfolio

(i) Classification of Loan Portfolio

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

(ii) Provisioning policy for loan portfolio

Loans are provided for as per provisions required by Non Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 and as per RBI circular RBI/2015-16/22 DNBR (PD) CC.No.045/03.10.119/2015-16 dated July 01, 2015 (updated as on April 11,2016). Loans are classified and the percentage of provision made on such loans is as under.

Classification	Period	% of Provision
Standard assets	-	0.40 %
Non-performing assets	Overdue for 90 days or more	10 %
Substandard assets	NPA for a period not exceeding 12 months	10 %
Doubtful assets – unsecured	Substandard for a period exceeding 12 months	
Doubtful - secured	- Doubtful upto 1 year	20 %
	- Doubtful from 1 to 3 years	30 %
	- Doubtful for more than 3 years	50 %
Doubtful - unsecured	Substandard for a period exceeding 12 months	100 %
Loss assets	As identified by management	100 %

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

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

1 Share Capital

(Amount in ₹)

Particulars	As at 31.03.2018	As at 31.03.2017
[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
Total	**15,00,00,000**	**15,00,00,000**
[b] Issued, Subscribed & Paid-up Capital:		
57,20,179 (Previous Year 57,20,179) Ordinary Equity Shares of par value of ₹10/- each fully paid up	5,72,01,790	5,72,01,790
12,04,474 (Previous Year 12,04,474) Class "A" Ordinary Equity Shares of par value of ₹10/- each fully paid up	1,20,44,740	1,20,44,740
Total	**6,92,46,530**	**6,92,46,530**

1.1 The Company has two classes of shares referred to as i) Ordinary equity shares having face value of ₹10/-. Each holder of equity share is entitled to 1 vote per share and ii) Class "A" ordinary shares having face value of ₹10/-. Each holder of Class "A" ordinary shares is entitle 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 ₹1.00/- per equity share of ₹10/- each for the Financial Year 2017-18. As per the requirement of Accounting Standard 4 (Revised), the Company has not recognised any provision in financial statements.

1.4 Details of shareholders holding more than 5 % of ordinary shares of the Company are as follows:

Name of Shareholder	As at 31.03.2018		As at 31.03.2017	
	%	Shares	%	Shares
Jayendrabhai Patel	5.04	2,88,522	5.04	2,88,522
Ritaben Patel	5.19	2,96,674	5.19	2,96,674
Mukul Agrawal	10.05	5,75,000	3.62	2,07,303
Reliance Capital Trustee Co. Ltd.	Nil	Nil	6.90	3,94,798

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

Name of Shareholder	As at 31.03.2018		As at 31.03.2017	
	%	Shares	%	Shares
Namra Holdings & Consultancy Services LLP	100.00	12,04,474	100.00	12,04,474

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

1.6 The reconciliation of the number of shares outstanding and the amount of ordinary equity share capital as at 31st March, 2018 & 31st March,2017 is set out below:

Particulars	As at 31.03.2018		As at 31.03.2017	
	No. of Shares	Amount in ₹	No. of Shares	Amount in ₹
Shares at the beginning	57,20,179	5,72,01,790	57,20,179	5,72,01,790
Addition - subscription during the year	Nil	Nil	Nil	Nil
Deletion	Nil	Nil	Nil	Nil
Shares at the end	57,20,179	5,72,01,790	57,20,179	5,72,01,790

1.7 The reconciliation of the number of shares outstanding and the amount of Class "A" ordinary equity share capital as at 31st March, 2018 & 31st March, 2017 is set out below

Particulars	As at 31.03.2018		As at 31.03.2017	
	No. of Shares	Amount in ₹	No. of Shares	Amount in ₹
Shares at the beginning	12,04,474	1,20,44,740	12,04,474	1,20,44,740
Addition - subscription during the year	Nil	Nil	Nil	Nil
Deletion	Nil	Nil	Nil	Nil
Shares at the end	12,04,474	1,20,44,740	12,04,474	1,20,44,740

2. Reserves & Surplus

(Amounts in ₹)

Particulars	As at 31.03.2018	As at 31.03.2017
General Reserve		
Balance as per last financial statement	94,35,377	84,35,377
Add: Transfer from statement of profit and loss (Refer Note 2.1)	10,00,000	10,00,000
Closing Balance	**1,04,35,377**	**94,35,377**
Special Reserve u/s 45-IC of the RBI Act,1934		
Balance as per last financial statement	4,82,00,000	4,31,00,000
Add: Transfer from statement of profit and loss (Refer Note 2.1)	65,00,000	51,00,000
Closing Balance	**5,47,00,000**	**4,82,00,000**
Securities Premium Reserve	**12,24,99,306**	**12,24,99,306**
Less: Share Issue Expenses	33,74,826	Nil
Closing Balance	**11,91,24,480**	**12,24,99,306**
Surplus in the Statement of Profit and Loss		
Balance as per last financial statement	13,22,94,445	11,34,15,584
Add : Profit for the year	3,20,59,760	2,49,78,862
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)	(65,00,000)	(51,00,000)
Dividend Paid	(69,24,653)	Nil
Tax paid on Dividend	(14,09,721)	Nil
Closing Balance	**14,85,19,831**	**13,22,94,445**
Total	**33,27,79,688**	**31,24,29,128**

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

2.1

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

3 Long Term Borrowings

(Amounts in ₹)

Particulars	As at 31.03.2018		As at 31.03.2017	
	Non Current	Current	Non Current	Current
Secured Loans				
From Banks				
-- Term loans @@	8,63,11,916	9,21,01,162	Nil	Nil
From financial institutions				
-- Term loans @@	14,65,33,052	14,19,45,158	Nil	1,62,14,576
Unsecured Loans				
Others				
From financial institutions	5,00,00,000	Nil	Nil	Nil
Total	**28,28,44,968**	**23,40,46,320**	**Nil**	**1,62,14,576**
Less : Amount disclosed under head other Current Liabilities (Note - 6)	Nil	23,40,46,320	Nil	1,62,14,576
Total	**28,28,44,968**	**Nil**	**Nil**	**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".

Interest:

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

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

Repayment:

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

(Amounts in ₹)

Particulars	Upto 1 year	2 to 3 Years	More than 3 years
Term loan repayment	23,40,46,320	23,28,44,968	Nil

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

Loans from relatives of Directors & Financial Institutes

(Amounts in ₹)

Particulars	Upto 1 year	2 to 3 Years	More than 3 years
From Financial institutions	Nil	Nil	5,00,00,000
From Directors and their relatives	4,46,80,232	Nil	Nil

Inter Corporate Deposit

(Amounts in ₹)

Particulars	Upto 1 year	2 to 3 Years	More than 3 years
Inter Corporate Deposit	5,79,59,783	Nil	Nil

4 Long Term Provisions

(Amounts in ₹)

Particulars	As at 31.03.2018		As at 31.03.2017	
	Non Current	Current	Non Current	Current
Provision for employee benefit- gratuity	10,51,669	3,66,426	8,16,736	2,87,430
Contingent provision against standard assets	16,60,000	34,40,000	6,20,000	16,90,000
NPA provisions	3,51,616	32,13,032	Nil	23,04,179
	30,63,285	70,19,458	14,36,736	42,81,609
Less : Amount disclosed under head short term provisions - (Note-7)	Nil	70,19,458	Nil	42,81,609
Total	**30,63,285**	**Nil**	**14,36,736**	**Nil**

5 Short-Term Borrowings

(Amounts in ₹)

Particulars	Current	
	As at 31.03.2018	As at 31.03.2017
Loans Repayable on Demand:		
Working capital loans from banks - secured @	39,36,66,691	35,23,96,388
From Directors and their relatives -Unsecured	4,46,80,232	10,16,074
Inter Corporate Deposit -Unsecured	5,79,59,783	9,70,96,022
Total	**49,63,06,706**	**45,05,08,484**

@ 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, 2018

6 Other Current Liabilities

(Amounts in ₹)

Particulars	As at 31.03.2018	As at 31.03.2017
Current maturity of long term borrowings (Note 3)	23,40,46,320	1,62,14,576
Salary & wages payable	42,00,687	27,14,854
Other statutory dues	9,80,802	3,70,766
TDS payable	13,21,772	11,66,116
Security deposits	24,84,755	24,49,365
Interest accrued but not due on term loans	10,97,349	1,13,195
Unpaid dividend	19,99,455	19,62,913
Unpaid expenses	1,73,11,234	58,72,973
Cash profit on loan transfer transactions pending recognition (Note -29 (ii))	55,61,754	1,39,64,883
Total	**26,90,04,128**	**4,48,29,641**

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

7 Short Term Provisions

(Amounts in ₹)

Particulars	Current	
	As at 31.03.2018	As at 31.03.2017
Provisions for employee benefits - Gratuity (Note - 4)	3,66,426	2,87,430
Contingent provision against standard Asset (Note - 4)	34,40,000	16,90,000
NPA provisions (Note- 4)	32,13,032	23,04,179
Total	**70,19,458**	**42,81,609**

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

8 Property, Plant & Equipment

(Amounts in ₹)

Carrying Value	Property, Plant & Equipment: Buildings	Furniture & Fixtures	Office Equipment	Vehicles	Computer	Total	Intangible Assets	Total Assets
As at 01.04.2016	**1,30,98,150**	**44,11,502**	**16,08,574**	**27,22,452**	**32,87,283**	**2,51,27,961**	**8,04,870**	**2,59,32,831**
Addition	Nil	1,26,773	1,68,485	8,61,300	Nil	11,56,558	Nil	11,56,558
Disposal	Nil	Nil	Nil	35,46,852	Nil	35,46,852	Nil	35,46,852
Other Adjustment	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
As at 31.03.2017	**1,30,98,150**	**45,38,275**	**17,77,059**	**36,900**	**32,87,283**	**2,27,37,667**	**8,04,870**	**2,35,42,537**
Addition	Nil	232195	1,10,999	16,64,015	52,500	20,59,709	Nil	20,59,709
Disposal	1578545	Nil	Nil	Nil	Nil	15,78,545	Nil	15,78,545
Other Adjustment	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
As 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**

Accumulated Depreciation	Buildings	Furniture & Fixtures	Office Equipment	Vehicles	Computer	Total	Intangible Assets	Total Assets
As at 01.04.2016	**16,19,273**	**24,73,249**	**6,79,357**	**19,52,316**	**25,43,108**	**92,67,303**	**1,32,759**	**94,00,062**
Change for the year	2,06,951	2,58,377	4,87,692	718	Nil	9,53,738	1,52,926	11,06,664
Disposal	Nil	Nil	Nil	19,17,930	Nil	19,17,930	Nil	19,17,930
As at 31.03.2017	**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
As 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**
Net Carrying Value								
As at 31.03.2017	1,12,71,926	18,06,649	6,10,010	1,796	7,44,175	1,44,34,556	5,19,185	1,49,53,741
As 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**

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

9 Investment

(Amounts in ₹)

Particulars	As at 31.03.2018		As at 31.03.2017	
	Non Current	Current	Non Current	Current
Investments (Trade)				
In equity Shares of Subsidiary Companies Unquoted, Fully paid up				
1,51,75,000 Shares (P.Y. 1,23,75,000) of ₹10 each fully paid up of Namra Finance Limited.	22,42,18,750	Nil	15,42,18,750	Nil
Total	**22,42,18,750**	**Nil**	**15,42,18,750**	**Nil**
Aggregate Cost of unquoted investments	22,42,18,750	Nil	15,42,18,750	Nil

10 Net Deferred Tax Assets

(Amounts in ₹)

Particulars	As at 31.03.2018	As at 31.03.2017
Deferred Tax Assets arising out of timing difference relating to :		
Provision for Gratuity that are allowable for tax purpose in the year of payment	3,94,514	3,65,070
Provision for NPA that are allowable for tax purpose in the year of actual loss	24,10,505	15,25,586
Total Deferred Tax Assets	**28,05,019**	**18,90,656**
Deferred Tax Liability arising out of timing difference relating to :		
Difference of depreciation as per tax provision and Company Law	12,10,354	14,22,896
Total Deferred Tax Liability	**12,10,354**	**14,22,896**
Net Deferred Tax Assets / (Liability)	**15,94,665**	**4,67,760**

11 Loans and Advances (Considered good unless otherwise stated)

(Amounts in ₹)

Particulars	As at 31.03.2018		As at 31.03.2017	
	Non Current	Current	Non Current	Current
A. Secured				
Loans secured by hypothecation of assets	23,53,87,171	57,02,88,987	16,92,93,256	44,09,70,431
B. Unsecured				
Loans to Companies, Firms and Individuals	19,49,02,351	6,89,73,669	71,79,311	1,87,22,527
Deposits	45,96,884	60,08,995	1,59,500	39,36,094
Other loans and advances	Nil	2,76,26,777	Nil	2,02,52,929
Advances to staff	Nil	6,64,968	Nil	2,32,544
Balance with government authority	Nil	9,35,527	Nil	1,23,949
Advance tax & TDS	12,18,53,091		9,53,93,539	
Less: Provision for tax	(11,13,80,000)		(9,64,80,000)	
Net	**1,04,73,091**		**(10,86,461)**	
Total	**44,53,59,497**	**67,44,98,923**	**17,55,45,606**	**48,42,38,474**

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

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 ₹1,40,78,002/- (P.Y. ₹91,63,625/-) outstanding portfolio on which NPA provision of ₹14,07,800/- (P.Y. ₹9,23,699/-) has been made.

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

12 Other Non Current Assets

(Amounts in ₹)

	As at 31.03.2018	As at 31.03.2017
Deposits with original maturity for more than 12 months (Note 14)	3,36,54,085	2,77,81,045
Total	**3,36,54,085**	**2,77,81,045**

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

13 Trade Receivables

(Amounts in ₹)

	As at 31.03.2018	As at 31.03.2017
A. Outstanding for a period exceeding Six Months from the date they are due for Payment (Unsecured, considered good)		
Secured	1,64,96,094	1,37,24,801
Unsecured	1,06,000	Nil
	1,66,02,094	**1,37,24,801**
B. Other Trade receivables (Unsecured, considered good)		
Secured	1,48,77,220	72,10,849
Unsecured	1,45,217	Nil
	1,50,22,437	**72,10,849**
Total	**3,16,24,531**	**2,09,35,650**

13.1 Sundry debtors includes ₹2,15,07,790/-(P.Y. ₹1,37,24,801/-) outstanding portfolio on which NPA provision of ₹21,56,848/- (P.Y. ₹13,80,480/-) has been made.

