



Arman Financial Services Limited
Annual Report 2014-15

Return on Life!

A differentiated perspective
makes all the difference







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FORWARD-LOOKING STATEMENT

In this Annual Report we have disclosed forward-looking information to enable investors to comprehend 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 out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipates', 'estimates', 'expects', 'projects', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in our assumptions. The achievement of results is subject to risks, uncertainties and even 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.

We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

At Arman Financial Services Limited, it would be simplistic to classify ourselves as a microfinance company.

We are a company focused on fulfilling consumer aspirations instead.

At Arman, it would be incorrect to say that we are singularly focused on Return on Capital.

We focus on enhancing Return on Life instead.

This strategic differentiation has helped us emerge as one of the most responsible microfinance companies in India, growing with a low-risk Balance Sheet and with one of the lowest non-performing assets in the industry.

The result was profitable growth in 2014-15 wherein our consolidated income from operations increased 21% while our profit before tax strengthened 39%.

small. safe. sustainable.

Just right for enhancing Return on Life.

At Arman, small is beautiful.

Value scores over volume.

Sustainable beats exponential.

These values have been derived from an
overarching discipline.

Enhancing profits for shareholders and
Return on Life for customers.

At Arman, we invested in unexplored
geographies, people and processes.

7

Locations of the Company's
presence, 31 March 2010

94


Number of Arman
employees, 31 March 2010

43

Locations of the Company's
presence, 31 March 2015

375

Number of Arman
employees, 31 March 2015

Locational discipline <ul style="list-style-type: none"> • Preference in conducting business in small rural pockets • Resistance in establishing branches with a high concentration of other MFIs • Preference for locations yet to be covered by organised finance or competitors • Selection of locations marked by consumer aspirations and entrepreneurial mindset • Selection of locations with a prevailing culture of financial discipline 	<p>provide emergency loans to active customers</p> <ul style="list-style-type: none"> • The Company lends higher amounts (two-year loans) only to customers who have completed three loan cycles • Disbursement cash is withdrawn on the day of collection 	<ul style="list-style-type: none"> • Pre-collection reminders • Collections banked on the same day 	
	Process discipline <ul style="list-style-type: none"> • Rigorous document authentication check • A group approval test is undertaken • Home verification is conducted • Centralised credit decision • Pre- and post-disbursement call verification culture 	Debt discipline <ul style="list-style-type: none"> • Stated debt-equity discipline of 4x • Debt mobilised according to disbursement targets • High proportion of bank CC limits to minimise unutilised cash interest burden 	
Disbursement discipline <ul style="list-style-type: none"> • The first loan does <u>not</u> amount to more than ₹13000 • The Company does <u>not</u> top-up loans for active customers • The Company does <u>not</u> 		Cost discipline <ul style="list-style-type: none"> • Branches in low-cost rural areas • Cost-efficiency at the centre of all decision-making • Preference for long-term debt mobilisation • Attractive remuneration, incentivising performance • Investment in technology to enhance productivity 	
	Collection discipline <ul style="list-style-type: none"> • Fixed time and place of collection 		

At Arman, we generated a superior Return on Life for our customers and a superior Return on Capital for the Company.

30.31%
Growth in disbursements
(3-yr CAGR)

0.83%
Consolidated
Gross NPA (%)

31.45%
Growth in AUM
(3-yr CAGR)

6%
Return on assets
(Average AUM)

24.06%
Growth in income from
operation (3-yr CAGR)

17%
Return on
equity

26.23%
Growth in net profit
(3-yr CAGR)

21%
Net profit
margin

Investing in overlooked geographies

In the challenging business of microfinance and two-wheeler finance, it would be easiest to seek customers in large population clusters.

At Arman, we selected to do the opposite instead. Over the years, we sought to enhance our presence in locations beyond the coverage of most peers and competitors. We embarked on this unusual approach because we believed that beyond an India that had been mapped and serviced, there existed a larger India still unapproached, unappraised and unserved.

The result of this conviction is that a large proportion of Arman branches is present in relatively unknown rural and semi-urban locations; where we understand local preferences; where we recognise latent consumption potential;

where we map population aspirations; where we correlate financing with enhanced consumption; where we measure the extent to which we can transform lives and lifestyles; where we can finance without compromising our Balance Sheet.

The result is that Arman has emerged as one of the largest, oldest, and fastest-growing regional NBFCs involved in microfinance and 2-wheeler finance in Gujarat (one of the most industrialised and prosperous states in India), and will progressively emerge national as it expands into Madhya Pradesh and other states.



Arman has emerged as one of the largest, oldest, and fastest-growing regional NBFCs involved in microfinance and 2-wheeler finance in Gujarat.

CAGR of our disbursements between 2011-12 and 2014-15

30.31%

CAGR of our income from operations between 2011-12 and 2014-15

31.45%

Percentage of our business that accrued from rural India

84.8%

Percentage of our branches (as on 31 March 2015) in rural and semi-rural India

84.6%

Projected branch strength by the end of FY16

59

Percentage of active repeat Arman customers

46%



Investing in our people

It would be simplistic to describe finance as merely a money business.

At Arman, we consider our business to be one which is for the people, by the people; where motivated employees can take customer decisions with the highest integrity; where trusted customers can service their repayment obligations with timely responsiveness.

At our Company, we always believed that our people would deliver differentiated results when nurtured, trusted and inspired in differentiated ways.

Most companies provide their employees with a salary, period. At Arman, we provide our employees with free housing adjacent to our branches along with a host of other benefits.

Most companies prefer to make lateral industry recruitments. At Arman, we selected to promote from within; more than 90% of our branch managers and every single district manager position were filled through internal promotion,

fostering an environment where employees can advance their careers through hard work and loyalty.

Most companies train employees on-the-job. At Arman, we strengthened our intellectual capital through at least 40 hours of annual training per employee and an additional month's of job shadowing for new employees.

Most companies treat employees like employees. At Arman, we inspire an entrepreneurial mindset instead, wherein business targets are set by the respective branch teams, driving bottom-up growth.

Most companies within our business suffer from high people attrition. At Arman, our people retention, among those who spent more than a year at the Company, was a high 88%, significantly higher than the industry standard.

The result is that Arman is one of the most profitable microfinance companies in India.



At Arman, our people retention, among those who spent more than a year at the Company, was a high 88%, significantly higher than the industry standard.