14 Cash and Bank Balance

(Amounts in ₹)

Particulars	As at 31.03.2018		As at 31.03.2017	
	Non Current	Current	Non Current	Current
A. Cash and cash equivalents				
Cash on hand	Nil	11,31,807	Nil	18,39,216
Balance with banks	Nil	1,12,19,866	Nil	27,51,886
Total	**Nil**	**1,23,51,673**	**Nil**	**45,91,102**

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

Particulars	As at 31.03.2018		As at 31.03.2017	
	Non Current	Current	Non Current	Current
B. Other Bank Balance				
Deposits with original maturity for more than 12 months	**3,36,54,085**	**2,24,97,419**	**2,77,81,045**	**Nil**
	3,36,54,085	2,24,97,419	2,77,81,045	Nil
Less Amount disclosed under non current assets (Note 12)	3,36,54,085	Nil	2,77,81,045	Nil
Total	**Nil**	**3,48,49,092**	**Nil**	**45,91,102**

14.1 Current account with banks includes ₹19,99,455/- (P.Y. ₹19,62,913/-) in Unpaid Dividend Account.

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

15 Revenue from operation

(Amounts in ₹)

Particulars	2017-18	2016-17
Interest income	27,21,18,226	16,48,92,896
Other charges in respect of loans	9,39,640	6,66,762
Total	**27,30,57,866**	**16,55,59,658**

16 Other Income

(Amounts in ₹)

Particulars	2017-18	2016-17
Profit on sale of Property, Plant & Equipment	1,23,626	93,678
Misc. income	14,688	1,22,640
Total	**1,38,314**	**2,16,318**

17 Employee Benefit Expenses

(Amounts in ₹)

Particulars	2017-18	2016-17
Salary, wages & bonus	5,91,47,271	3,45,09,979
Contribution to provident fund & other funds	30,09,177	17,86,225
Welfare expenses	7,71,962	6,26,617
Total	**6,29,28,410**	**3,69,22,821**

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

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

(Amounts in ₹)

Particulars	Gratuity Defined Benefit Obligation 2017-18	Gratuity Defined Benefit Obligation 2016-17
Present value of funded obligations	Nil	Nil
Fair value of plan assets	Nil	Nil
Present value of unfunded obligations	15,20,556	13,18,324
Unrecognized past service cost	Nil	Nil
Net liability	15,20,556	13,18,324
Amounts in the balance sheet:	Nil	Nil
Liabilities	15,20,556	13,18,324
Assets	1,02,461	2,14,158
Net liability	14,18,095	11,04,166

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

(Amounts in ₹)

Particulars	Gratuity Defined Benefit Obligation 2017-18	Gratuity Defined Benefit Obligation 2016-17
Current service cost	2,87,430	2,02,145
Interest on obligation	81,295	67,585
Expected return on plan assets	(15,984)	(863)
Net actuarial losses (gains) recognized in year	(38,912)	1,27,945
Recognised Past service cost-Vested	Nil	Nil
Recognised Past service cost-Unvested	100	Nil
Losses (gains) on curtailments and settlement	Nil	Nil
Total, included in 'employee benefit expense'	3,13,929	3,96,812
Actual return on plan assets	Nil	Nil

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

(Amounts in ₹)

Particulars	Gratuity Defined Benefit Obligation 2017-18	Gratuity Defined Benefit Obligation 2016-17
Opening defined benefit obligation	13,18,324	9,29,920
Transfer Out Liability	Nil	Nil
Service cost	2,87,430	2,02,145
Interest cost	81,295	67,585
Actuarial losses (gains)	(79,708)	1,18,674
Past service cost	100	Nil

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

Particulars	Gratuity Defined Benefit Obligation 2017-18	Gratuity Defined Benefit Obligation 2016-17
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	(86,885)	Nil
Closing defined benefit obligation	15,20,556	13,18,324

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 2017-18	Gratuity Defined Benefit Obligation 2016-17
Opening fair value of plan assets	2,14,158	Nil
Expected return	15,984	863
Actuarial gains and (losses)	(40,796)	(9,271)
Assets distributed on settlements	Nil	Nil
Contributions by employer	Nil	2,22,566
Assets acquired in an amalgamation in the nature of purchase	Nil	Nil
Exchange differences on foreign plans	Nil	Nil
Benefits paid	(86,885)	Nil
closing balance of fair value of plan assets	1,02,461	2,14,158

E. Reconciliation of gratuity provision account

(Amounts in ₹)

Particulars	Gratuity Defined Benefit Obligation 2017-18	Gratuity Defined Benefit Obligation 2016-17
Net Opening Provision in Books of Accounts	11,04,166	9,29,920
Employee Benefit Expense	3,13,929	3,96,812
Transfer in liability from Arman Financials	Nil	Nil
	14,18,095	13,26,732
Benefits Paid by the Company	Nil	(2,22,566)
Amounts Transferred to 'Payable Account'	Nil	Nil
Contributions to Plan Assets	Nil	Nil
Closing Provision in Books of Accounts	14,18,095	11,04,166

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

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

Particulars	Gratuity Defined Benefit Obligation 2017-18	Gratuity Defined Benefit Obligation 2016-17
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):

Particulars	Gratuity Defined Benefit Obligation 2017-18	Gratuity Defined Benefit Obligation 2016-17
Discount rate	7.35%	6.80%
Expected return on plan assets	-	-
Proportion of employees opting for early retirement	-	-
Annual increase in Salary costs	6.00%	6.00%
Future changes in maximum state health care benefits	-	-

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

(Amounts in ₹)

Particulars	2017-18	2016-17
Defined benefit obligation	15,20,556	13,18,324
Plan assets	1,02,461	2,14,158
Surplus/(deficit)	(14,18,095)	(11,04,166)
Experience adjustments on plan liabilities	(37,986)	48,754
Experience adjustments on plan assets	40,796	9,271
Actuarial Loss/(Gain) due to change in assumption	(41,722)	69,920
Actuarial Loss/(Gain) due to participant experience	Nil	Nil
Actuarial Loss/(Gain) on liabilities	(79,708)	1,18,674
Net Actuarial Loss/(Gain) on liabilities	(38,912)	1,27,945

(Amounts in ₹)

Particulars	31.03.2018	31.03.2017	31.03.2016	31.03.2015	31.03.2014
Defined benefit obligation	15,20,556	13,18,324	9,29,920	6,94,167	6,15,516
Plan assets	1,02,461	2,14,158	Nil	Nil	Nil
Unrecognised past service cost	Nil	Nil	Nil	Nil	Nil
Deficit	Nil	Nil	Nil	Nil	Nil
Experience adjustments on plan liabilities	15,20,556	13,18,324	9,29,920	6,94,167	6,15,516
Experience adjustments on plan assets	Nil	Nil	Nil	Nil	Nil
Contribution expected to be paid upto 31.3.2019 of ₹5,00,000/-.					

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

18 Finance Cost

(Amounts in ₹)

Particulars	2017-18	2016-17
Interest expenses	10,08,91,232	4,62,63,588
Other borrowing cost	75,95,100	17,37,907
Total	**10,84,86,332**	**4,80,01,495**

19 Depreciation And Amortisation Expense

(Amounts in ₹)

Particulars	2017-18	2016-17
Depreciation of Property, Plant & Equipment	9,18,929	9,53,738
Amortization of intangible assets	1,52,926	1,52,926
Total	**10,71,855**	**11,06,664**

20 Other Costs

(Amounts in ₹)

Particulars	2017-18	2016-17
Electricity & fuel charges	4,78,065	5,14,490
Repairs To		
Building	4,45,768	4,89,943
Other	Nil	Nil
Sub Total	**4,45,768**	**4,89,943**
Insurance	1,07,157	61,869
Rent	17,62,175	7,80,725
Rates & taxes	85,152	2,89,852
Stationery & printing	14,68,991	16,97,613
Advertisement expenses	1,46,933	2,20,409
Communication	12,87,028	14,80,166
Traveling & conveyance expenses	24,42,838	9,01,883
Professional fees	94,23,183	41,36,819
Auditor's Remuneration		
Audit fees	2,65,500	2,58,750
For tax audit	Nil	86,250
For certification	Nil	6,900
Sub Total	**2,65,500**	**3,51,900**
Director sitting fees	4,95,000	3,40,000
Marketing & incentive expenses	1,67,93,114	1,45,64,350
Bad debts written off (Net)	92,68,675	90,84,706
Provision for NPA (Net)	12,60,469	5,01,619
Contingent provision against standard assets (Net)	27,90,000	5,60,000
Sundry Balance written off	4,76,137	1,46,714
General charges (including bank charges, security charges & membership fees etc.)	69,40,543	58,10,935
Total	**5,59,36,728**	**4,19,33,992**

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

20.1 Bad debts & irrecoverable w/o are shown net off bad debts recovery during the year amounting to ₹32,70,661/- (P.Y. ₹6,95,821/-).

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

21 Deferred Tax Liabilities / (Assets)

(Amounts in ₹)

Particulars	2017-18	2016-17
Opening balance of deferred Tax Liability / (Assets)	**(4,67,760)**	**(1,89,901)**
Closing balance of deferred Tax Liability / (Assets)	(15,94,665)	(4,67,760)
Deferred Tax Liabilities / (Assets) for the year	**(11,26,905)**	**(2,77,859)**

22. Contingent liabilities not provided for: -

(a) Disputed Demand of Income Tax of ₹750.85 Lakhs (Previous year ₹792.51 Lakhs). (against which the Company has paid ₹148.56 Lakhs [Previous year ₹8.79 Lakhs] under protest which are shown as advances).

(b) Guarantee given by Company of ₹13586.20 Lakhs (P.Y. ₹6478.53 Lakhs) for working capital / Term Loan taken by its wholly owned subsidiary Company.

23. Related Party Disclosures:

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

A) Subsidiary

Namra Finance Limited

B) Key Managerial Personnel

Mr. Jayendra Patel
Mr. Aalok Patel
Mr. Amit Manakiwala (Up to 31st August 2017)

C) Directors and relatives of Key Managerial Personnel

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

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

Namra Holdings & Consultancy Services LLP — Key Managerial Personnel is Partner

Details of Transactions are as follows:

(Amounts in ₹)

SR NO	Nature of Transaction	Subsidiary	Key Managerial Personnel	Relatives of Key Managerial Personnel	Relative of KMP and their enterprise	Total
1	**Expenses**					
	Remuneration & perquisites	Nil	48,29,280	Nil	Nil	48,29,280
		(Nil)	(36,80,102)	(Nil)	(Nil)	(36,80,102)
	Professional Fees Paid	Nil	Nil	6,25,000	Nil	6,25,000
		(Nil)	(Nil)	(Nil)	(Nil)	(Nil)
	Sitting fees	Nil	Nil	1,25,000	Nil	1,25,000
		(Nil)	(Nil)	(63,000)	(Nil)	(63,000)
	Interest expenses	2,01,46,256	6,95,090	24,01,141	27,03,202	2,59,45,689
		(1,39,54,591)	(Nil)	(1,61,953)	(Nil)	(1,41,16,544)
	Rent paid	Nil	Nil	20,700	Nil	20,700
		(Nil)	(Nil)	(20,685)	(Nil)	(20,685)
	Dividend paid	Nil	5,36,331	8,83,339	13,69,874	27,89,544
		(Nil)	(8,31,685)	(12,10,747)	(19,17,824)	(39,60,256)
2	**Unsecured Loan**					
	Loan taken during the year	3,08,72,63,796	88,25,000	2,19,10,511	2,07,60,000	3,13,87,59,307
		(1,28,74,42,536)	(Nil)	(Nil)	(Nil)	(1,28,74,42,536)
	Loan & Interest repaid during the year	3,14,65,46,291	38,30,807	69,71,777	28,28,202	3,16,01,77,077
		(1,20,43,01,105)	(Nil)	(16,196)	(Nil)	(1,20,43,17,301)
	Balance out standing at 31.03.2018	5,79,59,783	56,89,283	1,83,55,949	2,06,35,000	10,26,40,015
		(9,70,96,022)	(Nil)	(10,16,074)	(Nil)	(9,81,12,096)
3	**Investments in subsidiary**	7,00,00,000	Nil	Nil	Nil	7,00,00,000
		(5,00,00,000)	(Nil)	(Nil)	(Nil)	(5,00,00,000)
4	**Sales under securitization**	18,00,96,178	Nil	Nil	Nil	18,00,96,178
		(13,52,50,000)	(Nil)	(Nil)	(Nil)	(13,52,50,000)

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:

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

Unsecured loan taken

(Amounts in ₹)

SRN	Name of relative	2017-18	2016-17
1	Namra Finance Limited	3,08,72,63,796	1,28,74,42,536

Unsecured loan repayments

(Amounts in ₹)

SRN	Name of relative	2017-18	2016-17
1	Namra Finance Limited	3,14,65,46,291	1,20,43,01,105

Interest expenses

(Amounts in ₹)

SRN	Name of relative	2017-18	2016-17
1	Namra Finance Limited	2,01,46,256	1,39,54,591
2	Namra Holding & Consultancy Services LLP	27,03,202	Nil

Remuneration and perquisite

(Amounts in ₹)

SRN	Name of relative	2017-18	2016-17
1	Jayendra Patel	21,23,280	17,26,302
2	Amit Manakiwala	17,10,000	11,72,600
3	Aalok Patel	9,96,000	7,81,200

Professional Fees

(Amounts in ₹)

SRN	Name of relative	2017-18	2016-17
1	Amit Manakiwala	6,25,000	Nil

Sitting fees

(Amounts in ₹)

SRN	Name of relative	2017-18	2016-17
1	Chinubhai Shah	1,50,000	1,23,000
2	Kaushikbhai Shah	1,50,000	1,23,000
3	Ritaben Patel	1,12,500	63,000
4	Ramakant Nagpal	70,000	32,500
5	Aakash J Patel	12,500	Nil

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

Rent Paid

(Amounts in ₹)

SRN	Name of relative	2017-18	2016-17
1	J. B. Patel & Co.	20,700	20,685

Dividend paid

(Amounts in ₹)

SRN	Name of relative	2017-18	2016-17
1	Aakash Patel	2,78,830	3,90,362
2	Aalok Patel	2,47,809	3,46,932
3	Jayendra Patel (HUF)	1,96,000	2,74,400
4	Jayendra Patel	2,88,522	4,00,415
5	Ritaben Patel	2,96,674	4,15,343
6	Namra Holdings & Consultancy Services LLP	13,69,874	19,17,824

Investments in subsidiary Company

(Amounts in ₹)

SRN	Name of relative	2017-18	2016-17
1	Namra Finance limited	7,00,00,000	5,00,00,000

Sales under securitization

(Amounts in ₹)

SRN	Name of relative	2017-18	2016-17
1	Namra Finance limited	18,00,96,178	13,52,50,000

E) Outstanding Credit Balance of Related Parties

(Amounts in ₹)

SRN	Name of relative	2017-18	2016-17
1	Namra Finance Limited	5,79,59,783	9,70,96,022
2	Aakash J Patel – HUF	50,15,949	10,16,074
3	Aalok J Patel – HUF	15,75,000	Nil
4	Aalok J Patel	19,50,000	Nil
5	Jayendra B Patel	37,39,283	Nil
6	J. B. Patel – HUF	64,00,000	Nil
7	Ritaben J Patel	37,50,000	Nil
8	Namra Holding & Consultancy Service LLP	2,06,35,000	Nil
9	Raj Enterprise	16,15,000	Nil

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

24. Earnings Per Share:

Particular	Unit	2017-18	2016-17
Numerator used for calculating Basic & diluted earnings per share (PAT)	₹	3,20,59,760	2,49,78,862
Weighted average no. of shares used as denominator for calculating basic earnings per share	Shares	69,24,653	69,24,653
Weighted average no. of shares used as denominator for calculating diluted earnings per share	Shares	70,06,969	69,24,653
Nominal value per Share	₹	10	10
Basic earnings per share	₹	4.63	3.61
Diluted earnings per share	₹	4.58	3.61

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

(Amount in ₹)

Classification	Portfolio loan outstanding (Gross)		Provision for standard and non performing assets	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Standard assets	1,09,71,40,444	65,85,61,273	51,00,000	23,10,000
Sub-standard assets	3,56,46,480	2,28,88,426	35,64,648	23,04,179
Total	**1,13,27,86,924**	**68,14,49,699**	**86,64,648**	**46,14,179**

26. 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, 2018, Company has granted 97,500 stock options (out of total 1,25,000 option available for being granted to eligible employees of the Company / Subsidiary Company/ies) to various employees of Company/ subsidiary Company on 26.05.2017 under the scheme of 'ARMAN-EMPLOYEE STOCK OPTION PLAN 2016' ("ESOP 2016"). The details are as under:

Scheme	ESOP-2016
Date of grant	26.05.2017
Date of Board approval	11.08.2016
Date of Shareholder's approval	22.09.2016
Number of options granted	97,500
Exercise price	₹50/-
Method of Settlement	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;
	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.
Exercise period	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.
Name of the plan	'ARMAN-EMPLOYEE STOCK OPTION PLAN 2016' ("ESOP 2016")

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

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

Particular	31.03.2018	31.03.2017
Outstanding at the beginning of the year	-	-
Vested but not exercised at the beginning of the year	-	-
Granted during the year	97500	-
Forfeited during the year	-	-
Exercised during the year	-	-
Expired during the year	-	-
Outstanding at the end of the year	97500	-
Exercisable at the end of the year	-	-
Weighted average exercise price per option	-	-

27. Balances are subject to confirmation.

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

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

(i) Details of Securitization

Particular	31.03.2018	31.03.2017
Total no of loan assets	4803	2,800
Book value of loan assets (₹)	18,00,96,178	12,12,85,117
Sales consideration received from securitized assets (₹)	18,00,96,178	13,52,50,000
Gain / (Loss) on securitized assets (₹)	Nil	1,39,64,883
Form of service provided	Nil	Nil
Quantum of outstanding value of services (₹)	18,00,96,178	13,52,50,000

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

30. Lease:

The Company has entered into certain rent agreements and amounts of ₹17.62 Lakhs (P.Y. ₹7.81 Lakhs) paid under such agreements have been charged to the statement of profit and Loss. These rents agreements are generally not 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 the assets to the tune of ₹ Nil (P.Y. ₹ Nil).

32. 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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

33. 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.

34. 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.

35. Additional disclosures required by the RBI

A) Capital to risk assets ratio (CRAR)

SRN	Particulars	2017-18	2016-17
(i)	CRAR (%)	23.49	38.49
(ii)	CRAR Tier I Capital (%)	18.71	38.16
(iii)	CRAR Tier II Capital (%)	4.78	0.33
(iv)	Amount of subordinated debt raised as Tier-II Capital (Amount in Lakhs)	500.00	-
(v)	Amount raised by issue of perpetual debt instruments	-	-

B) Investments

(Amount in Lakhs)

Particulars		2017-18	2016-17
(1)	Value of investments		
	(i) Gross value of investments	2242.19	1542.19
	(A) In India	2242.19	1542.19
	(B) Outside India	-	-
	(ii) Provision for deprecation	-	-
	(A) In India	-	-
	(B) Outside India	-	-
	(iii) Net value of investments	2242.19	1542.19
	(A) In India	2242.19	1542.19
	(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, 2018 is ₹ Nil (P.Y. is ₹ Nil).

D) Disclosure relating to securitization

The Company has entered in to transaction of Securitization (Sales) of ₹18,00,96,178/- and previous years (Sales) of ₹13,52,50,000/-.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

E) Details of non-performing assets purchase / sold

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

F) Assets Liability Management

Maturity pattern of certain Assets and Liability as on 31.03.2018

(Amount 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	-	-	-	-	-	106.5	-	-	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	6256.71	-	500.00	10131.97
Foreign currency assets	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-		-	-	-	-	-	-

Maturity pattern of certain Assets and Liability as on 31.03.2017

(Amount 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	37.15	-	-	-	-	-	-	-	37.15
Advances	712.32	517.21	560.07	2573.77	1834.56	575.61	-	-	6773.48
Investments	-	-	-	-	-	-	-	1542.18	1542.18
Cash & bank balance	45.91	-	-	-	-	-	-	-	45.91
Borrowings	17.33	17.33	17.33	51.99	1033.11	3529.09	-	-	4666.18
Foreign currency assets	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-

G) Exposure

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

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	06.10.2017	BBB ; Stable	05.10.2018	39.00 Crores

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

Signature to notes "1" to "36"
As per our report of even date attached

For, Arman Financial Services Limited

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

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

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

Jaimish Patel
Company Secretary
(M.No. A42244)

Aalok Patel
Executive Director & C.F.O.
(DIN - 02482747)

Place: Ahmedabad
Date: 25.05.2018

SCHEDULE TO THE BALANCE SHEET OF A NON-BANKING FINANCIAL COMPANY for the year ended 31st March, 2018

[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) Debentures:	Secured		Nil	Nil
		Unsecured		Nil	Nil
		(other than falling within the meaning of public deposits*)		Nil	Nil
	(b) Deferred Credits			Nil	Nil
	(c) Term Loans			5,168.91	Nil
	(d) Inter-Corporate loans and borrowing			579.60	Nil
	(e) Commercial Paper			Nil	Nil
	(f) Public Deposits*			Nil	Nil
	(g) Other Loans (specify nature)				Nil
	- Working capital Loans		3936.67		
	- from directors and relatives		446.80		
	- Debenture Application Money		Nil	4,383.47	Nil
	* Please see Note 1 below				
(2)	**Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):**				
	(a) In the form of Unsecured debentures			Nil	Nil
	(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security			Nil	Nil
	(c) Other Public Deposits			Nil	Nil
	Asset side:				
(3)	**Break-up of Loans and Advances including bills receivable [other than those included in (4) below]:**				
	(a) Secured			Nil	Nil
	(b) Unsecured			2,954.86	2.51
(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			8,373.01	313.74

SCHEDULE TO THE BALANCE SHEET OF A NON-BANKING FINANCIAL COMPANY for the year ended 31st March, 2018

SRN	Particulars		Amount Outstanding	Amount Overdue
(5)	**Break-up of 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	561.51	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	2,242.19	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)	FDR	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	8373.01	2,954.86	11327.87
	Total	8373.01	2954.86	11327.87

SCHEDULE TO THE BALANCE SHEET OF A NON-BANKING FINANCIAL COMPANY for the year ended 31st March, 2018

SRN	Particulars	Amount Outstanding	Amount Overdue
(7)	**Investor group-wise classificiation 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	2,242.19	Nil
	(b) Companies in the same group	Nil	Nil
	(c) Other related parties	Nil	Nil
2.	Other than related parties	Nil	Nil
	Total	2,242.19	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	356.47
(ii)	Net Non-Performing Assets	
	(a) Related Parties	Nil
	(b) Other than related parties	320.82
(iii)	Assets acquired in satisfaction of debts	Nil

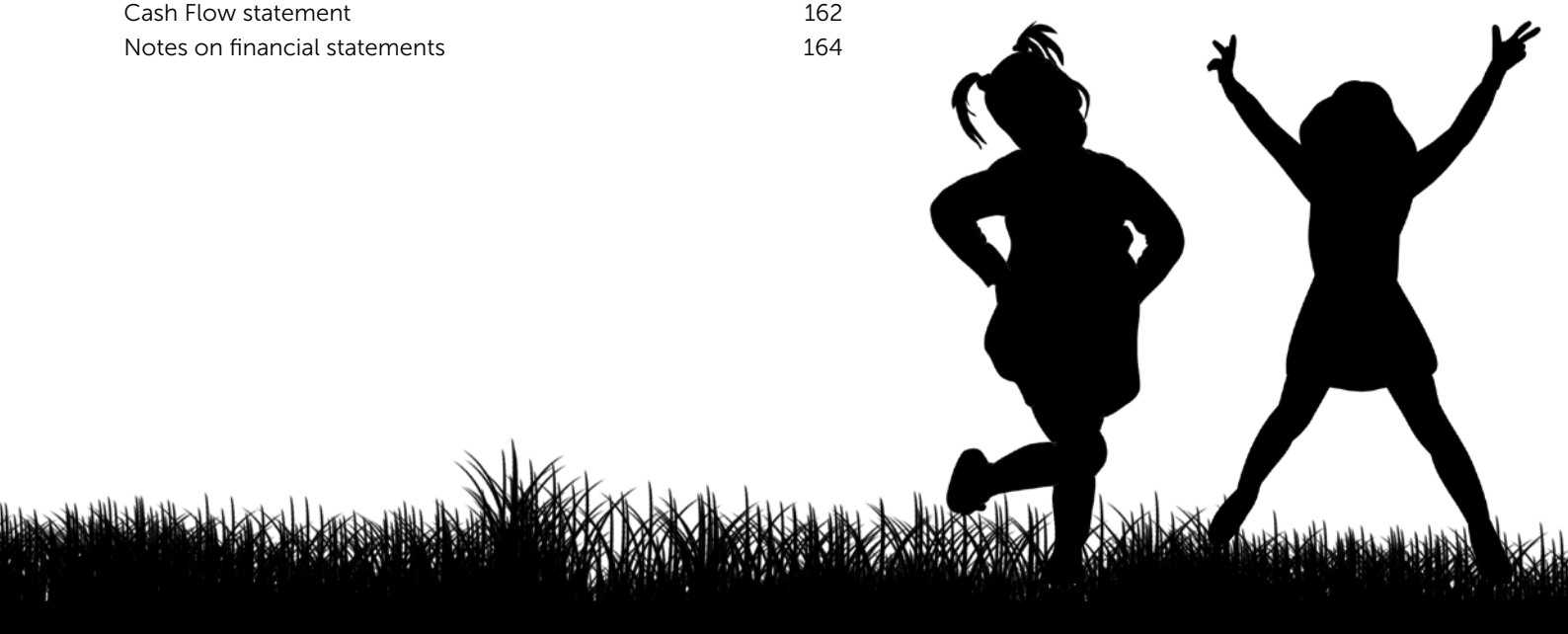
1 As defined in paragraph 2(1) (xii) of the Non Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.

2 Provisioning Norms shall be applicable as prescribed in the Non-Banking Financial Companies Norms (Reserve Bank) Directions, 1998.

3 All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of Investements and other assets as also assets aquired in satisfaction of debts.

NAMRA FINANCE LIMITED

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DIRECTOR'S REPORT

Dear Members,

Your Directors have pleasure in presenting the **6th** Director's Report of your Company together with the Audited Financial Statement for the year ended on 31st March, 2018.

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	2017-18	2016-17
Total Revenue	52,71,51,405	37,01,68,135
Profit Before Interest and Depreciation	30,99,38,313	23,99,51,717
Finance Charges	25,41,21,513	17,72,44,571
Provision for Depreciation	26,60,557	18,35,732
Net Profit Before Tax	5,31,56,243	6,08,71,414
Provision for Tax	1,73,44,709	2,31,00,000
Deferred Tax (Asset)/Liability	(50,85,412)	(4,86,161)
Net Profit After Tax	**4,08,96,946**	**3,82,57,575**

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 ₹52.72 crores against ₹37.02 crores for the previous year, resulting in increase of 42.41%. Earnings before Interest & Taxes (EBIT) for the current year is ₹30.99 crores (₹24.00 crores in previous year) thereby resulting in an increase of 29.13%. Net Profit after Taxes amounted to ₹4.09 crores (₹3.83 crores in previous year) thereby resulting in an increase of 6.79%.

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: ₹84,00,000/-
- 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

The Company's bank(s) / Financial Institute(s) facilities are rated by CARE Rating Limited. The Company continues to have rating CARE BBB for its working capital facilities and for long term borrowings, which indicates stable outlook regarding timely payment of financial obligations. The Company has also got CARE BBB for its Non- Convertible Debenture (Debt instrument).

7. UNCLAIMED DIVIDEND

The provisions of Section 125(2) of the Companies Act, 2013 do not apply as there is no unpaid dividend accounts appeared in balance sheet as on 31st March, 2018.

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, Shri Aalok Patel [DIN-02482747] will retire by rotation at the ensuing AGM and being eligible, offers himself for reappointment.

Shri Amit Manakiwala has given his resignation from the post of his Directorship w.e.f. 31.08.2017, as he is approaching retirement age. The Board of Director has accepted his resignation in its Board Meeting held on 05.08.2017. Your Directors place on record their appreciation for the valuable service, advice and guidance rendered by Shri Amit Manakiwala as a member of core management team.

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

1) Jayendra Patel – Managing Director and C.E.O.
2) Amit Manakiwala- Whole Time Director (upto 31.08.2017)
3) Aalok Patel – Executive Director & C.F.O. (C.F.O. upto 25.05.2018)
4) Vivek Modi – C.F.O. (w.e.f. 26.05.2018)
5) Jaimish Patel – Company Secretary & Compliance Officer

11. MEETING OF THE BOARD / AUDIT COMMITTEE

The Board during the financial year 2017-18 met 8 (eight) times and Audit Committee met four times. All the recommendations made by the Audit Committee during the year were accepted by the Board. According to Section 177 of the Companies Act, 2013 the Company's Audit Committee comprised of three directors. The board has accepted the recommendations of the Audit Committee. The table sets out the composition of the Committee:

SRN	Name of the Director	Designation	Category of Director
1	Shri R. K. Nagpal	Chairman	Independent Director
2	Smt. Ritaben Patel	Member	Non-executive Director
3	Shri Aalok Patel	Member	Executive Director

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

The Company has zero tolerance for sexual harassment at workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and no complaint has been received on sexual harassment during the financial year 2017-18.

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 31st March, 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 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 all 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 a 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. As per the recent amendment issued by Ministry of Corporate Affairs, ratification 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 2017-18. The Secretarial Audit Report is annexed herewith as "Annexure-1". The Secretarial Audit Report does not contain any qualification, reservation or adverse remarks.

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. 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 "Annuxure-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

- **Authorised Share Capital:**

  The Company has during the FY 2017-18, pursuant to approval of shareholders in Extra Ordinary General Meeting (EGM) held on 29.03.2018 has reclassified its authorised share capital from ₹27,00,00,000/- (Rupees Twenty Seven Crores Only) divided into 1,70,00,000 (One Crore Seventy Lakhs) Equity Shares of ₹10/- (Rupees Ten Only) each and 1,00,00,000 (One Crore Only) Redeemable Preference Shares of ₹10/- (Rupees Ten Only) to ₹27,00,00,000/- (Rupees Twenty Seven Crores Only) divided into 2,70,00,000 (Two Crore Seventy Lakhs) Equity Shares of ₹10/- (Rupees Ten Only).

- **Equity Share**

  The Company has issued and allotted 8,00,000 and 20,00,000 equity shares each having a nominal value of ₹10/- (Rupees Ten Only) at a premium of ₹15/- (Rupees Fifteen Only) to Arman Financial Services

Limited on right basis on 22.06.2017 and 22.01.2018 respectively. Subsequent to above allotments the paid up share capital of the Company has been increased from ₹12,37,50,000/- to ₹15,17,50,000/-.

- **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

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 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,

Jayendra Patel
(Chairman & Managing Director)
DIN: 00011814

Date: 09.08.2018
Place: Ahmedabad

ANNEXURE-1

FORM NO. MR-3
SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2018

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

To,
The Members,
Namra Finance Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Namra Finance Limited (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's Books, Papers, Minute Books, Forms and Returns filed and other Records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the financial year ended on 31st March, 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Company for the financial year ended on 31st March, 2018 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
   a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
   b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
   c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
   d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
   e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
   f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client – (not applicable)
   g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
   h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

   Based on our verification, we have observed that the SEBI regulations mentioned at (a), (b), (c), (d), (g) and (h) are not applicable to the Company since it has not listed its equity share on any stock exchanges.
6. Specifically applicable Laws to the Company, as identified and confirmed by the Management:
   i. The Reserve Bank of India Act, 1934,
   ii. Prevention of Money Laundering Act, 2002,
7. Labor Laws applicable to the Employees of the Company:
   i. Provident Fund Act, 1952;
   ii. Employees State Insurance Act, 1948;
   iii. Profession Tax Act, 1975;
   iv. The Payment of Gratuity Act, 1972

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

a) Secretarial Standards issued by the Institute of Company Secretaries of India on Meetings of the Board of Directors and General Meeting.

b) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

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

We further report that:
- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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

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

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

Date: 09.08.2018
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-A and forms an integral part of this report.