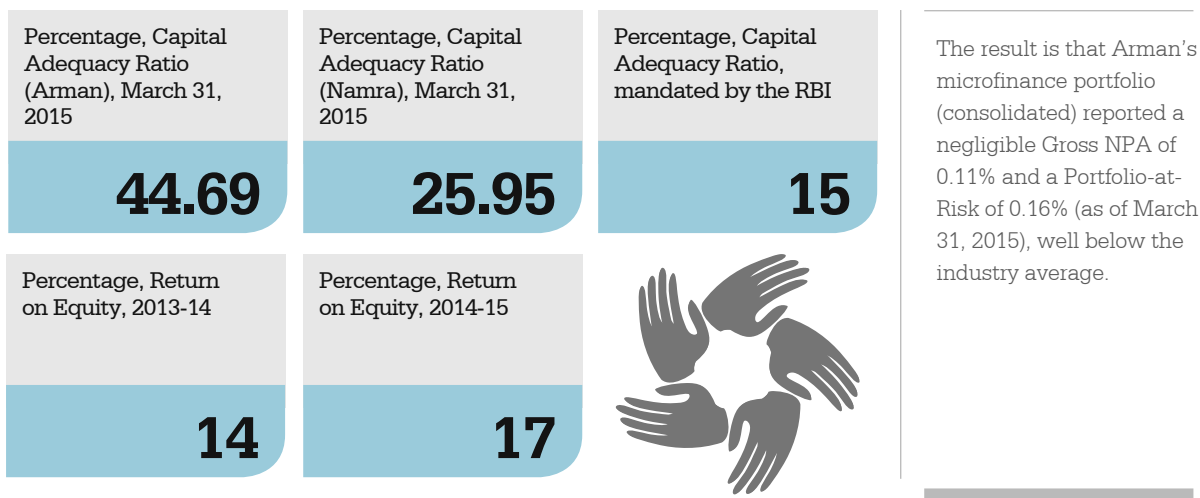
Average monthly number of disbursements per field officer, 2010-11	Average monthly number of disbursements per field officer, 2014-15	Average client load per field officer, 2010-11	Average client load per field officer, 2014-15
46	58	468	608



Investing in our systems

It would be limiting to state that we
are focused on profitability or growth.





At Arman, we are focused on process-driven sustainability instead.

This sustainability is derived from inculcating a sense of financial discipline among our customers, combining delegation in decision-making with process orientation, and growing without compromising the security of our Balance Sheet.

This sustainability ethic is driven by a number of initiatives. For our microfinance business, we stringently follow norms laid down for joint liability groups pertaining to group formation and credit appraisal. All customer's indebtedness and previous borrowing performance is verified through the High Mark Credit Information Services to establish credit discipline. All customers are put through a rigorous training to enhance awareness on microfinance, joint liability, funds deployment and repayment. A group approval test is conducted to assess loanee

backgrounds, conduct, lifestyle and business activity. An independent verification helps filter loan applications cleared by the Credit Department at the Head Office. A telephonic verification of approved customers helps establish borrower credibility. A refusal to provide loan top-up and emergency disbursal help manage risks. A culture of multi-level checks and surprise visits helps enhance systemic discipline. A periodic engagement with customers helps ascertain the stated use of funds.

The result is that Arman's microfinance portfolio reported a negligible Gross NPA of 0.11% and a Portfolio-at-Risk of 0.16% (as of March 31, 2015), well below the industry average.


Our two-wheeler business is equally risk-protected. We strive to provide a quick turnaround for customers (usually same-day) while never compromising on our underwriting standards. We follow a centralised system for all of our

credit checks. The first step is to collect KYC details and check the customer's credit history via CIBIL credit bureau. This is followed by a telephone verification, KYC check, address check, income verification, and field investigation at home and/or business. If all these meet our credit standards, disbursement is usually made within five hours of signing all necessary documents and submitting either post-dated cheques or an ECS mandate. Our operations must function like a well-oiled machine to ensure this quick turnaround. All disbursements are hypothecated in favour of Arman and, therefore, the underlying assets serve as effective collateral security.

The resulting effect on stringent credit analysis and our strong regional knowledge is that Arman's asset finance portfolio has a low Gross NPA of 1.54%, well below the industry average, which is typically higher than 3% for two-wheeler loans.

Arman Financial Services Limited.
One of the most exciting
microfinance companies in India.
Present in 21 districts across two
Indian states.
Servicing more than 100,000
customers a year.

Possessing one of the most attractive Balance
Sheets within the sector. Driven by the vision
of enhancing financial inclusion and widening
financial access at the country's grassroots.



Presence (states)	Branches	Customers
2	43	103,619
Team size	Average loan disbursement per microfinance client (₹)	Average loan disbursement per asset finance client (₹)
370+	13,936	40,872

What we are

Arman Financial Services is a Gujarat-based non-banking finance company engaged in providing microfinance and financing the purchase of two- and three-wheelers.

Arman, the parent company, provides two and three-wheeler finance.

Namra Finance, its 100% NBFC-MFI subsidiary, provides microfinance services.

Our presence

Headquartered in Ahmedabad, the Company's operations are spread across Gujarat and Madhya Pradesh.

Arman's 43 branches are manned by more than 370 team members who service a client base comprising more than 100,000 customers.

The Company's shares are

listed on the Bombay Stock Exchange.

Our 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.

Our mission

To help those who are at the bottom of the pyramid.

To work with vigour, dedication and innovation to achieve excellence in service, quality, reliability, safety and customer care as the ultimate goal.

To earn the trust and confidence of all stakeholders, exceeding their expectations and making the Company a respected household name.

To consistently achieve high growth and the highest

levels of productivity.

To be a technology-driven, efficient and financially sound organisation.

To contribute towards community development and nation-building.

To be a responsible corporate citizen nurturing human values and concern for society, the environment and, above all, the people.

To promote a work culture that fosters individual growth, team spirit and creativity to overcome challenges and attain goals.

To encourage ideas, talent and value systems.

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

Our corporate values

We will adhere, individually and collectively, to our commitments, our values,

and the ethical conduct of our business.

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

Loan book
(₹ crore)

115

Disbursements
(₹ crore)

168

Total receivables
(₹ crore)

135

Income from
operations
(₹ crore)

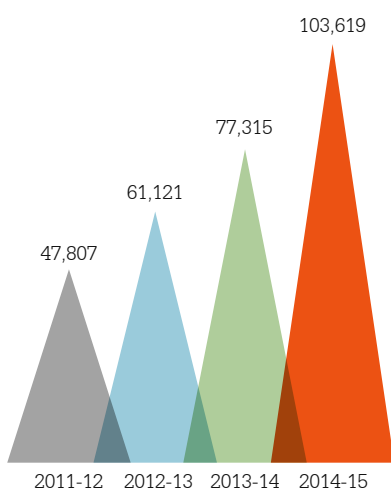
29.61

Profit before tax
(₹ crore)