ANNEXURE-A

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: 09.08.2018
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:

a. Shri Jayendra Patel, Chairperson
b. Shri Aalok Patel, Member
c. Shri R. K. Nagpal, Member

3. Financial details:

The provisions pertaining to Corporate Social Responsibility as prescribed under Section 135 of the Companies Act, 2013 are applicable to the Company. A summary of the financial details as sought under the Companies Act, 2013 are as follows:

SRN	Particulars	Amount (In ₹)
1	Average net profit before tax of the Company for last three financial years	6,49,74,671/-
2	Total amount to be spent for the financial year	12,99,494/-
3	Total amount spent	1,00,000/-
4	Total amount unspent, if any	11,99,494/-

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	Kidney Healthcare	Healthcare and medical facilities	Ahmedabad	1,00,000/-	1,00,000/-	1,00,000/-	India Renal Foundation

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, including very low profitability during the first and second quarters of the year. 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 31st March, 2018

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

I. REGISTRATION & COMPANY DETAILS

1.	CIN	U65999GJ2012PLC069596
2.	Registration Date	27.03.2012
3.	Name of the Company	Namra Finance Limited
4.	Category/Sub-category of the Company	Category: Public Company; Sub Category: Company Limited by Shares, having Share Capital
5.	Address of the Registered office & contact details	502-503, Sakar III, Opp. Old High Court, Off. Ashram Road, Ahmedabad-380014, Gujarat, India. Ph: +91-79-40507000, 27541989 Fax: +91-79-27543666 Email: finance@armanindia.com; Website: www.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 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	-	12375000	12375000	100%	-	15175000	15175000	100%	-
D	Any Other (Trust)	-	-	-	-	-	-	-	-	-
	Sub-total (A1):-	-	12375000	12375000	100%	-	15175000	15175000	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)	**-**	**12375000**	**12375000**	**100%**	**-**	**15175000**	**15175000**	**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) :	**-**	**12375000**	**12375000**	**100%**	**-**	**15175000**	**15175000**	**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	12375000	100%	-	15175000	100%	-	-

c. Change in Promoters' Shareholding

SRN	Promoter's Name	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	12375000	100%	12375000	100%
	New allotment on 22.06.2017	800000		800000	
	New allotment on 22.01.2018	2000000		2000000	
	At the end of the year			15175000	100%

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

e. Shareholding of Directors and Key Managerial Personnel: Nil

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

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i. Principal Amount	1143121681	7000000	0	1150121681
ii. Interest due but not paid	0	0	0	0
iii. Interest accrued but not due	5892993	0	0	5892993
Total (i + ii + iii)	**1149014674**	**7000000**	**0**	**1156014674**
Change in Indebtedness during the financial year				
Addition	2100000000	100186411	0	2200186411
Reduction	355551473	0	0	350477035
Net Change	1744448557	100186411	0	1849709376
Indebtedness at the end of the financial year				
i. Principal Amount	2893463231	107186411	0	3000649642
ii. Interest due but not paid	0	0	0	0
iii. Interest accrued but not due	5074408	0	0	5074408
Total (i + ii + iii)	**2898537639**	**107186411**	**0**	**3005724050**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

SRN	Particulars	Name of MD/WTD/ Manager			Total Amount
1	Gross salary	Jayendra Patel (Managing Director)	Amit Manakiwala* (Whole Time Director)	Aalok Patel (Exe. Director & CFO)	
	a) Salary as per provisions contained in Section 17(1) of the Income tax Act, 1961	10,00,000/-	2,08,333/-	7,04,000/-	19,12,333/-
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	c) Profits in lieu of salary under Section 17(3) Income- tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
5	Total (A)	10,00,000/-	2,08,333/-	7,04,000/-	19,12,333/-
	Ceiling as per the Act	₹74,88,357/- (Being 10% of the profit of ₹7,48,83,576/- the Company calculated as per Section 198 of the Act			

*vacated on 31.08.2018

B. Remuneration to other Directors:

Particulars of Remuneration	Name of Directors		
Director	R. K. Nagpal	Ritaben Patel	**Total**
-Fees for attending Board/ Committee Meetings	40,000/-	40,000/-	80,000/-
-Commission	-	-	-
-Others, Please specify	-	-	-
Total (B)	40,000/-	40,000/-	80,000/-
Total Managerial Remuneration (A)+(B)			19,92,333/-

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 31st March, 2018

INDEPENDENT AUDITOR'S REPORT

To,
The Members of
NAMRA FINANCE LIMITED
Ahmedabad

1. Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of NAMRA FINANCE LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditors' Responsibility

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

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

4. OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:-

i. In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2018;
ii. In the case of the Statement Profit and Loss, of the profit for the year ended on that date; and

iii. In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

5. Report on Other Legal and Regulatory Requirements

(i) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure-A" statement on the matters specified in paragraphs 3 and 4 of the Order.

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

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

(c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) On the basis of the written representations received from the directors as on 31st March, 2018 taken on record by the Board of Directors, none of the directors are disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure-B".

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has no pending litigations as on the date of financial statements (Refer Note 21 to the Financial Statement).

ii. The Company did not have any outstanding long-term contracts including derivative contracts as at 31st March, 2018 for which there were any material foreseeable losses; and

iii. There were no such 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: 25.05.2018

(J. T. Shah)
Partner
[M. No. 03983]

ANNEXURE "A" TO INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 5 (i) of our Report of even date to the Members of NAMRA FINANCE LIMITED for the year ended 31st March, 2018.

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 ₹579.60 Lakhs and the maximum amount involved during the year was ₹4280.38 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 thereon.

(c) In our opinion and according to the information and explanations given to us, there were no overdue outstanding as at 31st March 2018 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 thereunder 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 except there was delay in payment of service tax and provident fund. According to the information and explanations given to us, there is no such arrears in respect statutory dues were outstanding as at 31st March, 2018 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. 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 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: 25.05.2018

(J. T. Shah)
Partner
[M. No. 03983]

ANNEXURE "B" TO INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 5(ii)(f) of our Report of even date to the Members of NAMRA FINANCE LIMITED for the year ended 31st March, 2018.

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, 2018, 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, 2018, 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: 25.05.2018

(J. T. Shah)
Partner
[M. No. 03983]

BALANCE SHEET

as at 31st March, 2018

(Amount in ₹)

Particulars	Notes	As at March 31, 2018	As at March 31, 2017
EQUITY AND LIABILITIES			
[1] Shareholder's Funds			
[a] Share Capital	1	15,17,50,000	17,37,50,000
[b] Reserves & Surplus	2	23,94,59,050	15,88,11,090
		39,12,09,050	**33,25,61,090**
[2] Non-Current Liabilities			
[a] Long Term Borrowings	3	1,93,81,84,657	48,16,55,414
[b] Deferred Tax Liabilities (Net)		Nil	Nil
[c] Long Term Provisions	4	35,81,588	11,71,825
		1,94,17,66,245	**48,28,27,239**
[3] Current Liabilities			
[a] Short-Term Borrowings	5	5,92,21,532	7,03,80,663
[b] Other Current Liabilities	6	1,04,01,32,553	62,41,71,506
[c] Short Term Provisions	7	4,55,62,519	2,43,18,307
		1,14,49,16,604	**71,88,70,476**
Total		**3,47,78,91,900**	**1,53,42,58,805**
ASSETS			
[1] Non-Current Assets			
[a] Property, Plant & Equipment	8	1,18,13,755	88,84,192
[b] Intangible Assets	8	18,72,296	14,34,604
		1,36,86,051	**1,03,18,796**
[c] Long Term Investments	9	2,70,15,995	2,40,15,995
[d] Deferred Tax Assets (Net)	10	90,29,442	39,44,030
[e] Long-Term Loans and Advances	11	33,73,74,432	9,19,80,743
[f] Other Non-Current Assets	12	7,16,29,985	3,39,65,863
		45,87,35,904	**16,42,25,426**
[2] Current Assets			
[a] Trade Receivables	13	4,26,09,545	3,44,96,200
[b] Cash & Bank Balances	14	15,42,55,419	20,92,24,034
[c] Short Term Loans and Advances	11	2,82,22,91,032	1,12,63,13,144
[d] Other Current Assets		Nil	Nil
		3,01,91,55,995	**1,37,00,33,378**
Total		**3,47,78,91,900**	**1,53,42,58,805**
Significant Accounting Policies and Notes on Financial Statements	1 to 33		

As per our report of even date attached herewith

For, Namra Finance Limited

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

[J. T. Shah]
Partner
[M.No.03983]

Jayendra Patel
Chairman & Managing Director
(DIN - 00011814)

Jaimish Patel
Company Secretary
(M.No. A42244)

Aalok Patel
Executive Director & C.F.O.
(DIN - 02482747)

Place: Ahmedabad
Date: 25.05.2018

STATEMENT OF PROFIT & LOSS

for the year ended 31st March, 2018

(Amount in ₹)

Particulars	Notes	2017-18	2016-17
INCOME			
Revenue from operations	15	52,71,51,405	37,01,52,140
Other income	16	Nil	15,995
Total Revenue		**52,71,51,405**	**37,01,68,135**
EXPENDITURE			
Employee Benefits Expenses	17	10,08,44,248	6,49,42,656
Finance Costs	18	25,41,21,513	17,72,44,571
Depreciation and Amortization expense	19	26,60,557	18,35,732
Other Expenses	20	11,63,68,844	6,52,73,762
Total Expenses		**47,39,95,162**	**30,92,96,721**
Profit before Tax		**5,31,56,243**	**6,08,71,414**
Less : Tax expense:			
- Current Tax		2,06,00,000	2,31,00,000
- Short / (excess) Provision of Income Tax of earlier years		(32,55,291)	Nil
- Deferred Tax Liability / (Assets)		(50,85,412)	(4,86,161)
Profit for the year		**4,08,96,946**	**3,82,57,575**
Basic Earnings Per Share of ₹10 each	23	2.89	2.63
Diluted Earnings Per share of ₹10 each	23	2.89	2.63
Significant Accounting Policies and Notes on Financial Statements	1 to 33		

As per our report of even date attached herewith

For, Namra Finance Limited

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

[J. T. Shah]
Partner
[M.No.03983]

Jayendra Patel
Chairman & Managing Director
(DIN - 00011814)

Jaimish Patel
Company Secretary
(M.No. A42244)

Aalok Patel
Executive Director & C.F.O.
(DIN - 02482747)

Place: Ahmedabad
Date: 25.05.2018

CASH FLOW STATEMENT

for the year ended 31st March, 2018

(Amount in ₹)

Particulars	2017-18		2016-17	
A. Cash from Operating Activities:				
Net profit before taxation		5,31,56,243		6,08,71,414
Adjustment For:				
Depreciation	26,60,557		18,35,732	
Contingent provision on standard assets (NPA)	1,98,15,000		11,00,000	
Interest expenses	23,67,31,353		17,33,07,571	
Loss/(Profit) on sale of investments	2,078		(15,995)	
Bad debts w/off	4,30,87,560		2,29,35,920	
Interest on shortfall of advance Tax	14,00,000		11,00,000	
		30,36,96,548		20,02,63,228
Operating profit before working - Capital changes :		**35,68,52,791**		**26,11,34,642**
Adjustment For :				
Increase/(Decrease) In long-term provision	57,327		(17,35,983)	
Increase/(Decrease) In short-term provision	3,26,685		20,40,067	
Increase/(Decrease) In other current liability	1,16,21,785		(22,24,123)	
Decrease/(Increase) In trade receivables	(5,12,00,905)		(5,40,33,489)	
Decrease/(Increase) In long term loans and advances	(24,53,93,689)		4,37,92,912	
Decrease/(Increase) In short term loans and advances	(1,69,59,77,888)		(12,23,93,705)	
		(1,98,05,66,685)		(13,45,54,321)
Cash Generated From Operations		**(1,62,37,13,894)**		**12,65,80,321**
Income tax paid	(1,33,33,934)		(2,50,06,945)	
		(1,33,33,934)		**(2,50,06,945)**
Net Cash From Operating Activities:		**(1,63,70,47,828)**		**10,15,73,376**
B. Cash Flow From Investment Activities:				
Purchase of Property, Plant & Equipment	(60,75,890)		(92,74,105)	
(Increase) /Decrease in bank deposits	(7,75,26,810)		22,01,397	
Purchase of long term investments	(30,00,000)		(1,00,00,000)	
Sale of Property, Plant & Equipment	46,000		Nil	
Net Cash from Investment Activities:		**(8,65,56,701)**		**(1,70,72,707)**

CASH FLOW STATEMENT

for the year ended 31st March, 2018

(Amount in ₹)

Particulars	2017-18	2016-17
C. Cash Flow From Financing Activities :		
Proceeds from issue of share capital	7,00,00,000	Nil
Proceeds from issue of preference share	Nil	5,00,00,000
Prerference Share redeemed	(5,00,00,000)	Nil
Proceeds from debentures issue	Nil	33,30,00,000
Preference dividend paid	(34,93,494)	(65,00,000)
Dividend tax paid on above preferance share	(7,11,304)	(13,23,400)
Proceeds from long term borrowings	2,41,59,26,962	41,28,63,435
Repayment of long term borrowings	(55,42,39,871)	(63,71,18,858)
Proceeds from short term borrowings	42,98,870	4,46,41,566
Repayment of short term borrowings	(1,54,58,001)	(25,87,422)
Interest paid	(23,75,49,938)	(16,91,64,931)
Net Cash from Financing Activities:	**1,62,87,73,224**	**2,38,10,390**
Net Increase in Cash & Cash Equivalents:	**(9,48,31,305)**	**10,83,11,059**
Cash & cash equivalents at the beginning	17,13,02,564	6,29,91,505
Cash & cash equivalents at the end	7,64,71,259	17,13,02,564

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, Namra Finance Limited

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

[J. T. Shah]
Partner
[M.No.03983]

Jayendra Patel
Chairman & Managing Director
(DIN - 00011814)

Jaimish Patel
Company Secretary
(M.No. A42244)

Aalok Patel
Executive Director & C.F.O.
(DIN - 02482747)

Place: Ahmedabad
Date: 25.05.2018

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

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 aassignment/securitization

In case of assignment of receivables "at premium", the assets are de-recognised since all the rights, title and future receivables are assigned to the purchaser. The interest spread arising on assignment is accounted over the residual tenure of the underlying assets as per guideline on securitization of standard assets issued by RBI.

iii. Other interest income

Other interest income is recognized on accrual basis.

iv. Processing fees

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

v. Late Payment Charges

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

d. Property, Plant & Equipment

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

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

Depreciation

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

Useful life of assets is as under:

SRN	Name of Asset	Useful Life
1	Furniture & Fixtures	10 Years
2	Vehicles-Motor Cycle	10 Years
3	Vehicles- Motor Car	8 Years
4	Office Equipments	5 Years
5	Computers	3 Years
6	Intangible Assets	5 Years

When assets are disposed or retired, their accumulated depreciation is removed from the financial statements. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between sales proceeds 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

i. 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.

ii. 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.

iii. The Company does not allow carry forward of unavailed leave and hence unavailed leaves are encashed in the current year itself.

iv. Short term benefits are recognised as an expense at the undiscounted amounts in the statement of profit and loss of the year in which the related service is rendered.

g. Lease:

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

h. Intangible Assets

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

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

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

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

i. Segment Information:

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

j. Provision for Current and Deferred Tax

Provision for current tax is made after taking into

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

consideration benefits admissible under the provision of the Income Tax Act, 1961.

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

k. Borrowing Cost

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

l. Earnings per Share

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

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

Share issue expenses incurred are expensed out in the year of issue.

o. Transfer and recourse obligation under Debt Securitization

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

p. Provision, Contingent Liabilities and Contingent Assets :

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

1 Share Capital

(Amount in ₹)

Particulars	As at 31.03.2018	As at 31.03.2017
[a]Authorised:		
2,70,00,000 (Previous Year 1,70,00,000) equity shares of par value of ₹10/- each	27,00,00,000	17,00,00,000
Nil (Previous Year 1,00,00,000) preference shares of ₹10/- each	Nil	10,00,00,000
Total	**27,00,00,000**	**27,00,00,000**
[b] Issued, Subscribed & Paid-up Capital:		
1,51,75,000 (Previous Year 1,23,75,000) equity shares of par value of ₹10/- each fully paid up	15,17,50,000	12,37,50,000
Nil (Previous Year 50,00,000) Cumulative Non - Convertible Compulsorily Redeemable Preference shares of par value of ₹10/- each fully paid up	Nil	5,00,00,000
Total	**15,17,50,000**	**17,37,50,000**

1.1 The Company having shares referred to as equity shares having face value of ₹10/-. Each holder of equity share is entitled to 1 vote per share.

1.2 During the year ended 31st March, 2018, dividend recognized as distribution to Cumulative Non - Convertible Compulsorily Redeemable Preference shares holders @ 13% (P.Y. ₹13%). The total dividend paid & appropriation for the year ended 31st March, 2018 amounted ₹18,68,494/- (P.Y. ₹65,00,000/-) excluding corporate dividend tax of ₹3,80,492/- (P.Y. ₹13,23,400/-).

1.3 In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholder.

1.4 The holder(s) of Cumulative Non - Convertible Compulsorily Redeemable Preference shares (CNCCRPS) had no voting rights other than in respect of matters directly affecting the rights attached to the CNCCRPS. In the event of any due and payable dividends on the CNCCRPS remaining unpaid, the holder(s) of CNCCRPS whould have gained voting rights in respect of all matters placed at a General Meeting of its equity shareholders in accordance with the provisions of the Companies Act, 2013.

1.5 Cumulative Non -Convertible Compulsorily Redeemable Preference shares were redeemable after 18 months from date of issue i.e. 31.12.2015 at par. The preference shares have been redeemend on 30.06.2017. The preference share holders were not entitled to any voting rights except under the circumstances as mentioned in para 1.4 above.

1.6 The Company is 100 % subsidiary of Arman Financial Services Limited.

1.7 Details of equity shareholders holding more than 5 % equity shares of the Company are as follows:

Name of Shareholder	As at 31.03.2018		As at 31.03.2017	
	%	Shares	%	Shares
Arman Financial Services Limited	100.00	1,51,75,000	100.00	1,23,75,000

1.8 Details of preference shareholders holding more than 5 % preference shares of the Company are as follows:

Name of Shareholder	As at 31.03.2018		As at 31.03.2017	
	%	Shares	%	Shares
UNIFI AIF	Nil	Nil	100.00	50,00,000

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

1.9 The reconciliation of the number of shares outstanding and the amount of share capital as at 31.03.2018 & 31.03.2017 is set out below.

Equity Shares

Particulars	As at 31.03.2018		As at 31.03.2017	
	No. of Shares	Amount in ₹	No. of Shares	Amount in ₹
Shares at the beginning	1,23,75,000	12,37,50,000	1,03,75,000	10,37,50,000
Addition - subscription during the year	28,00,000	2,80,00,000	20,00,000	2,00,00,000
Deletion/Redumption	Nil	Nil	Nil	Nil
Shares at the end	1,51,75,000	15,17,50,000	1,23,75,000	12,37,50,000

Preference Shares

Particulars	As at 31.03.2018		As at 31.03.2017	
	No. of Shares	Amount in ₹	No. of Shares	Amount in ₹
Shares at the beginning	50,00,000	5,00,00,000	Nil	Nil
Addition - subscription during the year	Nil	Nil	50,00,000	5,00,00,000
Deletion	(50,00,000)	(5,00,00,000)	Nil	Nil
Shares at the end	Nil	Nil	50,00,000	5,00,00,000

2. Reserves & Surplus

(Amounts in ₹)

Particulars	As at 31.03.2018	As at 31.03.2017
General Reserve		
Balance as per last financial statement	2,00,000	1,00,000
Add : transfer from statement of profit and loss	1,00,000	1,00,000
Closing Balance	**3,00,000**	**2,00,000**
Special Reserve u/s 45-IC of the RBI Act, 1934		
Balance as per last financial statement	2,83,50,000	2,05,50,000
Add: Transfer from statement of profit and loss	84,00,000	78,00,000
Closing Balance	**3,67,50,000**	**2,83,50,000**
Share Premium Account		
Balance as per last financial Statement	3,04,68,750	4,68,750
Add : On account of equity share / warrant capitalised during the year	4,20,00,000	3,00,00,000
Closing Balance	**7,24,68,750**	**3,04,68,750**
Surplus in the Statement of Profit and Loss		
Balance as per last financial statement	9,97,92,340	7,72,58,165
Add : Profit for the year	4,08,96,946	3,82,57,575
Closing Balance	**14,06,89,286**	**11,55,15,740**
Less: Appropriations		
Amount transfer to Special Reserve u/s 45-IC of RBI Act, 1934	84,00,000	78,00,000
Amount transfer to General Reserve	1,00,000	1,00,000
Dividend Paid on Preference shares	18,68,494	48,75,000
Tax on dividend paid	3,80,492	9.92.588
Proposed Dividend on Preference shares	Nil	16,25,000
Tax on proposed dividend	Nil	3,30,812
Closing Balance	**12,99,40,300**	**9,97,92,340**
Total	**23,94,59,050**	**15,88,11,090**

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

2.1

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

3 Long Term Borrowings

(Amounts in ₹)

Particulars	As at 31.03.2018		As at 31.03.2017	
	Non Current	Current	Non Current	Current
Secured Loans				
From Banks				
-- Term Loans @	54,83,45,487	60,28,65,758	9,70,70,678	40,90,21,649
From financial institutions				
-- Term Loans @	95,68,39,170	39,31,91,284	5,15,84,736	18,20,63,955
Debentures				
From financial institutions				
-- 14% Redeemable Non-Convertible Debentures@	33,30,00,000	Nil	33,30,00,000	Nil
Unsecured Loans				
From others				
-- Inter Corporate Deposit	Nil	71,86,411	Nil	70,00,000
From financial institutions	10,00,00,000	Nil	Nil	Nil
Total	**1,93,81,84,657**	**1,00,32,43,453**	**48,16,55,414**	**59,80,85,604**
Less : Amount disclosed under head Other Current Liability (Note 6)	Nil	1,00,32,43,453	Nil	59,80,85,604
Total	**1,93,81,84,657**	**Nil**	**48,16,55,414**	**Nil**

Security:

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

@ 14% Redeemable Non-Convertible Debentures are secured under hypothecation of specific assets portfolio.

Interest:

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

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

Repayment:

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

(Amounts in ₹)

	Upto 1 year	2 to 3 Years
Term loan repayment	99,60,57,042	1,50,51,84,657
14% Non Convertible Debentures	Nil	33,30,00,000
Inter Corporate Deposits	71,86,411	Nil

4 Long Term Provisions

(Amounts in ₹)

Particulars	As at 31.03.2018		As at 31.03.2017	
	Non Current	Current	Non Current	Current
Contingent provision against standard asset	32,14,536	2,90,00,464	8,62,100	1,15,37,900
Provision for dividend on Cumulative Non-Convertible Compulsorily Redeemable Preference shares	Nil	Nil	Nil	16,25,000
Provision for tax on distributed profits	Nil	Nil	Nil	3,30,812
Provision for Gratuity	3,67,052	8,56,638	3,09,725	5,29,953
Provision for tax	Nil	4,30,81,332	Nil	8,12,30,000
Less : Advance tax & TDS	Nil	(2,73,75,915)	Nil	(7,09,35,358)
Net	**35,81,588**	**4,55,62,519**	**11,71,825**	**2,43,18,307**
Less : Amount disclosed under head short term provisions - (Note-7)	Nil	(4,55,62,519)	Nil	(2,43,18,307)
Total	**35,81,588**	**Nil**	**11,71,825**	**Nil**

5 Short-Term Borrowings

(Amounts in ₹)

Particulars	Current	
	As at 31.03.2018	As at 31.03.2017
Working capital loans from banks - Secured @	5,92,21,532	7,03,80,663
Total	**5,92,21,532**	**7,03,80,663**

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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

6 Other Current Liabilities

(Amounts in ₹)

Particulars	Current	
	As at 31.03.2018	As at 31.03.2017
Current maturity of long term borrowings (Note 3)	1,00,32,43,453	59,80,85,604
Salary & wages payable	86,22,555	64,95,817
Other statutory dues	22,44,795	9,00,772
TDS payable	27,90,379	10,76,931
Sundry creditors for expense	34,72,027	17,70,489
Unpaid expenses	5,66,914	10,47,757
Interest accrued but not due on term loans	50,74,408	58,92,993
Micro insurance payable	1,41,18,022	89,01,143
Total	**1,04,01,32,553**	**62,41,71,506**

7 Short Term Provisions

(Amounts in ₹)

Particulars	Current	
	As at 31.03.2018	As at 31.03.2017
Contingent provision against standard asset (Note-4)	2,90,00,464	1,15,37,900
Provision for dividend on Cumulative Non - Convertible Compulsorily Redeemable Preference shares (Note -4)	Nil	16,25,000
Provision for tax on distribution profit (Note - 4)	Nil	3,30,812
Provisions for employee liability (Note-4)	8,56,638	5,29,953
Provision for tax	4,30,81,332	8,12,30,000
Less : Advance tax & TDS	(2,73,75,915)	(7,09,35,358)
Net (Note - 4)	1,57,05,417	1,02,94,642
Total	**4,55,62,519**	**2,43,18,307**

7.1 Contingent provision against standard assets:

As per Master Circular - 'Non Banking Financial Company-Micro Finance Institutions' (NBFC-MFIs)-directions dated July'1,2015 vide reference no. RBI/2015-16/20, DNBR (PD) CC.No.047/03.10.119/2015-16, provisioning for the Non-AP portfolio would be as per the December 02, 2011 directions with effect from April 1, 2013 is "The aggregate loan provision to be maintained by NBFC-MFIs at any point of time shall not be less than the higher of a) 1% of the outstanding loan portfolio or b) 50% of the aggregate loan instalments which are overdue for more than 90 days and less than 180 days and 100% of the aggregate loan instalments which are overdue for 180 days or more".

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

8 Property, Plant & Equipment

(Amounts in ₹)

Property, Plant & Equipment							
Accumulated Depreciation	Furniture & Fixtures	Office Equipments	Computer	Vehicle	Total	Intangible Assets	Total Assets
As at 01.04.2016	**9,44,618**	**41,480**	**16,81,990**	**Nil**	**26,68,088**	**8,61,000**	**35,29,088**
Addition	10,11,418	3,05,462	15,33,725	55,93,000	84,43,605	8,30,500	92,74,105
Disposal	Nil	Nil	Nil	Nil	Nil	Nil	Nil
As at 31.03.2017	**19,56,036**	**3,46,942**	**32,15,715**	**55,93,000**	**1,11,11,693**	**16,91,500**	**1,28,03,193**
Addition	28,23,994	6,38,197	16,09,999	1,40,000	52,12,190	8,63,700	60,75,890
Disposal	Nil	Nil	Nil	50,000	50,000	Nil	50,000
At 31.03.2018	**47,80,030**	**9,85,139**	**48,25,714**	**56,83,000**	**1,62,73,883**	**25,55,200**	**1,88,29,083**

Accumulated Depreciation	Furniture & Fixtures	Office Equipments	Computer	Vehicle	Total	Intangible Assets	Total
As at 01.04.2016	**1,04,880**	**4,232**	**5,16,693**	**Nil**	**6,25,805**	**22,860**	**6,48,665**
Change for the year	1,54,185	38,426	7,95,741	6,13,344	16,01,696	2,34,036	18,35,732
Disposal	Nil	Nil	Nil	Nil	Nil	Nil	Nil
As at 31.03.2017	**2,59,065**	**42,658**	**13,12,434**	**6,13,344**	**22,27,501**	**2,56,896**	**24,84,397**
Change for the year	2,61,054	1,24,106	11,44,390	7,04,998	22,34,548	4,26,009	26,60,557
Disposal	Nil	Nil	Nil	1,921	1,921	Nil	1,921
As at 31.03.2018	**5,20,119**	**1,66,764**	**24,56,824**	**13,16,421**	**44,60,128**	**6,82,905**	**51,43,033**
Net Carrying Value							
As at 31.03.2017	16,96,971	3,04,284	19,03,281	49,79,656	88,84,192	14,34,604	1,03,18,796
As at 31.03.2018	**42,59,911**	**8,18,375**	**23,68,890**	**43,66,579**	**1,18,13,755**	**18,72,296**	**1,36,86,051**

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

9 Investment

(Amounts in ₹)

Particulars	As at 31.03.2018		As at 31.03.2017	
	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. 500975) of SBI debt fund series B-36 (1131 Days)	50,09,755	Nil	50,09,755	Nil
c) 624507 Units (P.Y. 624507) 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	Nil	Nil
	2,70,15,995	**Nil**	**2,40,15,995**	**Nil**
Aggregate NAV of unquoted investments	3,10,59,077		2,62,17,588	
Aggregate cost of investments	2,70,15,995		2,40,15,995	

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

10 Net Deferred Tax Assets

(Amounts in ₹)

Particulars	As at 31.03.2018	As at 31.03.2017
Deferred Tax Assets arising out of timing difference relating to :		
Shares issue expenses that are allowable for tax purpose on deferred basis	1,86,627	3,39,910
Provision for NPA that are allowable for tax purpose in the year of actual loss	89,62,213	38,14,776
Provision for Gratuity that are allowable for tax purpose in the year of actual paid	3,40,431	2,77,623
Total Deferred Tax Assets	**94,89,271**	**44,32,308**
Deferred Tax Liability arising out of timing difference relating to :		
Difference of depreciation as per tax provision and Company Law	4,59,829	4,88,279
Total Deferred Tax Liability	**4,59,829**	**4,88,279**
Net Deferred Tax Assets / (Liability)	**90,29,442**	**39,44,030**

11 Loans and Advances (Considered good unless otherwise stated)

(Amounts in ₹)

Particulars	As at 31.03.2018		As at 31.03.2017	
	Non Current	Current	Non Current	Current
A. Unsecured Loan				
Loans to Companies, Firms & Individuals	32,14,53,629	2,80,61,59,750	8,50,48,794	1,11,92,86,146
Deposits	1,59,20,803	1,23,48,297	69,31,949	16,45,219
Other loans and advances	Nil	22,44,518	Nil	44,27,580
Balance with revenue authorities	Nil	Nil	Nil	38,393
Advances to staff	Nil	15,38,467	Nil	9,15,806
Total	**33,73,74,432**	**2,82,22,91,032**	**9,19,80,743**	**1,12,63,13,144**

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

11.1 Deposits include security deposits of ₹2,82,69,100/- (P.Y. ₹85,61,168/-) given as collateral security against term loans and working capital loans.

12 Other Non Current Assets

(Amounts in ₹)

Particulars	Non Current	
	As at 31.03.2018	As at 31.03.2017
Deposits with original maturity for more than 12 months (Note 14)	7,16,29,985	3,39,65,863
Total	**7,16,29,985**	**3,39,65,863**

12.1 Deposits represents deposits given as collateral security against term loans & working capital loans

13 Trade Receivables

(Amounts in ₹)

Particulars	Current	
	As at 31.03.2018	As at 31.03.2017
A. Outstanding for a period exceeding Six Months from the date they are due for Payment (Unsecured, considered good)		
Secured	Nil	Nil
Unsecured	2,77,69,879	Nil
	2,77,69,879	Nil
B. Other Trade receivables (Unsecured, considered good)		
Secured	Nil	Nil
Unsecured	1,48,39,666	3,44,96,200
	1,48,39,666	3,44,96,200
Total	**4,26,09,545**	**3,44,96,200**

14 Cash and Bank Balance

(Amounts in ₹)

Particulars	As at 31.03.2018		As at 31.03.2017	
	Non Current	Current	Non Current	Current
A Cash and cash equivalents				
Cash on hand	Nil	1,07,46,239	Nil	87,75,523
Balance with banks	Nil	6,57,25,021	Nil	16,25,27,041
Total	Nil	7,64,71,259	Nil	17,13,02,564
B Other Bank Balance				
Deposits with original maturity for more than 12 months	7,16,29,985	7,77,84,159	3,39,65,863	3,79,21,471
	7,16,29,985	7,77,84,159	3,39,65,863	3,79,21,471
Less amount disclosed under non current assets (Note 12)	7,16,29,985	Nil	3,39,65,863	Nil
Total	**Nil**	**15,42,55,419**	**Nil**	**20,92,24,034**

14.1 Other bank balance represents deposits given as cash collateral security against term loans & working capital loans.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

15 Revenue from operation

(Amounts in ₹)

Particulars	2017-18	2016-17
Micro loan interest income	44,11,68,884	32,90,88,123
Other interest income	2,09,93,905	1,49,11,368
Interest income from Bank FD	78,08,101	68,18,693
Interest income from managed assets	1,74,03,781	34,90,440
Processing fees	3,97,76,734	1,58,43,516
Total	**52,71,51,405**	**37,01,52,140**

16 Other Income

(Amounts in ₹)

Particulars	2017-18	2016-17
Profit on sale of investments	Nil	15,995
Total	**Nil**	**15,995**

17 Employee Benefit Expenses

(Amounts in ₹)

Particulars	2017-18	2016-17
Salary, wages & bonus	9,13,15,070	5,83,88,786
Contribution to provident fund & other funds	77,26,942	50,94,176
Welfare expenses	18,02,236	14,59,694
Total	**10,08,44,248**	**6,49,42,656**

The disclosure in respect of Employee Benefit as defined in the Accounting Standard 15 is given below :

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

(Amounts in ₹)

Particulars	Gratuity Defined Benefit Obligation 2017-18	Gratuity Defined Benefit Obligation 2016-17
Present value of funded obligations	Nil	Nil
Fair value of plan assets	Nil	Nil
Present value of unfunded obligations	14,43,982	10,57,370
Unrecognized past service cost	Nil	Nil
Net liability	14,43,982	10,57,370
Amounts in the balance sheet:		
Liabilities	14,43,982	10,57,370
Assets	2,20,292	2,17,692
Net liability	12,23,690	8,39,678

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

B. The Amounts (in ₹) recognized in the statement of Profit and Loss are as follows:

(Amounts in ₹)

Particulars	Gratuity Defined Benefit Obligation 2017-18	Gratuity Defined Benefit Obligation 2016-17
Current service cost	5,29,953	2,65,245
Interest on obligation	69,644	41,997
Expected return on plan assets	(30,565)	(9,558)
Net actuarial losses (gains) recognized in year	(1,85,534)	2,52,393
Recognised Past service cost - Vested	Nil	Nil
Recognised Past service cost - Unvested	514	Nil
Losses (gains) on curtailments and settlement	Nil	Nil
Total included in 'employee benefit expense'	3,84,012	5,50,077
Actual return on plan assets	Nil	Nil

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

(Amounts in ₹)