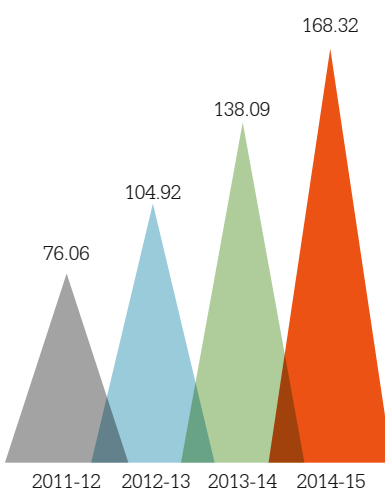
9.26

How we grew our business in 2014-15

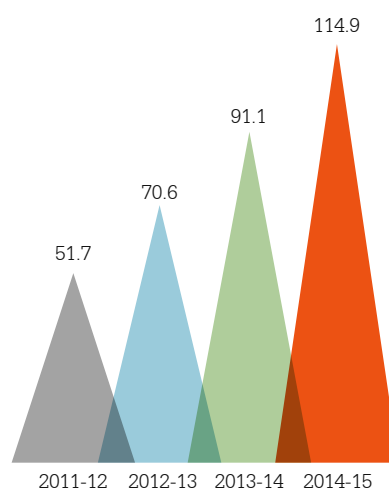
Number of active borrowers



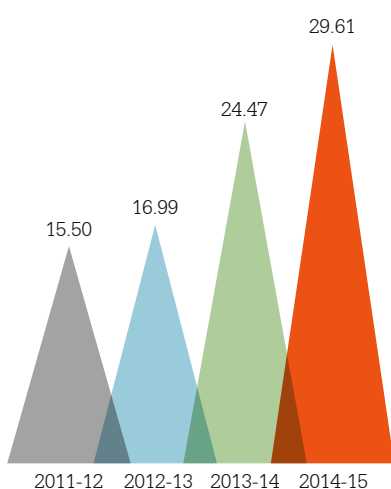
Disbursements (₹ crore)



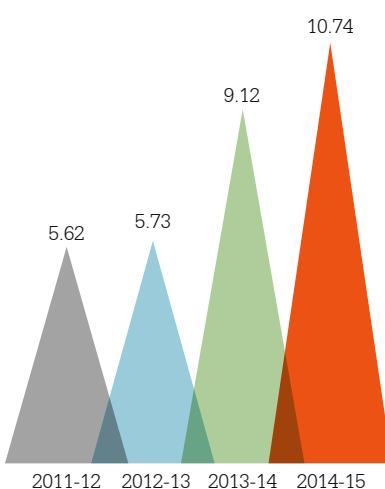
Assets under management (₹ crore)



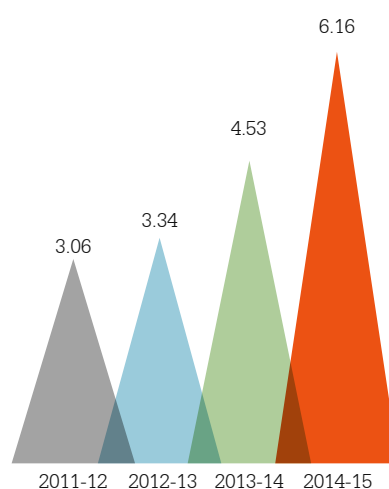
Income from operations (₹ crore)



Interest and borrowing costs (₹ crore)



Net profit (₹ crore)



In February 2013, Namra Finance Limited became the first company in India to receive the prestigious NBFC-MFI (Non-Banking Finance Company - Microfinance Institution) license by the Reserve Bank of India.



Financial

- Income from operations grew 21%
- Net profit for the year increased 36%
- Assets under management increased 27%

Operations

- Extended the microfinance business into Madhya Pradesh (eight branches)
- Opened 1 branch in Gujarat
- Increased average monthly disbursement

22% to ₹14 crore

- Received a CARE credit rating upgrade from BB+ to BBB- (investment grade)
- Received an MFI-2 grading for microfinance operations by CARE Ratings.



Jayendra Patel
Vice-Chairman &
Managing Director

Dear friends

Two of the most important words in India today are 'financial inclusion'.

This is because 62% of India's population does not have a bank account. Because 50% of the country's population does not enjoy any access to organised financing. Because 59% of the country's population earns less than ₹100 a day.

At Arman, we are convinced that a majority of the country's poor do not need sops or subsidies; what they need is access to 'informed debt'. When provided, this financing intervention can help rural Indians address local income-generating opportunities, strengthen their financial discipline,

"70% of India is rural. 59% of India's population earns less than ₹100 a day. In this scenario, the most successful poverty reduction measures are those that empower the poor to enrich their livelihoods. At Arman, we focus on empowering the country's poor with the objective to create a prosperous India."

inculcate the savings habit and strengthen an entrepreneurial mindset.

To start with, 'informed debt' does not just comprise the provision of adequate and timely finance; it extends to complementing advice, insight and support that can help recipients use their resources

most productively. The combination of debt and data works better than the mere provision of debt or data and definitely better than any short-term subsidy. When the debt provider provides supplementary advice on how a local livelihood should be run,



what opportunities can be addressed, how cash flows can be managed and how livelihoods can be grown, then the debt does more than merely service a temporary local need; it facilitates livelihood growth, creates first-generation entrepreneurs, transforms entrepreneurs into employers and strengthens the rural social fabric.

When you engage in a business that strengthens the rural fabric across the world's second largest rural population, then, by implication, that business, however local it may appear, is essentially national (and even global) in influence.

At Arman, we believe that microfinance companies are attractively placed in that they reach the country's rural pockets wider and deeper, enhance local learnings, are able to establish creditworthiness down to respective neighbourhoods, are able to recruit locally, provide smaller ticket loans than competitors larger in size – and in doing so, are able to service the country's grassroots economy more faithfully than any competing segment. The result is that there is a distinctive role for the country's microfinance sector in the economic destiny of the nation. This role is most visibly manifested at the point –

the grassroots – where it can play the biggest role in driving the national economy ahead.

At Arman, we enjoy an early mover's advantage in extending the benefits of organised finance to an entire constituency deprived of such a support. The Company went into business, championing the cause of financial inclusion more than two decades ago, well before the term 'financial inclusion' had been coined. It is to the Company's credit that in a space marked by high mortality, Arman has evolved, adapted and grown across economic cycles. The Company possesses a large customer base, a high proportion of repeat customers, negligible non-performing assets and one of the most trusted Balance Sheets in the regional microfinance and asset finance sector.

At Arman, we selected to grow our rural presence through two interventions – asset finance and micro-finance. The former is secured by collateral; the latter is unsecured and usually comprises small amounts that help grow local businesses and livelihoods.

Our robust growth across some of the most challenging years in the Indian economy (2010-2014) was the result of

having prudently selected to finance three-wheelers with a low down payment in the asset finance space, a vehicle that facilitated an attractive independent livelihood. While the company has slowed its three-wheeler financing division, even a small segment like three-wheeler financing can leave a large footprint. Consider this mental exercise – in the past six years (approximately the average life of a rickshaw), Arman has financed no less than 3000 three-wheelers; an average revenue generation of about ₹800 per vehicle per day implies that Arman is driving this segment of the country's bottom of pyramid economy by ₹88 crore per annum and helping thousands to climb out of poverty. Besides, we grew the number of microfinance cases from 36,157 in 2011-12 to 81,113 in 2014-15; we increased the average ticket size from ₹11,968 to ₹13,936 across the period.