Particulars	Gratuity Defined Benefit Obligation 2017-18	Gratuity Defined Benefit Obligation 2016-17
Opening defined benefit obligation	10,57,370	5,35,594
Transfer in liability from Arman Financial Services Limited	Nil	Nil
Service cost	5,29,953	2,65,245
Interest cost	69,644	41,997
Actuarial losses (gains)	(2,13,499)	2,14,534
Past Service Cost	514	Nil
Losses (gains) on curtailments	Nil	Nil
Liabilities extinguished on settlement	Nil	Nil
Liabilities assumed in an amalgamation in the nature of purchase	Nil	Nil
Exchange differences on foreign plans	Nil	Nil
Benefits paid	Nil	Nil
Closing defined benefit obligation	14,43,982	10,57,370

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

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 2017-18	Gratuity Defined Benefit Obligation 2016-17
Opening fair value of plan assets	2,17,692	Nil
Expected return	30,565	9,558
Actuarial gains and (losses)	(27,965)	(37,859)
Assets distributed on settlements	Nil	Nil
Contributions by employer	Nil	2,45,993
Assets acquired in an amalgamation in the nature of purchase	Nil	Nil
Exchange differences on foreign plans	Nil	Nil
Benefits paid	Nil	Nil
Closing balance of fair value of plan assets	2,20,292	2,17,692

E. Reconciliation of gratuity provision account

(Amounts in ₹)

Particulars	Gratuity Defined Benefit Obligation 2017-18	Gratuity Defined Benefit Obligation 2016-17
Net opening provision in books of accounts	8,39,678	5,35,594
Employee benefit expense	3,84,012	5,50,077
Transfer in liability from Arman Financial Services Limited	Nil	Nil
	12,23,690	10,85,671
Benefits paid by the Company	Nil	Nil
Amounts transferred to 'Payable Account'	Nil	Nil
Contributions to Plan Assets	Nil	(2,45,993)
Closing provision in books of accounts	12,23,690	8,39,678

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

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

Particulars	Gratuity Defined Benefit Obligation 2017-18	Gratuity Defined Benefit Obligation 2016-17
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):

Particulars	Gratuity Defined Benefit Obligation 2017-18	Gratuity Defined Benefit Obligation 2016-17
Discount rate	6.80%	6.80%
Expected return on plan assets	-	-
Proportion of employees opting for early retirement	-	-
Annual increase in Salary costs	6.00%	6.00%
Future changes in maximum state health care benefits	-	-

H. Gratuity benefit amount for the current period are as follow: *(Amounts in ₹)*

Particulars	2017-18	2016-17
Defined benefit obligation	14,43,982	10,57,370
Plan assets	2,20,292	2,17,692
Surplus/(deficit)	(12,23,690)	(8,39,678)
Experience adjustments on plan liabilities	(1,77,180)	1,51,562
Experience adjustments on plan assets	27,965	37,859
Actuarial Loss/(Gain) due to change in demographic assumption	Nil	Nil
Actuarial Loss/(Gain) due to change in financial assumption	(36,319)	62,972
Actuarial Loss/(Gain) on liabilities	(1,85,534)	2,52,393
Net Actuarial Loss/(Gain) on liabilities	(1,85,534)	2,52,393

I. Experience adjustment *(Amounts in ₹)*

Particulars	31.03.2018	31.03.2017	31.03.2016	31.03.2015
Defined benefit obligation	14,43,982	10,57,370	5,35,594	4,80,154
Plan assets	2,20,292	2,17,692	Nil	Nil
Unrecognised past service cost	Nil	Nil	Nil	Nil
Deficit	12,23,690	8,39,678	Nil	Nil
Experience adjustments on plan liabilities	(1,77,180)	1,51,562	4,80,154	1,25,049
Experience adjustments on plan assets	Nil	Nil	Nil	Nil
Expected contribution to be paid upto 31.03.2019 is ₹5,00,000/-				

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

18 Finance Cost

(Amounts in ₹)

Particulars	2017-18	2016-17
Interest expenses	23,81,31,353	17,44,07,571
Other borrowing cost	1,59,90,159	28,37,000
Total	**25,41,21,513**	**17,72,44,571**

19 Depreciation And Amortisation Expense

(Amounts in ₹)

Particulars	2017-18	2016-17
Depreciation of Property, Plant & Equipment	22,34,548	16,01,696
Amortization of intangible assets	4,26,009	2,34,036
Total	**26,60,557**	**18,35,732**

20 Other Costs

(Amounts in ₹)

Particulars	2017-18	2016-17
Electricity & fuel charges	11,10,227	6,88,919
REPAIRS TO:		
Building	5,13,960	2,60,277
Other	Nil	Nil
Sub Total	**5,13,960**	**2,60,277**
Insurance	5,99,069	2,77,511
Rent	1,05,63,249	76,37,144
Rates & taxes	1,05,751	1,16,790
Director sitting fees	80,000	40,000
Stationery & printing	31,89,953	13,43,115
Communication	48,11,091	37,18,474
Traveling & conveyance expenses	1,52,62,710	99,71,580
Professional fees	1,21,74,292	1,13,00,514
Auditor's Remuneration:		
Audit fees	2,24,200	2,18,500
For tax audit	29,500	28,750
For certification	24,330	Nil
For income tax consultancy fee	29,050	Nil
Sub Total	**3,07,080**	**2,47,250**
Corporate Social Responsibility activities	1,00,000	2,25,750
Marketing & incentive expenses	41,835	1,14,309
Sundry Balance Written off	2,663	Nil
Bad debts written off	4,30,87,560	2,29,35,920
Contingent provision against standard assets (Net)	1,98,15,000	11,00,000
Share issue expenditure	Nil	7,56,900
Loss/(Profit) on sale of Assets	2,078	Nil
General charges (including bank charges, security charges & membership fees etc.)	46,02,327	45,39,309
Total	**11,63,68,844**	**6,52,73,762**

20.1 Bad debts & irrecoverable w/o are shown net off bad debts recovery during the year amounting to ₹82,81,291/- (P.Y. Rs Nil).

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

21. Contingent liabilities not provided for:

There is no contingent liability for the current year as well as in the previous year.

22. Related Party Disclosures:

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

A) Holding Company

Arman Financial Services Limited

B) Key Managerial Personnel

Mr. Jayendra Patel
Mr. Amit Manakiwala (up to 31st August 2017)
Mr. Aalok Patel

C) Directors and other relatives of Key Managerial Personnel

Name	Related party relationship
Mrs. Ritaben Patel	Director
Mr. Ramakant Nagpal	Independent Director
Aakash Patel (HUF)	Relative of Key Managerial Personnel
Aalok Patel (HUF)	Key Managerial Personnel is Karta
Raj Enterprise	Key Managerial Personnel is Proprietor
Amit Manakiwala (HUF)	Key Managerial Personnel is Karta
Mrs. Himani Manakiwala	Relative of Key Managerial Personnel
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) Relative of Key Managerial Personnel and their enterprise with whom transaction have taken place during the year

Namra Holdings & Consultancy Services LLP — Key Managerial Personnel is Partner

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

E) Details of Transactions are as follows:

(Amounts in ₹)

SRN	Nature of Transaction	Holding	Key Managerial Personnel	Relatives of Key Managerial Personnel	Relative of KMP and their enterprise	Total
1	**Expenses**					
	Interest	Nil	1,47,625	5,33,934	5,85,173	12,66,732
		(Nil)	(8,99,865)	(17,88,239)	(15,31,835)	(42,19,939)
2	**Income**					
	Interest	2,01,46,256	Nil	Nil	Nil	2,01,46,256
		(1,39,54,591)	(Nil)	(Nil)	(Nil)	(1,39,54,591)
3	**Others**					
	Purchase of receivables under securitization	18,00,96,178	Nil	Nil	Nil	18,00,96,178
		(13,52,50,000)	(Nil)	(Nil)	(Nil)	(13,52,50,000)
4	**Unsecured loans taken**					
	Loan taken during the year	Nil	43,50,000	1,57,00,000	1,74,50,000	3,75,00,000
		(Nil)	(1,42,80,000)	(1,38,50,438)	(3,07,75,000)	(5,89,05,438)
	Loan and interest repaid during the year	Nil	44,97,625	1,62,33,934	1,80,35,173	3,87,66,732
		(Nil)	(1,51,79,865)	(1,56,38,677)	(3,23,06,835)	(6,31,25,377)
	Balance out standing at year end 31.03.2018	Nil	Nil	Nil	Nil	Nil
		(Nil)	(Nil)	(Nil)	(Nil)	(Nil)
5	**Unsecured Loans Granted**					
	Loan granted during the year	3,08,72,63,796	Nil	Nil	Nil	3,08,72,63,796
		(1,28,74,42,536)	(Nil)	(Nil)	(Nil)	(1,28,74,42,536)
	Loan and Interest received during the year	3,14,65,46,291	Nil	Nil	Nil	3,14,65,46,291
		(1,20,43,01,105)	(Nil)	(Nil)	(Nil)	(1,20,43,01,105)
	Balance out standing at year end 31.03.2018	5,79,59,783	Nil	Nil	Nil	5,79,59,783
		(9,70,96,022)	(Nil)	(Nil)	(Nil)	(9,70,96,022)
6	**Equity Contribution (Share Capital)**	7,00,00,000	Nil	Nil	Nil	7,00,00,000
		(5,00,00,000)	(Nil)	(Nil)	(Nil)	(5,00,00,000)
7	**Remuneration & Director Perquisites**	Nil	19,12,333	Nil	Nil	19,12,333
		(Nil)	(22,04,000)	(Nil)	(Nil)	(22,04,000)
8	**Director sitting fee**	Nil	Nil	40,000	Nil	40,000
		(Nil)	(Nil)	(10,000)	(Nil)	(10,000)

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:

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

(Amounts in ₹)

Nature of Transaction	Name of Related Party	2017-18	2016-17
Interest Expense	Arman Financial Services Limited	Nil	Nil
	Namra Holdings & Con. Ser. LLP	5,85,173	15,31,835
	Jayendra Patel- HUF	1,91,638	8,20,911
Interest Income	Arman Financial Services Limited	2,01,46,256	1,39,54,591
Sales under Securitization	Arman Financial Services Limited	Nil	Nil
Purchase under Securitization	Arman Financial Services Limited	18,00,96,178	13,52,50,000
Loan taken	Arman Financial Services Limited	Nil	Nil
	Jayendra Patel	29,00,000	70,15,000
	Namra Holdings & Con. Ser. LLP	1,74,50,000	3,07,75,000
	Jayendra Patel- HUF	58,00,000	Nil
Loan and Interest repaid	Arman Financial Services Limited	Nil	Nil
	Jayendra Patel	29,97,570	73,77,199
	Namra Holdings & Con. Ser. LLP	1,80,35,173	3,23,06,835
	Jayendra Patel (HUF)	59,91,638	64,45,911
Loan granted during the year	Arman Financial Services Limited	3,08,72,63,796	1,28,74,42,536
Loan and interest received during the year	Arman Financial Services Limited	3,14,65,46,291	1,20,43,01,105
Equity contribution	Arman Financial Services Limited	7,00,00,000	5,00,00,000
Remuneration	Aalok Patel	7,04,000	7,04,000
	Jayendra Patel	10,00,000	10,00,000
	Amitbhai Manakiwala	2,08,333	5,00,000

23. Earnings per Share

Particular	Unit	31.03.2018	31.03.2017
Profit after tax	₹	4,08,96,946	3,82,57,575
Less: Dividend on Redeemable Preference Shares	₹	(1,868,494)	(65,00,000)
Less: Tax on distributed profit	₹	(380,492)	(13,23,400)
Profit available for equity share holder	₹	38,647,960	3,04,34,175
Numerator used for calculating Basic and diluted EPS	₹	38,647,960	3,04,34,175
Weighted average No. of shares used as denominator for calculating Basic and diluted EPS	No. of Shares	13,350,824	1,15,67,308
Weighted average No. of shares used as denominator for calculating diluted EPS	No. of Shares	13,350,824	1,15,67,308
Face value of share	₹	10	10
Basic Earnings per Share	₹	2.89	2.63
Diluted Earnings per Share	₹	2.89	2.63

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

24. Details of Average interest and charges paid on borrowing and charged on loans given to JLG:

Particular	Rate of Interest
Average interest rate on borrowings	14.60%
Average interest rate on Loans given to JLGs	24.50%

25.Loan Portfolio and Provision for Standard and Non Performing Assets:

Classification	Portfolio loan outstanding (Gross)		Provision for standard and non performing assets	
	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Standard assets	3,16,16,06,125	1,23,55,53,220	3,22,15,000	1,24,00,000
Sub standard assets	3,59,65,099	32,77,920	*Nil	*Nil
Total	**3,19,75,71,224**	**1,23,88,31,140**	**3,22,15,000**	**1,24,00,000**

*Refer Note 7.1

26. 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.

Particular	2017-18	2016-17
a) Gross amount required to be spent by the Company during the year	12,99,493	10,03,253
b) Amount spent during the year on purposes other than construction / acquisition of any asset		
i. Paid	1,00,000	2,25,750
ii. Yet to be paid	11,99,493	7,77,503

27.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

Particular	2017-18	2016-17
Total no of loan assets	-	-
Book value of loan assets (₹)	-	-
Sales consideration received from securitized assets (₹)	-	-
Gain / (Loss) on securitized assets (₹)	-	-
Form of service provided	-	-
Quantum of outstanding value of services (₹)	-	-

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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

B) Additional disclosures required by the RBI

(i) Capital to Risk Assets Ratio (CRAR)

SRN	Particulars	2017-18	2016-17
(i)	CRAR (%)	15.33	27.64
(ii)	CRAR Tier I Capital (%)	11.22	26.65
(iii)	CRAR Tier II Capital (%)	4.11	0.99
(iv)	Amount of subordinated debt raised as Tier-II capital (Rs in Lakhs)	1000.00	--
(v)	Amount raised by issue of perpetual debt instruments	--	--

(ii) Investments

(Amount in ₹ Lakhs)

SRN	Particulars	2017-18	2016-17
(1)	Value of investments		
	(i) Gross value of investments	270.16	240.15
	(A) In India	270.16	240.15
	(B) Outside India	-	-
	(ii) Provision for deprecation	-	-
	(A) In India	-	-
	(B) Outside India	-	-
	(iii) Net value of investments	270.16	240.15
	(A) In India	270.16	240.15
	(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, 2018 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, 2018

(v) Assets Liability Management

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 and 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	-	-	-	-	-	-	-	-	-

Maturity pattern of certain assets and liability as on 31.3.2017

(₹ In Lakhs)

Particulars	Up to 30/31 days	Over 1 month upto 2 month	Over 2 month upto 3 month	Over 3 month & 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	-	-	-	107.21	232.45	379.21	-	-	718.87
Advances	1574.44	1416.55	2298.65	3309.94	2859.22	936.07	37.72	-	12432.59
Investments	-	-	-	-	-	240.16	-	-	240.16
Cash and bank balance	1713.19	-	-	-	-	-	-	-	1713.19
Borrowings	518.80	520.74	521.85	1553.84	2865.62	2867.80	2652.57	-	11501.21
Foreign currency assets	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-

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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31st March, 2018

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

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	06-10-2017	BBB – SO (Triple B Structured Obligation) (Outlook : Stable)	05-10-2018	81.95 Crore
Proposed long term bank facilities	CARE	06-10-2017	Provisional BBB – SO (Triple B Structured Obligation) (Outlook : Stable)	05-10-2018	64.80 Crore
Long term bank facilities	CARE	06-10-2017	BBB (Triple B) (Outlook : Stable)	05-10-2018	13.25 Crore
Non-Convertible Debenture Issue	CARE	06-10-2017	BBB – SO (Triple B Structured Obligation) (Outlook : Stable)	05-10-2018	33.30 Crore

28. Lease:

During the year Company has entered into certain rent agreements and amounts of ₹105.63 Lakhs (P.Y. ₹76.37 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.

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

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

31. 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.