Arman strengthened financial inclusion by widening its presence from 29 branches to 43 branches, including nine new branches in Madhya Pradesh. The Company increased its customers from 77,000 to 104,000; it grew employees from 317 to 375. The result is that Arman delivered yet another year of profitable growth in 2014-15. Income

At Arman, we believe that microfinance companies are attractively placed in that they reach the country's rural pockets wider and deeper.

The Company strengthened its return on equity from
14% to 17%
 in 2014-15.



from operations increased 21% over the previous year; net profit grew 36%. The Company invested in cutting-edge IT solutions to moderate operating costs; it strengthened return on equity from 14% to 17% in 2014-15.

I am pleased to state that Namra Finance (subsidiary focused on microfinance) became the first in India to receive the prestigious NBFC-MFI (Non-Banking Finance Company - Microfinance Institution) license from the Reserve Bank of India. Both Arman and Namra received an 'Investment Grade' rating upgrade from CARE Ratings, strengthening its ability to mobilise low-cost funds; it received an MFI-2 grading for microfinance operations, which is a step lower than the highest possible grading.

Moving forward

At Arman, we believe that non-banking finance companies have a growing role to play in emerging rural economies. NBFCs accounted for 9.4% of the total credit in India in 2005-06, increasing to 12.1% in 2014-15 and a projected 17.1% by 2018-19; correspondingly, the share of India's government-owned banks is likely to decline from 64.5% last year to 58.6% by 2018-19.

Arman will continue to enhance its focus on microfinance, an area marked by unprecedented opportunities.

Microfinance: Arman will widen presence in Madhya Pradesh by expanding its branch network, increasing the state's share from 12% of our overall microfinance revenues to an estimated 35% in 2015-16. We are

evaluating the options of expanding our footprint to a third state, which could sustain our growth beyond the industry's y-o-y growth rate of 30%.

Asset financing: In this vertical, Arman intends to extend into MSME financing, lending between ₹50,000 and ₹500,000 with MUDRA Bank, while exploring geographic expansion in Indore and Ajmer.

As Arman's loan ticket size increases (two-year loan in the microfinance and MSME loans in asset financing), operating costs are expected to decline. The Company's improved credit rating could facilitate fund mobilisation at moderated coupon rates. The Company's investments in cutting-edge IT solutions could enhance operating efficiency. The large business volume

could help fixed costs being amortised more efficiently, strengthening margins.

Acknowledgements

The message that I wish to send out is that we will continue to tread a cautiously aggressive business strategy focused on quality growth. In doing so, we will strengthen the robustness of our asset portfolio and grow shareholder value sustainably. I thank all Arman stakeholders, and most of all, its dedicated staff, whose diligence and hard work have made it possible for Arman to deliver record year-on-year growth.

I look forward to another successful year.

Warm regards

Jayendra Patel
 Vice-Chairman & Managing Director

Our business focus



Geographic focus

When most industry participants would have selected to be present in densely populated cities and towns to capitalise on an established culture of organised financing, Arman strategised to be present in largely under-penetrated areas instead. The Company's focus is on growing market size as opposed to merely enhancing market share.



Growth focus

Considering the large opportunities, most microfinance players concentrate on exponential growth. Arman has selected to grow sustainably to the extent that its Balance Sheet permits rather than de-risk the quality of its asset portfolio.



People focus

For most microfinance companies, a people focus means providing increasing benefits. At Arman, a responsible people focus is about transforming them into 'entrepreneurs', providing them with adequate authority to take business decisions and helping formulate the corporate growth plan. The result is growing revenue per employee, making it possible to scale the business with speed, knowledge and efficiency.



Customer focus

Most microfinance players concentrate on financing customers. At Arman, we are keen on educating customers in microfinance, explaining benefits and challenges before providing them with precious growth capital. The result is reflected in negligible non-performing assets.



Ticket size focus

Most microfinance players concentrate on growing their ticket size. At Arman, we have focused on financing low ticket cases within the customer's repayment capability. As a policy, we do not top-up or provide emergency loans, protecting against over-leverage. This focus on low value cases has helped us widen the number of financing cases at the bottom of the country's economic pyramid.



Funding focus

Most industry players select to fully leverage their financial statements to capitalise on growth opportunities, followed by off-Balance Sheet leveraging. At Arman, we have prudently selected to be governed by our stated conservative debt-equity policy.

Management discussion and analysis

Economic overview

The full-year GDP growth for the fiscal year ending March 2015 settled at 7.3%, up from 6.9% in 2013-14, lower than an official estimate of 7.4% (figures calculated as per the new series of national accounts with base year of 2011-12). This growth was due to an improvement in the performance of the country's services and manufacturing sectors.

The economy was relatively independent of factors associated with an economic slowdown – inflation, fiscal deficit, weak demand, external account imbalances and an oscillating rupee, which had choked growth during 2011-12 and 2012-13.

One of the redeeming features was the emergence of India as a large economy with a promising outlook, amidst the mood of pessimism and uncertainties that continue to persist in a number of advanced and emerging economies.

The Gross Value Added (GVA), a new concept introduced by CSO to measure the economic activity, rose by 7.2% in 2014-15 compared to 6.6% in the previous fiscal. Financial, real estate and professional services showed an improvement by registering a growth of 11.5% as against 7.9% in previous fiscal.

According to the Economic Survey, India's GDP could

expand by 8.1-8.5% in 2015-16. The Reserve Bank of India has projected India's GDP growth for 2015-16 at 7.6%. The International Monetary Fund forecast India's growth to strengthen from 7.2% in 2014 to 7.5% in both 2015 and 2016.

Indian financial sector

India has a diversified financial sector, undergoing rapid expansion. The sector comprises commercial banks, insurance companies, non-banking financial companies, co-operatives, pension funds, mutual funds and other smaller financial entities. The financial sector in India is predominantly a banking

sector with commercial banks accounting for more than 60% of the total assets held by the financial system.

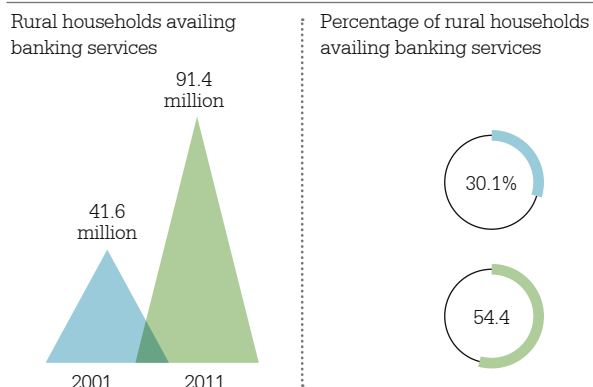
India's services sector has always served the country's economy well, accounting for more than 50% of the gross domestic product (GDP). In this regard, the financial services sector has been an important contributor.

The under-banked and unbanked Indian segment

Only about 35% of India's almost 1.27 billion people have any access to bank accounts, compared with a global average of 50% (Source: 2011 World Bank).

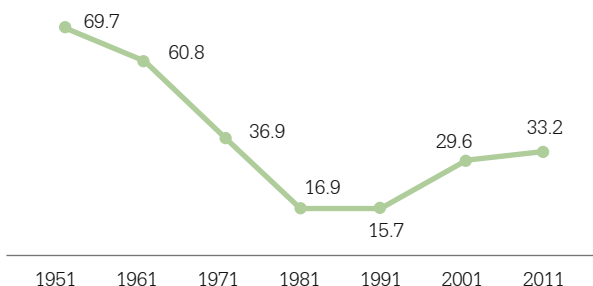
The Indian economy is the seventh largest in the world in terms of nominal GDP and the third largest in terms of PPP.

Despite a 120% increase in rural households with bank accounts in the decade to 2011...



It is the informal moneylender, not the formal bank, that has gained share in rural credit.

Share of moneylender (agricultural and professional)
(Figures in percent)



Of the 24.67 crore households in the country, 10.19 crore do not have access to banking services. Some 44% rural households and 33% urban households still do not have a bank account (Source: *Business Line*, August 25, 2014).

2015, a watershed moment for financial inclusion

The year 2015 could be a watershed moment in India's quest to provide access to a range of financial services to all its citizens.

- RBI announced that 2nd February, 2015 was the last date to submit applications for small finance banks and payment banks, the first opportunity to financial intermediaries to offer a

complete range of financial services that banks offer.

- In September 2015, Bandhan Financial Services, a non-banking finance company - microfinance institution (NBFC-MFI), will commence operations as a bank.
- In August, 2014, the Indian Prime Minister launched the Pradhan Mantri Jan-Dhan Yojana (PMJDY), a national mission for financial inclusion to ensure access to financial services (banking/savings and deposit accounts, remittance, credit, insurance and pension) in an affordable manner.
- Prime Minister launched the MUDRA Yojana that will offer loans to the unfunded, self-employed as well as

Rural indebtedness

A National Sample Survey report on indebtedness and asset holdings of 62,000 rural households across 4,529 villages and blocks revealed that between 2002 and 2012, the number of rural households with bank accounts more than doubled. Yet, rural households increased their borrowings in a significant way from private moneylenders and not from the organised financial sector.

small businesses upto ₹10 lac at a low rate of interest.

Microfinance

Microfinance is seen as an important poverty alleviation tool. The microfinance movement was initiated by NABARD in collaboration with banks and NGOs forming self-help groups in 1992.

India's microfinance sector began evolving with private sector participation leading to the formation of microfinance institutions. The microfinance institutions accessed bulk funds from banks and lent them to the borrowers (members of self-help groups and joint liability groups). The microfinance sector received a setback during the Andhra Pradesh crisis in 2011. This was followed by comprehensive regulatory intervention

and reformulation of extant guidelines. The external environment improved with RBI laying down the law for NBFCs and microfinance institutions, and the Central Government contemplating passing a new bill in this regard.

Microfinance sector performance, 2014-15

- As of 31st March, 2015, microfinance companies provided microcredit to over 3.05 crore clients, an increase of 29%.
- The aggregate gross loan portfolio of microfinance companies was ₹40,138 crore (excluding non-performing (PAR > 180 days) portfolio (₹2600 crore) in Andhra Pradesh). This represents a y-o-y growth of 61% over 2013-14.
- Annual disbursements (loan) in 2014-15 increased 55%.

- Total number of loans disbursed by microfinance companies grew 37% in 2014-15 to 3.343 crore.
- Funding to microfinance companies in 2014-15 grew 84% compared with 2013-14.
- Portfolio at Risk (PAR) figures (PAR 30, 90, 180) remained under 1% for 2014-15.
- Average loan amounts disbursed per account was ₹16,327.

- Indian microfinance companies covered 32 states/union territories (489 districts).
- Microfinance coverage is geographically dispersed with GLP in South at 30%, East at 28%, North at 22% and West at 20%.
- Productivity for microfinance companies continued to improve. GLP per branch is now at ₹3.803 crore, up 49% over 2013-14.

What is microfinance?

Microfinance refers to a variety of financial services that address low-income clients, particularly women. Since the clients of microfinance institutions (MFIs) have lower incomes with limited access to other financial services, microfinance products are generally of small amounts.

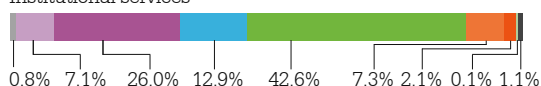
Microloans are provided for a variety of purposes, frequently for microenterprise development. The diversity of products and services offered reflects that the financial needs of individuals, households and enterprises can change significantly over time, especially for those who live in near-poverty. Because of these varied needs and the industry's focus on the poor, microfinance institutions often use non-traditional methodologies like group lending and other collateral forms not employed by the formal financial sector.

Rural households are borrowing short term at high rates

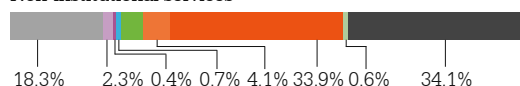
Debt outstanding by rate of interest

■ Above 30% ■ 25-30% ■ 20-25% ■ 15-20% ■ 12-15%
■ 10-12% ■ 6-10% ■ Below 6% ■ Nil

Institutional services



Non-institutional services



Growing microfinance focus

As mainstream microfinance (targeting the poorest) has matured, focus has turned to the country's chronically underserved MSMEs, where, according to an IFC estimate, there is a debt gap of over US\$60 billion. Already, innovative companies have been servicing this sector by building specialised acquisition and underwriting approaches. These changes are being accelerated by various government schemes:

- In 2014, the RBI announced a new category of 'small' bank focusing

on financially weaker customers.

- In 2015, the government proposed the creation of an MSME bank (MUDRA) with a ₹20,000 crore capital allocation for the sector.

MUDRA Bank catalyses financial inclusion

The emergence of Micro Units Development Refinance Agency (MUDRA) Bank, with a refinance corpus of ₹20,000 crore and credit guarantee corpus of ₹3,000 crore is a landmark in India's financial sector, expected to benefit 5.8 crore small businesses.

The principal product

of MUDRA Bank will be providing security free financial aid up to ₹10 lac to Last Mile Financiers of the micro businesses/ units under the aegis of the Pradhan Mantri MUDRA Yojana but this funding will be based on the stage of growth of the business enterprises. The loan amount will be provided as follows:

Shishu: The maximum loan amount under Shishu category will be up to ₹50,000.

Kishor: The loan amount under Kishor category will be from ₹50,000 and upto ₹5 lac.

Tarun: The loan amount

under Tarun category will be between ₹5 lac and ₹10 lac

MUDRA Bank has emerged as a refinancing agency for all NBFCs, addressing a long-awaited need. The recent eligibility criteria for availing refinancing by banks, MFIs and NBFCs makes all RBI-registered NBFCs eligible. Moreover, small NBFCs without an external credit rating but possessing satisfactory borrowing arrangements with a scheduled commercial bank for a minimum 2 years and net PA not higher than 3% are eligible. This frees small NBFCs from the need to seek credit ratings.