32. Balances are subject to confirmation.

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

Signature to notes "1" to "33"
As per our report of even date attached

For, & on Behalf of Board of Directors

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

(J. T. Shah)
Partner
[M. No. 03983]

Jayendra Patel
Chairman & Managing Director
(DIN - 00011814)

Jaimish Patel
Company Secretary
(M.No. A42244)

Aalok Patel
Executive Director & C.F.O.
(DIN - 02482747)

Place: Ahmedabad
Date: 25.05.2018

SCHEDULE TO THE BALANCE SHEET OF A NON-BANKING FINANCIAL COMPANY for the year ended 31st March, 2018

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

(₹ In lakhs)

SRN	Particulars			Amount Outstanding	Amount Overdue
	Liabilities side:				
(1)	**Loan and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:**				
	(a) Debentures:	Secured		3,330.00	Nil
		Unsecured		Nil	Nil
		(other than falling within the meaning of public deposits*)		Nil	Nil
	(b) Deferred Credits			Nil	Nil
	(c) Term Loans			26,012.42	Nil
	(d) Inter-Corporate loans and borrowing			71.86	Nil
	(e) Commercial Paper			Nil	Nil
	(f) Public Deposits*			Nil	Nil
	(g) Other Loans (specify nature)				
	- Working capital Loans		592.22		Nil
	- from directors and relatives		NIL		Nil
	- Debenture Application Money		NIL	592.22	Nil
	* Please see Note 1 below				
(2)	**Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):**				
	(a) In the form of Unsecured debentures			Nil	Nil
	(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security			Nil	Nil
	(c) Other Public Deposits			Nil	Nil
	Assets Side:				
(3)	**Break-up of Loans and Advances including bills receivable [other than those included in (4) below]:**				
	(a) Secured			Nil	Nil
	(b) Unsecured			31,975.71	426.09
(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			Nil	Nil

SCHEDULE TO THE BALANCE SHEET OF A NON-BANKING FINANCIAL COMPANY for the year ended 31st March, 2018

(₹ In lakhs)

SRN	Particulars		Amount Outstanding	Amount Overdue
(5)	**Break-up of 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	1,494.14	Nil
	Long-term investments:			
	1. Quoted:			
	(i) Shares	(a) Equity	Nil	Nil
		(b) Preference	Nil	Nil
	(ii) Debentures and Bonds		Nil	Nil
	(iii) Units of mutual funds		Nil	Nil
	(iv) Government Securities		Nil	Nil
	(v) Others (please specify)		Nil	Nil
	2. Unquoted:			
	(i) Shares	(a) Equity	Nil	Nil
		(b) Preference	Nil	Nil
	(ii) Debentures and Bonds		Nil	Nil
	(iii) Units of mutual funds		270.15	Nil
	(iv) Government Securities		Nil	Nil
	(v) Others (please specify)	FDR	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**	**Provision**
1. Related Parties**			
(a) Subsidiaries	Nil	Nil	Nil
(b) Companies in the same group	Nil	579.60	5.80
(c) Other related parties	Nil	Nil	Nil
2. Other than related parties	Nil	31,396.11	316.35
Total	**Nil**	**31,975.71**	**322.15**

SCHEDULE TO THE BALANCE SHEET OF A NON-BANKING FINANCIAL COMPANY for the year ended 31st March, 2018

(₹ In lakhs)

SRN	Particulars	Amount Outstanding	Amount Overdue
(7)	**Investor group-wise classificiation of all investments (current and long-term) in shares and securities (both quoted and unquoted): Please see note 3 below**		
	Category	**Market value/Break-up or fair value**	**Book Value (Net of Provisions)**
1.	Related Parties**		
	(a) Subsidiaries	Nil	Nil
	(b) Companies in the same group	Nil	Nil
	(c) Other related parties	Nil	Nil
2.	Other than related parties	Nil	Nil
	Total	Nil	Nil
** As per Accounting Standard of ICAI (Please see Note 3)			

(8)	**Other information**	
	Particulars	**Amount**
(i)	Gross Non-performing Assets	
	(a) Related Parties	Nil
	(b) Other than related parties	359.65
(ii)	Net Non-Performing Assets	
	(a) Related Parties	Nil
	(b) Other than related parties	359.65
(iii)	Assets acquired in satisfaction of debts	Nil

1 As defined in paragraph 2(1) (xii) of the Non Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.

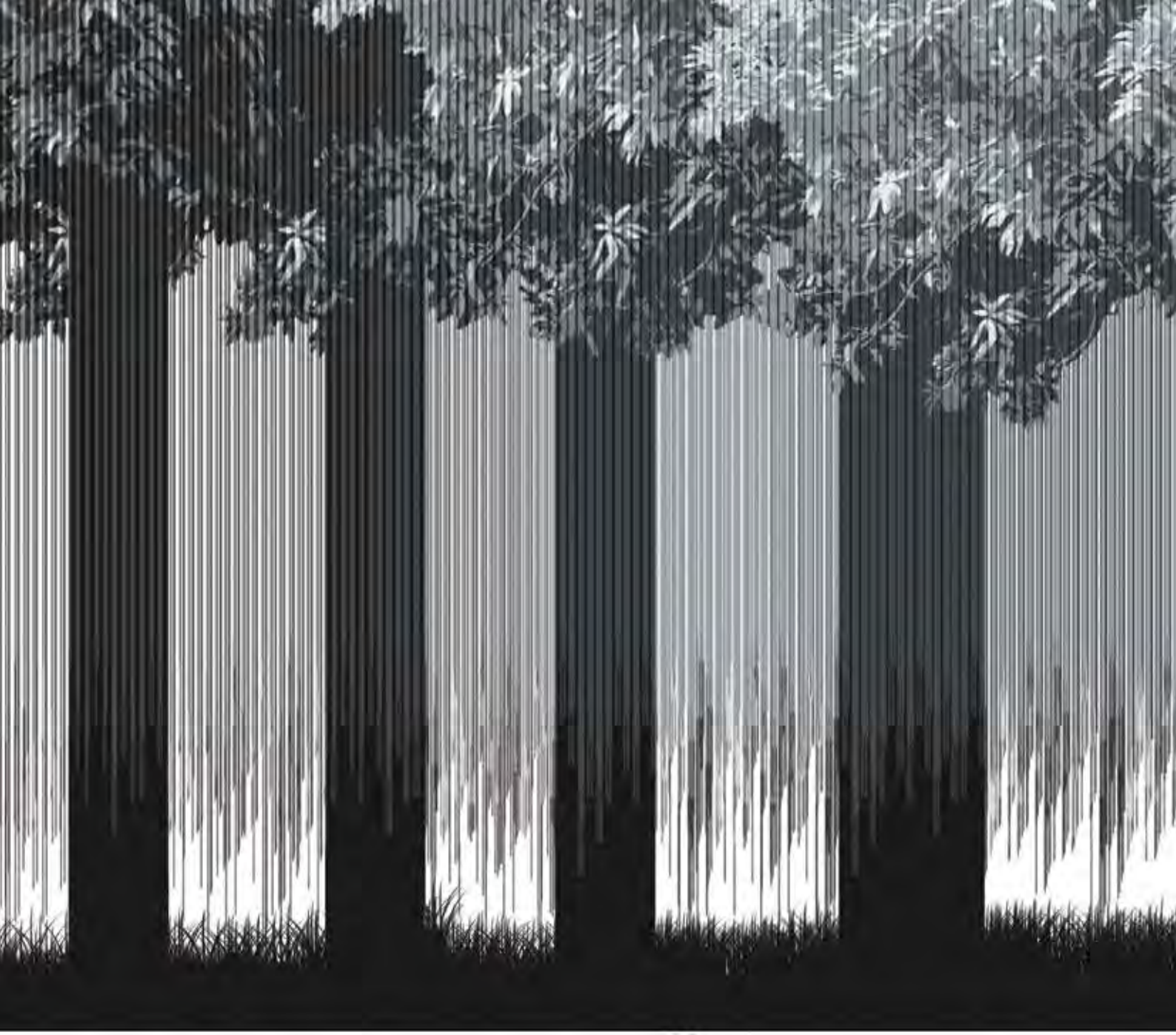
2 Provisioning Norms shall be applicable as prescribed in the Non-Banking Financial Companies Norms (Reserve Bank) Directions, 1998.

3 All Accounting Standards and Guidance Notes issued by ICAI are applicable including for valuation of Investements and other assets as also assets aquired in satisfaction of debts.

Notes

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Arman Financial Services Ltd.

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 **26th** (Twenty Sixth) 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 Friday, 7th September, 2018 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, 2018, 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, 2018.
2. To declare a Dividend on equity shares for the financial year ended 31st March, 2018.
3. To appoint a Director in place of Mrs. Ritaben Patel [DIN-00011818] who retires by rotation and being eligible, offers herself for reappointment.
4. To appoint a Director in place of Mr. Aalok Patel [DIN-02482747] who retires by rotation and being eligible, offers himself for reappointment.

SPECIAL BUSINESS:

5. **Appointment of Mr. Alok Prasad as an Independent Director**

   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 Sections 149, 150, and 152 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR/Listing Regulations), including any statutory modifications or re-enactment(s) thereof and any rules made thereunder, for the time being in force, Mr. Alok Prasad (DIN: 00080225), who was appointed as an Additional & Independent Director of the Company with effect from 01.08.2018, and whose term expires at this AGM, not liable to retire by rotation, be and is hereby appointed as an Independent Director of the Company to hold office for a period of 5 years with effect from 01.08.2018.'

6. **Increasing the Borrowing Powers under Section 180(1)(c) of the Companies Act, 2013 up to 500 Cr.**

   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 Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modifications thereof) and any rules and regulations made thereunder, the consent of the members of the Company be and is hereby accorded by way of special resolution, to the Board of Directors of the Company ("**Board**") for borrowing from time to time, as it may think fit, any sum or sums of money in any currency on such terms and conditions as the Board may deem fit, by way of loans, issuance of bonds, notes, debentures or other securities whether convertible into equity/ preference shares or not, from banks, financial or other institution(s), investors, mutual fund(s), or any other persons, up to an aggregate amount of Rupees **500 Crores** (Five Hundred Crores) notwithstanding that the monies to be borrowed, together with the monies already borrowed by the Company (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business), may exceed the aggregate, for the time being, of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose."

   "**RESOLVED FURTHER THAT** the Board (including any Committee duly constituted by the Board of Directors or any authority as approved by the Board of Directors) be and is hereby authorized to do all such acts, deeds and things and to sign and execute all such deeds, documents and instruments as may be necessary, expedient and incidental thereto to give effect to this resolution."

7. **Creation of charges, mortgages, hypothecation on the immovable and movable properties of the Company under Section 180(1)(a) of the Companies Act, 2013**

   To consider and if thought fit to pass, with or without modification, the following Resolution as a Special Resolution:

   "**RESOLVED THAT** pursuant to Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modifications thereof) and any rules and regulations made thereunder, consent of the members of the Company be and is hereby accorded by way of a special resolution to the Board of Directors

("**Board**") of the Company to pledge, mortgage, lien, hypothecate and/or create charge, whether fixed or floating (in addition to any other hypothecation, pledge, lien, mortgage, charges created/to be created by the Company), in such form and manner and with such ranking and at such time and on such terms as the Board may determine, on all or any of the immovable properties and movable assets (both tangible and intangible) of the Company, both present and future, and the whole or substantially the whole of the undertaking(s) or any properties of the Company where so ever situated, in favour of banks, financial institutions, investors, debenture holders or any other lenders and their agents or trustees (together, the "**Lenders**") to secure any borrowings, debentures, financial assistance or financial indebtedness availed by the Company or any third party from time to time (including without limitation, the due payment of the principal and/or together with interest, at the respective agreed rates, additional interest, compound interest, accumulated interest, liquidated damages, commitment charges, remuneration of the agent(s), trustee(s), prepayment premium, all other costs, charges and expenses and all other monies payable by the Company) (together, the "**Financial Indebtedness**") in terms of the financing documents, or any other documents, entered into or to be entered into between the Company and any Lender(s) in respect of the Financial Indebtedness, on such terms and conditions as may be agreed between the Company and any Lender(s), provided that the maximum extent of the Financial Indebtedness secured by the assets of the Company does not exceed Rupees **500 Crores** (Five Hundred Crores) at any time."

"**RESOLVED FURTHER THAT** the pledge, mortgage, lien, hypothecation and/or charge created or to be created and all agreements, deeds, instruments or documents executed or to be executed and all acts necessary in terms of this resolution required to be done by the Company or the Board are hereby approved, confirmed and ratified."

"**RESOLVED FURTHER THAT** the Board (including any Committee duly constituted by the Board of Directors or any authority as approved by the Board of Directors) be and is hereby authorized to do all such acts, deeds and things and to sign and execute all such deed, documents and instruments as may be necessary, expedient and incidental thereto to give effect to this resolution."

8. Adoption of Articles of Association as per the provisions of the Companies Act, 2013

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 Section 14 and any other applicable provisions of the Companies Act, 2013 ("the Act") read with the Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the draft regulations contained in the Articles of Association submitted to this Meeting be and are hereby approved and adopted in substitution, and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company."

"**RESOLVED FURTHER THAT** Shri Jayendra Patel, Vice Chairman & Managing Director or Shri Aalok Patel, Executive Director of the Company, be and are hereby severally authorised to do all such acts, deeds, matters and things as may be deemed proper, necessary, or expedient, including filing the requisite forms with Ministry of Corporate Affairs or submission of documents with any other authority, for the purpose of giving effect to this Resolution and for matters connected therewith or incidental thereto."

9. Adoption of Memorandum of Association as per the provisions of the Companies Act, 2013

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 Section 13 and other applicable provisions of the Companies Act, 2013, read with rule 32 of Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), the words at the beginning of the Memorandum of Association and before Clause I "(THE COMPANIES ACT, 1956)" be and are hereby substituted by the words "(THE COMPANIES ACT, 2013)".

"**RESOLVED FURTHER THAT** pursuant to the provisions of Section 13 and other applicable provisions of the Companies Act, 2013 (including any re-enactment(s) and modification(s) made there under, if any, for the time being in force), Clause III of the Memorandum of Association of the company be and is hereby amended as under:-

I. Heading of the Part A of Clause III of Memorandum of Association i.e. "MAIN OBJECTS OF THE COMPANY TO BE PURSUED BY THE COMPANY ON ITS INCORPORATION ARE:" substituted with the Heading "OBJECTS TO BE PURSUED BY THE COMPANY ON ITS INCORPORATION ARE".

II. Heading of Part B of Clause III of Memorandum of Association i.e. "OBJECTS INCIDENTAL OR ANCILLARY TO THE ATTAINMENT OF THE MAIN OBJECTS" substituted with the Heading "MATTERS WHICH ARE NECESSARY FOR FURTHERANCE OF

THE OBJECTS SPECIFIED IN CLAUSE III (A) ARE".

III. Part C of Clause III of Memorandum of Association i.e. "OTHER OBJECTS" be and is hereby deleted (all Sub- clauses 1 to 140).

IV. Clause IV of Memorandum of Association of the Company be and is hereby amended and substituted with the following Clause IV:

The liability of the Member(s) is Limited and this liability is limited to the amount unpaid, if any, on the shares held by them."

"**RESOLVED FURTHER THAT** Shri Jayendra Patel, Vice Chairman & Managing Director or Shri Aalok Patel, Executive Director of the Company, be and are hereby severally authorised to do all such acts, deeds, matters and things as may be deemed proper, necessary, or expedient, including filing the requisite forms with Ministry of Corporate Affairs or submission of documents with any other authority, for the purpose of giving effect to this Resolution and for matters connected therewith or incidental thereto."

10. Reclassification of 'promoter and promoter group category' to 'public category'

To consider and if thought fit to pass, with or without modification, the following Resolution as an Ordinary Resolution:

"**RESOLVED THAT** in accordance with Regulation 31A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations) including any statutory modification(s) or re-enactment thereof, for the time being in force and other applicable provisions, and subject to necessary approvals from the SEBI, Stock Exchanges and other appropriate statutory authorities, as may be necessary, the consent of the Members of the Company be and is hereby accorded to reclassify the following persons, currently forming part of the "Promoter and Promoter Group" holding 44650 Equity Shares aggregating to 0.78% of the paid up capital of the Company, from "Promoter & Promoter Group" shareholding of the Company to the "Public" shareholding of the Company:

Name of the Promoters / Promoter Group	Number of Equity Shares	Percentage
Amit Rajnikant Manakiwala	13244	0.23%
Himani Amit Manakiwala	30606	0.54%
Maulik Amit Manakiwala	800	0.01%

"**RESOLVED FURTHER THAT** on approval of the Stock Exchange(s) upon application for reclassification of the aforementioned applicants, the Company shall effect such re-classification in the statement of shareholding pattern from immediate succeeding quarter under Regulation 31 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and compliance to Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and other applicable provisions."