About the business

From a single branch in Ahmedabad in CY92 for financing two- and three-wheelers, Arman Financial graduated into two segments – asset finance and microfinance. The latter has emerged as the flagship business.

Productivity for microfinance companies continued to improve. GLP per branch is now at ₹3.803 crore, up 49% over 2013-14.

Loan book break-up

(₹ crore)	FY11	FY12	FY13	FY14	FY15
Two- and three-wheeler	23.1	30.4	39.0	45.4	49.8
Microfinance	21.1	21.3	31.6	45.7	65.1
Total	44.2	51.7	70.6	91.1	114.0

Microfinance

Branches

39

Active customers

82,729

Assets under management
(₹ crore)

65.80

Disbursements in
2014-15 (₹ crore)

113.87

Income from
operations in
2014-15
(₹ crore)

14.36

Net income
in 2014-15
(₹ crore)

3.38

Business highlights, 2014-15

- Revenue from the business grew 132%.
- Disbursements grew 34.4%.
- Established a presence in Madhya Pradesh; opened eight microfinance branches and added 4700 customers.
- Average ticket size per microfinance customer increased 3.2% – from ₹13,600 in 2013-14 to ₹14,038 in 2014-15. Much of the growth was derived from new client addition and not increasing loan amounts.

- Opened four branches in Gujarat.

Overview

Arman conducts its microfinance business through its 100% NBFC-MFI subsidiary, Namra Finance.

The beneficiaries of the organisation included micro-entrepreneurs and micro-business owners in urban, semi-urban and rural India, largely comprising economically poor and socially neglected communities (scheduled castes, scheduled tribes, other backward classes and religious minorities).

The Company provides loans exclusively for income-generating activities comprising livestock rearing (especially milch animals), shop-keeping, hawking and working capital loans for micro-enterprises, among others.

Namra (presence in Gujarat and Madhya Pradesh through 39 branches) has assets under management worth ₹66 crore and an active customer base comprising 85,000 individuals, translating into an average of ₹8,000 outstanding loan per borrower.

The branches are responsible for disbursing, collecting and monitoring loans in their respective hinterlands. Credit decision-making, accounting and MIS-related activities were centralised to accelerate expansion and enhance business control. The branch managers were responsible for maintaining portfolio quality and driving growth.

Despite the significant growth opportunity, Namra has responded with a conservative lending approach backed by a robust support system.

The Company increases lending ticket sizes in line with the customer's repayment ability. Consequently, the Company refrained from lending amounts in excess of ₹15,000 to first-time customers. It lent higher amounts (two-year loans) only to customers who completed at least three cycles with the Company. This rigorous approach translated into a strong loan book and quality portfolio.

Business optimism

Considering that ~90% of Indian households still do not have access to formal credit, microfinance is expected to play a crucial role in bridging the gap. The Andhra Pradesh crisis of CY10 and subsequent contraction in the sector resulted in a high latent demand for microfinance. The regulatory environment

stabilised following RBI intervention, while the funding environment improved over FY13-15.

The NBFC-microfinance institutions sector witnessed strong loan book growth in the last two years. The average ticket size disbursed per borrower remained largely constant over FY10-14 due to funding constraints faced by microfinance institutions and RBI regulatory guidelines.

The global average for outstanding loans per borrower was at 18% of GDP, compared with 11% in India. This strengthens the conviction that there is a large scope for an increase in ticket sizes per borrower without affecting repayment. Based on this insight, India's potential microfinance market size is 3-4x its outstanding loan portfolio.

Even as the RBI directive states that 'not more than two microfinance companies can lend to the same borrower', making it difficult for new entrants to grab market share from incumbents, there still exist a number of pockets untouched by the microfinance sector, inspiring growth and optimism.

Blueprint

Arman intends to grow its business and liquidity through the following initiatives:

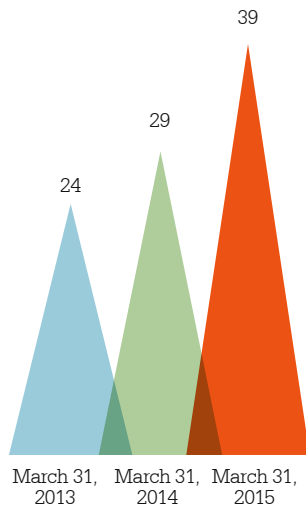
- Expand branch network in Madhya Pradesh and possibly extend into a third state in HY2 2016-17
- Analyse options to mobilise funds to reach the target microfinance segment disbursement of ₹180 crore during 2015-16

The global average for outstanding loans per borrower was at 18% of GDP, compared with 11% in India.

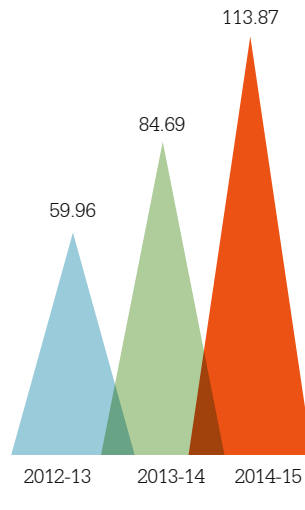
Microfinance – Potential market size

Total households	20 crore
Households with little access to credit	18 crore
Average loan per household, as per global averages, at a percentage of per capital GDP	₹17,360
Size of market outstanding	₹2,18,700 crore
Current microfinance outstanding	₹60,000 crore

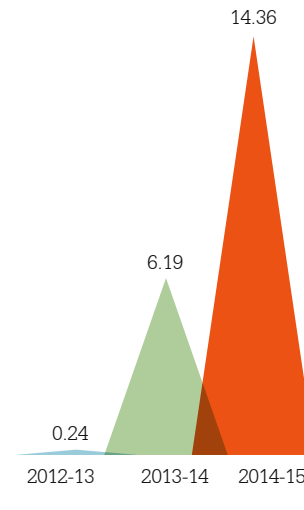
Branches



Disbursements (₹ crore)



Income from operations (₹ crore)



Why Madhya Pradesh?

As per Census 2011, 72% of Madhya Pradesh resides in rural areas.

Yet the literacy rate in the state is about 70%, close to the national average.

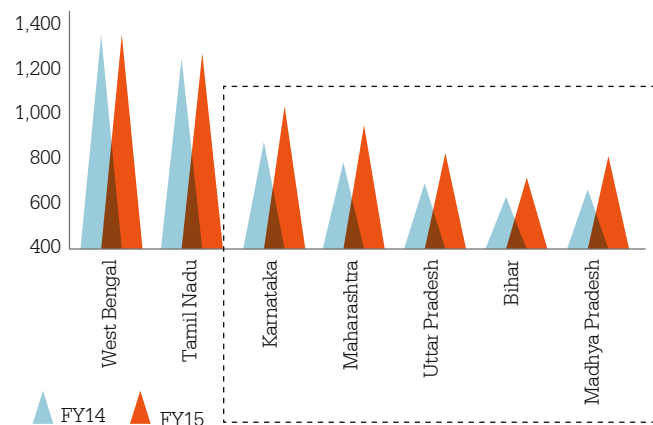
The state has a growth rate of about 20%, above the national average of about 17% and higher than neighbouring Gujarat (19.3%), Maharashtra (16%) and Uttar Pradesh (20.2%).

Was the decision vindicated?

Arman customer base in the first year	Disbursements in Madhya Pradesh (₹ crore)
4700+	8
First year of operations in Madhya Pradesh	Target disbursement in Madhya Pradesh FY16 (₹ crore)
₹0 NPA	55

Significant opportunity continues

Branch expansion indicates penetration-driven growth opportunities still available



Asset finance				Branches
				4
Active customers	Assets under management, (₹ crore)	Disbursements in 2014-15 (₹ crore)	Revenues in 2014-15 (₹ crore)	Net profit in 2014-15 (₹ crore)
20,890	49.08	54.45	15.25	2.78

Business highlights, 2014-15

- Revenue from the Asset Finance segment was ₹15.25 crore
- Asset finance disbursements grew 9%
- Average loan outstanding per asset finance customer was ₹23,055 (₹23,435 in 2013-14)

Overview

Arman commenced its asset finance business in 1998 when it selected to finance two- and three-wheelers in Ahmedabad (now largely in Gujarat). Although Ahmedabad remains its strongest branch, the Company enjoys a significant presence across Gandhinagar, Kalol, Kadi, Mehsana, Sabarkantha,

Palanpur, Vadodara, Kheda, Anand, Sevalia, and Tarapur.

Arman created one of the most flexible two- and three-wheeler finance products in terms of tenure, down payment, instalment and fees.

The Company reported 100% collections through cheque/ECS, despite addressing under-banked customers; it entered into tie-ups with banks to open bank accounts for unbanked customers, strengthening financial inclusion.

The Company invested in processes to report one of the fastest customer servicing turnaround times in Gujarat, wherein a loan can now be processed within six hours of customer engagement.

Business performance

Growth in the Company's two- and three-wheeler financing business slackened in two years on account of a national slowdown in two-wheeler sales. The market is reporting increased competition from manufacturing finance companies like Hero Fin Corp, Bajaj Finance, Honda Finance, TVS Finance, etc.

The management will stagger its three-wheeler financing in view of the onslaught of mobile app-based taxis and increased three-wheeler competition. In view of this, Arman's new business in the three-wheeler segment could largely be derived from replacement demand.

Blueprint

The Company is strengthening its business, limiting its exposure to sectoral contingencies while remaining profitable. The two-wheeler business will continue to expand at a reasonable 10-15% across the foreseeable future.

The management is considering limited bulk financing like dealer channel partnering, and securitisation, among others. It is also considering refinancing with MUDRA Bank for SME financing of sums between ₹50,000 and ₹5 lac. During FY16, Company is also expanding out of Gujarat for its two-wheeler division and opening branches in Indore (MP) and Ajmer (Rajasthan).

Analysis of financial statements

(Based on Consolidated Financial Statements)

Despite the subdued economic environment for the financial sector, Arman posted healthy business growth and improved profitability. So even as the income from operations grew by 20.96% over the previous year, net profit accelerated faster by 35.96% over 2013-14. This was mostly due to the cost savings achieved due to economies of scale.

Statement of Profit and Loss

Income from operations:

It grew by 20.96% from ₹24.47 crore in 2013-14 to ₹29.60 crore in 2014-15. Although overall interest rates declined, this growth was primarily owing to the strong increase in the microfinance vertical where business volumes increase due to the following:

- A strong growth in the existing business from Gujarat
- A geographic expansion into Madhya Pradesh contributed to business growth

Due to increased

competition in the asset-financing business, the Company strategically curtailed its resources towards that business.

Net Profit: This grew by 35.96%, from ₹4.53 crore to ₹6.16 crore. This growth was primarily due to an increased asset and income base, a strong growth in the Microfinance segment of the business, especially the expansion into Madhya Pradesh.

Employee benefits:

Employee related expenses grew by 14.51% from ₹4.55 crore in 2013-14 to ₹5.21 crore in 2014-15 – primarily due to an increase in the team size to manage the fast expanding microfinance business – the Arman team increased from 317 members as on March 31, 2014 to 375 members as on March 31, 2015. But the productivity of the team (reflecting its efficiency) outweighed the expanded employee bill – average revenue (income from operation) and net profit per employee stood at ₹7,89,638 and ₹1,64,193

respectively in 2014-15 against ₹7,72,027 and ₹1,42,864 respectively in 2013-14.

Finance cost: Interest expense increased by 17.65% from ₹9.12 crore in 2013-14 to ₹10.73 crore in 2014-15 consequent to increased disbursements and assets under management in the microfinance vertical. Assets under management increased 27% from the previous year, which was mostly financed with debt. Going ahead, this coupon rate is likely to reduce due to the overall softening interest rates in the country and an improved credit rating for the Company. This should facilitate in improving the Company's profitability.

Margins: Growing business volumes resulting in optimising costs and streamlining of business process facilitated in growth in business profitability – profit before tax increased by 38.83% from ₹6.67 crore to ₹9.26 crore in 2014-15. The net

profit margin improved from 18.51% in 2013-14 to 20.80% in 2014-15.

Balance Sheet

Shareholders' fund: The balance under this head increased from ₹33.71 crore as on March 31, 2014 to ₹39.25 crore as on March 31, 2015 due to an increase in reserves and surplus. Reserves increased as the Company ploughed business profits into business.

Debt portfolio: The outstanding debt (long-term, short-term, and working-capital) increased in relation to the increase in Loan Assets Under Management – from ₹74.87 crore as on March 31, 2014 to ₹92.66 crore as on March 31, 2015. As a result, the debt-equity ratio stood at 2.36x as on March 31, 2015 against 2.22x as on March 31, 2014. Of the total loans, the Company has a repayment liability of ₹28.69 crore in the current year.

Interestingly, the Company's debt portfolio shifted in favour of long-term debt – 24% of the total debt as on March 31, 2015 against 14% as

on March 31, 2014. This strategic direction improved the asset-liability match and reduced the average interest cost of debt. As the corporate rating by CARE improved to investment grade, the Company could secure additional funds at lower interest rates and longer tenure.

Loans and advances:

This represents the loans receivable by the Company from its customers – hence is the core of its business. The total under asset-backed loans increased from ₹42.79 crore as on March 31, 2014 to ₹46.32 crore as on March 31, 2015. The microfinance loans balance increased from ₹45.56 crore as on March 31, 2014 to ₹66.48 crore as on March 31, 2015.

Asset-backed loans: The balance under asset-backed

loans receivable was a mix between long-term and short-term in nature, short-term being the portion of loans payable within the next fiscal year.

Microfinance loans:

The balance under Microfinance-backed loans is largely short-term in nature to be recovered in a year.

Trade receivables: The balance under this head increased from ₹0.81 crore as on March 31, 2014 to ₹1.23 crore as on March 2015. This head represents EMIs due but not received from customers for its asset-backed loans and microfinance customers.