"**RESOLVED FURTHER THAT** Shri Jayendra Patel, Vice Chairman & Managing Director or Shri Aalok Patel, Executive Director or Mr Jaimish Patel, Company Secretary & Compliance Officer of the Company, be and is hereby severally authorised to perform and execute all such acts, deeds, matters and things including but not limited to making timely intimation to stock exchange(s), and to execute all other documents required to be filed in the above connection and to settle all such questions, difficulties or doubts whatsoever which may arise and take all such steps and decisions in this regard to give full effect to the aforesaid resolutions."

11. Approval to deliver document through a particular mode as may be sought by the member

To consider and if thought fit to pass, with or without modification, the following Resolution as a Special Resolution:

"**RESOLVED THAT** pursuant to Section 20 of the Companies Act, 2013 and the Rules made thereunder (hereinafter referred to as 'the Act'), upon receipt of a request from a member for delivery of any document through either by registered post or by speed post or by courier or by such electronic or other mode prescribed under the Act, consent of the Company be and is hereby accorded to the Board of Directors of the Company to serve document(s) to such Member by charging an amount of Rs.100/- (Rupees One Hundred Only) per each such document, over and above reimbursement of actual expenses incurred by the Company, by way of fees for sending the document to him in the desired particular mode."

"**RESOLVED FURTHER THAT** the estimated fees for delivery of the document shall be paid by the member in advance to the Company, before dispatch of such document."

"**RESOLVED FURTHER THAT** the Board of Directors of the Company or its duly constituted committee be and is hereby authorised to amend or alter such charges from time to time and to do all such acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

12. 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** 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 ("NCDs"), on private placement basis, in one or more tranches, for a period of one year from the date of passing of this resolution, provided that the outstanding amount at any time during the period shall not exceed Rupees **200 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 Saturday, 1st September, 2018, to Friday, 7th September, 2018 (both days inclusive).
5. The dividend on equity shares for the year ended 31st March, 2018, 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 31st August, 2018.
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 2010-11 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
2010-11	26.09.2011	25.09.2018	25.10.2018
2011-12	29.09.2012	28.09.2019	28.10.2019
2012-13	30.08.2013	29.08.2020	29.09.2020
2013-14	24.09.2014	23.09.2021	23.10.2021
2014-15	29.09.2015	28.09.2022	28.10.2022
2015-16	22.09.2016	21.09.2023	21.10.2023
2016-17	28.09.2017	27.09.2024	27.10.2024

    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, 1,13,681 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 2010-11 and the same will be transferred on due date. Members who have not claimed dividend since FY 2010-11 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. 31.08.2018, 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. **The instructions for shareholders voting electronically are as under:**
    i. The voting period begins on 09.00 a.m. on Tuesday, 04.09.2018 and ends on 05.00 p.m. Thursday, 06.09.2018. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 31.08.2018 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
    ii. The shareholders should log on to the e-voting website www.evotingindia.com.
    iii. Click on Shareholders.
    iv. Now Enter your User ID
        i. For CDSL: 16 digits beneficiary ID,
        ii. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
        iii. Members holding shares in Physical Form should enter Folio Number registered with the Company.
    v. Next enter the Image Verification as displayed and Click on Login.

vi. 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.

vii. 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) • 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. • 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).

viii. 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.

xx. 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 re-appointment in the 26th (Twenty Sixth) Annual General Meeting Pursuant to SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 are provided below:

Particulars	Mrs. Ritaben Patel	Mr. Aalok Patel	Mr. Alok Prasad
DIN	00011818	02482747	00080225
Date of Birth	27.08.1950	02.08.1984	08.09.1952
Relationships with other Directors	Wife / Mother	Brother/ Son	N.A.
Date of Appointment	26.11.1992	31.01.2007	01.08.2018
Expertise	Banking & Finance	Accounts & Finance	Banking & Finance
Qualification	B. A. in Economics	Master Degree in Accounting & Finance, CPA	Master of Arts from University of Delhi.
No. of Equity Shares held in the Company	2,96,674	2,47,809	Nil
List of other Companies in which directorship are held	Namra Finance Limited	Namra Finance Limited	Muthoot Microfin Limited Fincare Small Finance Bank Limited
Chairmanship / Membership of Committees (includes only Audit and Stakeholder Relationship Committee)	Chairmanship: Nil Membership: 2	Chairmanship: Nil Membership: 1	Chairmanship: Nil Membership: Nil

Note: The Directorships held by Directors as mentioned above, do not include Directorships of Private Limited Companies.

Place: Ahmedabad
Date: 09.08.2018
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

The Board of Directors, by way of circular resolution dated 01.08.2018, approved the appointment of Mr. Alok Prasad (DIN-00080225) as an Additional Director (Independent) of the Company to hold office for a period of five consecutive years, not liable to retire by rotation, subject to consent by the Members of the Company at the ensuing Annual General Meeting ("AGM").

As an Additional Director, Mr. Prasad holds office till the date of the AGM and is eligible for being appointed as an Independent Director. The Company has received a declaration from Mr. Prasad confirming that he meets the criteria of independence as prescribed under the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). Mr. Prasad is also not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director of the Company. In the opinion of the Board, Mr. Prasad fulfills the conditions for his appointment as an Independent Director as specified in the Act and the Listing Regulations and he is independent of the management.

Mr. Prasad is a veteran banker with over 35 years of regulatory, banking, and financial services experience. He is regarded as an expert and 'go-to' person for financial inclusion and more broadly, access to finance matters. Currently, he is connected with a number of Banks & NBFCs as an Advisor, Mentor and/or Board Member.

From 2010-15, Mr. Prasad was the Chief Executive Officer of Microfinance Institutions Network (MFIN), the premier industry body and Self- Regulatory Organisation (SRO) for Microfinance Institutions (MFIs) in India. Prior to that, he held senior positions in institutions such as the Reserve Bank of India (RBI), National Housing Bank (NHB) and Citibank.

Seamlessly straddling the Government & Regulatory world with that of the private sector, Mr. Prasad steered the Microfinance industry through it's crisis phase (2010-13). The subsequent mainstreaming of MFIs and their integration into the national financial architecture was an outcome of the advocacy work and constructive policy level engagement by MFIN under his leadership. As an industry expert, Mr. Prasad has served on a number of committees of the Ministry of Finance, Govt of India. Passionate about financial inclusion, Mr. Prasad has been often interviewed and quoted by the media, including national and international newspapers. From 2013-15, Mr. Prasad also served as the Chairperson of South Asia Micro-entrepreneurs Network (SAMN).

Mr. Prasad is not related to any other Director and Key Managerial Personnel of the Company.

Except Mr. Prasad, none of the Directors and the Key Managerial Personnel of the Company and their respective relatives are concerned or interested in the passing of the above resolution.

Item No: 6 & 7

The members of the Company through postal ballot notice dated 08.07.2016 has approved by way of a Special Resolution under Section 180(1)(c) of the Companies Act, 2013, borrowings over and above the aggregate of paid up share capital and free reserves of the Company provided that the total amount of such borrowings together with the amounts already borrowed and outstanding at any point of time shall not be in excess of Rs.200 Crores (Rupees Two Hundred Crores).

The Board of Directors of a Company shall not, except with the consent of Company by Special Resolution borrow money together with the money already borrowed, if any (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), exceeding the aggregate of the paid up capital and its free reserves as per the provisions of Section 180(1)(c) of the Companies Act, 2013 ("the Act") and its rules thereunder.

The borrowings of the Company are in general required to be secured by suitable mortgage or charge on all or any of the movable or immovable properties of the Company, in such form, manner and ranking as may be determined by the Board of Directors / any of it's authorised Committee of the Company from time to time, in consultation with the lender(s).

It is therefore, necessary for the members to pass a Special Resolution under Section 180(1)(a) and 180(1)(c) of the Companies Act, 2013, as set out at Item No. 6 and Item No. 7 of the Notice, to enable the Board of Directors to borrow money upto Rs. 500 Crores (Rupees Five Hundred Crores) and inter alia, authorised the Board to secure its borrowing by mortgage / charge on any of the movable

and/or immovable properties and/or the whole or any part of the undertaking(s) of the Company.

The Board recommends the Special Resolution as per the accompanying Notice, for approval by the Shareholders of the Company.

None of the Directors and the Key Managerial Personnel of the Company and their respective relatives are concerned or interested in the passing of the above resolution.

Item: 8

The existing Articles of Association (AOA) are based on the Companies Act, 1956 and several regulations in the existing AOA contain references to specific sections of the Companies Act, 1956 and some regulations in the existing AOA are no longer in conformity with the Act. Accordingly, with a view to align the existing AOA of the Company with Table F of the Schedule I of the Act and in accordance with Section 14 of the Act, it is proposed to adopt new set of AOA of the Company. The Board at its meeting held on 09.08.2018 has approved adaptation of new set of AOA of the Company and the Board now seeks Members approval for the same. A copy of the proposed set of new AOA of the Company would be available for inspection for the Members at the Registered Office of the Company during the office hours on any working day, except Saturdays, Sundays and public holidays, between 11.00 a.m. to 5.00 p.m. till the date of AGM. The aforesaid documents are also available for inspection at the AGM.

None of the Directors and the Key Managerial Personnel of the Company and their respective relatives are concerned or interested in the passing of the above resolution.

Item: 9

The members are informed that the existing Objects clause III of the Memorandum of Association of the Company is divided into (A) Main Objects; (B) Objects incidental or ancillary to attain main objects and (C) Other objects. In terms of Section 4 of the Companies Act, 2013, Objects clause III of the Memorandum of Association of the Company shall state the objects for which the company is incorporated and any matter considered necessary in furtherance of the objects thereof. Also the liability clause IV is required to be modified in terms of the requirement of the aforementioned section. Hence, in view of the notification of Companies Act, 2013 and rules there under and repeal of Companies Act, 1956 and it is proposed to amend the existing Memorandum of Association of the company to align the same with the Companies Act, 2013.

A copy of the proposed set of new MOA of the Company would be available for inspection for the Members at the Registered Office of the Company during the office hours on any working day, except Saturdays, Sundays and public holidays, between 11.00 a.m. to 5.00 p.m. till the date of AGM. The aforesaid documents are also available for inspection at the AGM. The Board at its meeting held on 09.08.2018 has approved alteration of the MOA of the Company and the Board now seeks Members approval for the same.

None of the Directors and the Key Managerial Personnel of the Company and their respective relatives are concerned or interested in the passing of the above resolution.

Item: 10

Regulation 31A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as 'Listing Regulations'), provides a regulatory mechanism for re-classification of 'promoters' as 'public shareholders' subject to fulfillment of conditions as provided therein.

In this regard, the Company has received applications from the persons, as set out below; pursuant to Regulation 31A of the Listing Regulations for classifying them under the 'Public Category' since their names have been included as a part of the 'Promoter and Promoter group':

SRN	Name of the Promoters / Promoter Group	No. of shares held as per application
1	Amit Rajnikant Manakiwala	13244
2	Himani Amit Manakiwala	30606
3	Maulik Amit Manakiwala	800

They are financially independent persons who take independent investment decisions and are no way related to any of the business carried out by the Company. Further, the applicants have informed that:

1) They are not holding more than 1% shares in the Company.
2) They do not have any special rights in the Company through formal or informal arrangements.
3) They do not directly or indirectly, exercise control over the affairs of the Company.
4) They have neither any representation on the Board of the Company nor have any veto / special rights as to voting power or control over the Company.
5) They will not act as Key Managerial Personnel of the Company.

In view of the explanations given by the applicants as

detailed above and in consideration to the conditions as stipulated in Regulation 31A of the Listing Regulations, the Board of Directors of the Company at their meeting held on 09.08.2018 have approved all the applications for reclassification received by the Company as above from 'Promoter and Promoter Group' category to 'Public category' subject to approval by the members and relevant regulatory authorities. As required, intimation has been sent to Stock Exchanges based on declaration received from the aforesaid persons/entities. Further as per Rule 19A of the Securities Contracts (Regulation) Rules, 1957, the public shareholding as on date of the notice fulfills the minimum public shareholding requirement of at least 25% and the proposed reclassification does not intend to increase the public shareholding to achieve compliance with the minimum public shareholding requirement. Further, in accordance with Regulation 31A of the Listing Regulations, the said reclassification requires the approval of the Stock Exchanges, where the shares of the Company are listed. In terms of the procedure adopted by the Stock Exchanges for granting such approval, the Stock Exchanges, inter alia, require that the Company obtain the consent of the Shareholders of the Company, for the said reclassification.

The Board recommends the passing of the resolution as set out under item no.10 for approval of the Members as an Ordinary Resolution.

Except Smt. Ritaben Patel, none of the Directors and the Key Managerial Personnel of the Company and their respective relatives are concerned or interested in the passing of the above resolution.

Item: 11

Section 20 of the Companies Act, 2013 which deals with service of documents, inter-alia, enables the Company to dispatch any document to a member as per his preferred mode on receipt of specific request subject to deposit of such fee as determined by the members in the general meeting. Accordingly, consent of the members is sought for passing a resolution authorizing the board of directors to decide the fee payable as set out at item no. 11 of the notice on dispatch of document as per the choice of mode selected by any member of the Company.

The Board recommends the resolution for approval of the members in the best interest of the Company.

None of the Directors and the Key Managerial Personnel of the Company and their respective relatives are concerned or interested in the passing of the above resolution.

Item: 12

The Board of Directors of the Company has been exploring various fund raising options, in order to augment the long-term resources of the Company. There is potential to raise resources through issue of Non-Convertible Debentures ("NCDs") on private placement. Your Directors considered that the Company should broaden the base of resource mobilization to ensure availability of adequate funding for future business growth and development and propose to raise these funds through issue of NCDs on private placement.

The funds raised through this issue of NCDs will be utilized for various financing activities, loans to its subsidiary, working capital requirements and general corporate purposes of the Company, after meeting the expenditures of and related to the issue. As per Sections 42 and 71 of the Companies Act, 2013 ("the Act") read with the Rules framed there under, a Company offering or making an invitation to subscribe to NCDs on private placement basis is required to obtain the prior approval of the Shareholders by way of a Special Resolution. Such an approval can be obtained once a year for all the offers and invitations made for such NCDs during the year.

The Board of Directors of the Company at its meeting held on 09.08.2018 has approved the issue of NCDs for an amount not exceeding Rs. 200 Crores, subject to the approval of the shareholders of the Company. It is also proposed to issue NCDs in one or more tranches within a period of 1 (One) year from the date of passing this Special Resolution. Further, the issue amount of NCDs will be within the overall borrowing limits of the Company, as set out at item 6 of this notice. The Board recommends the Special Resolution as per the accompanying Notice, for approval by the Shareholders of the Company.

None of the Directors and the Key Managerial Personnel of the Company and their respective relatives are concerned or interested in the passing of the above resolution.

Place: Ahmedabad
Date: 09.08.2018

By Order of the Board

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

ARMAN FINANCIAL SERVICES LIMITED

Registered Office: 502-503, Sakar-III, Opp. Old High Court, Off Ashram Road, Ahmedabad-380014, Gujarat
Ph: +91-79-4050 7000, 2754 1989 Email: finance@armanindia.com Website: www.armanindia.com
CIN: L55910GJ1992PLC018623

ATTENDANCE SLIP

26th Annual General Meeting
Friday, September 7, 2018

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 26th Annual General Meeting of the Company held on Friday, 7th September, 2018 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 26th Annual General Meeting of members of the Company, to be held on Friday, 7th September, 2018 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:

Arman Financial Services Limited

No.	Resolutions
1.	Adoption of the Financial Statements and Reports thereon and the Consolidated Financial Statements for the financial year ended on March 31, 2018
2.	Declaration of the Dividend on Equity shares
3.	Re-appointment Mrs. Ritaben Patel as a Director
4.	Re-appointment of Mr. Aalok Patel as a Director
5.	Appointment of Mr. Alok Prasad as an Independent Director
6.	Increasing the Borrowing Powers under Section 180(1)(c) of the Companies Act, 2013 up to 500 Cr.
7.	Creation of charges, mortgages, hypothecation on the immovable and movable properties of the Company under Section 180(1)(a) of the Companies Act, 2013
8.	Adoption of Articles of Association as per the provisions of the Companies Act, 2013
9.	Adoption of Memorandum of Association as per the provisions of the Companies Act, 2013
10.	Reclassification of 'promoter and promoter group category' to 'public category'
11.	Approval to deliver document through a particular mode as may be sought by the member
12.	Private Placement of Non-Convertible Debentures

Signed this ..... day of..... 2018

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