Receivables outstanding for more than six months increased from ₹0.42 crore as on March 31, 2014 to ₹0.68 crore as on March 31, 2015.

Asset-backed loans (₹ crore)

	As on March 31, 2015	As on March 31, 2014
Long-term	33.01	33.22
Short-term	13.32	9.57

Microfinance loans (₹ crore)

	As on March 31, 2015	As on March 31, 2014
Long-term	0.12	-
Short-term	66.36	45.56

Managing business uncertainties

Risk is the face of business uncertainty, affecting corporate performance and prospects.

Arman has always had a systematic approach to risk management. Its risk mitigation framework comprises studying emerging trends, conservative growth targets, framing policies and structured reporting, and most importantly, systems and controls. A disciplined approach, coupled with timely execution of proactive counter-measures, has strengthened the Company's viability across verticals, products, geographies and market cycles. Some key risks envisaged by the management are addressed below.



The Company's microfinance space may not be able to grow at a fast pace.

Mitigation

The microfinance space offers a huge growth opportunity. Consider this: The primary target of MFIs comprises 134.7 million 'deprived' households with an annual household income of less than ₹112,000 and lacking access to essential financial services like credit, insurance and savings facilities. These households comprise 56.13% of the total households in India. Based on an average loan size of ₹15,000, the total microcredit demand is estimated somewhere between ₹202,050 crore and ₹673,500 crore (Source: *National Survey of Household Income & Expenditure (2011)*, *NCAER-CMCR*).

From a geographic perspective, of the 6 crore+ population in Gujarat (as per the 2011 Census), around 57.40% live in rural areas; in Madhya Pradesh, about 72.37% of the 7 crore+ population live in rural areas – a sizeable opportunity for microfinance players.

Consequently, the Company has put in place the necessary infrastructure and resources for registering a strong growth over the next two years. The Company has established a healthy presence in Madhya Pradesh in 2014-15 and will continue to expand its footprint in other states over the coming years.



The Company's business growth could be impacted due to business concentration in one state and growing competition in that geography.

Mitigation

The Company has established a strong presence in Gujarat with a network of 35 branches majority of which are in locations completely untouched by banks and other financial institutions. The Company has planned to strengthen its presence in that state. Further, to de-risk the Company from an overt

dependence on a particular geography, the Company established a meaningful presence in Madhya Pradesh with 8 branches and 18 branches are all set to be established during the current year. The Company is also considering entering a new state for strengthening business growth during FY 2016-17.



The Company's customers may not repay loans on time.

Mitigation

The Company's microfinance business is based on the joint group liability concept where the inability of a loanee to pay the instalment is shared by other members of the group. This practice cushions the Company from the risk of non-payment. Moreover, the Company consciously abstains from providing a top-up or an emergency loan to its customers. This ensures there is no over-leveraging by customer. This is reflected in the Company's significantly low

NPA of 0.11% and a Portfolio-at-Risk of 0.16% (as of March 31, 2015).

The Asset Finance business is equally secure with the security of the hypothecated asset, post-dated cheques, security cheques, and very conservative underwriting principles. The NPA level is one of the lowest in the industry at 1.54% in this business vertical.



The Company's business may be impacted due to people attrition.

Mitigation

The Company's unique value proposition for its employees – free housing, frequent promotions, attractive bonuses and the responsibility to set corporate targets bottom-up – have ensured minimal attrition. The effectiveness of the Company's strategy is reflected in the following:

- Average microfinance division disbursement per field officer increased from ₹89 lac in 2013-14 to ₹96 lac in 2014-15.

- The Company implemented training and promotions from within; more than 90% of the middle management positions were filled through internal promotions.
 - Attrition of people with the Company for more than a year was less than 12%.
 - Average employee tenure in the Asset Finance business of those with the Company for more than a year was greater than five years.
-



The Company needs to remain cost-competitive to reinforce business profitability.

Mitigation

- The Company's thrust on providing larger ticket loans for longer tenures will facilitate reduction in the operating cost of the Company.
- The Company's credit ratings were upgraded to an investment grade rating by CARE during the fiscal just passed, which will enhance its ability to garner

funds in a cost-effective manner. The Microfinance grading was MFI-2, a notch below the highest level.

- The Company implemented cost optimisation initiatives, complemented by growing volumes and scale economies.



As the Company is on the verge of its outstanding microfinance portfolio surpassing the ₹1 billion-mark, it has to maintain the margin cap of 10% so its profitability could be affected.

Mitigation

The Company currently has a margin cap of 12% which has resulted in significantly high RoAs. The Company is looking to increase its loan ticket

size which will partially offset the drop in RoAs. Economies-of-scale will also help the Company increase efficiency and maintain RoAs.

STATUTORY SECTION

BOARD OF DIRECTORS

Shri Chinubhai R Shah	(Din 00558310)	Chairman
Shri Jayendra B. Patel	(Din 00011814)	Vice Chairman & Managing Director - CEO
Shri Aalok J. Patel	(Din 02482747)	Executive Director - CFO
Shri Amit R. Manakiwala	(Din 00011810)	Whole Time Director
Shri Kaushikbhai D. Shah	(Din00024305)	Independent Director
Smt. Ritaben J. Patel	(Din 00011818)	Director
Shri Aakash J. Patel	(Din 02778878)	Director
Shri Aditya Bhandari	(Din 03062463)	Director
Auditors	(Frn No. 190616W)	J. T. Shah & Company Chartered Accountants 201/202, Lalita Complex 352/3, Rasala Marg Navrangpura Ahmedabad 380009
Company Secretary	(Membership. No.-F1607)	Shashikant N. Thakar
Company Secretary Consulting	(Membership. No.-F2562)	Pinakin Shah & Co. C-103, Panchdhara Plaza B/H Ocean Park Satellite Road Ahmedabad – 380015
Bankers		Idbi Bank Ltd State Bank Of India State Bank Of Patiala Dena Bank South Indian Bank
Registered Office		502-503, Sakar III Opp. Old High Court Off. Ashram Road Ahmedabad 380014, Gujarat, India PH.: +91-79-40507000, 27541989 FAX: +91-79-27543666 e-mail: finance@armanindia.com Website: www.armanindia.com CIN: L55910GJ1992PLC018623
Registrars & Share Transfer Agents		Sharepro Services (India) Pvt Ltd. 416-420, 4Th Floor, Devnandan Mall, Opp. Sanyash Ashram, Ellisbridge, Ahmedabd-380006 Tel Nos.: 079 26582381 To 84 Fax No. : +91-79-26582385 e-mail: sharepro@shareproservices.com



ARMAN FINANCIAL SERVICES LIMITED

NOTICE

Notice is hereby given that the Twenty Third Annual General Meeting of the Company will be held at The Ahmedabad Textile Mills' Association (ATMA) Hall, Ashram Road, Ahmedabad 380009 on Tuesday, 29th September, 2015 at 03.30 p.m. to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Statement of Profit and Loss for the financial year ended 31st March, 2015, the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To declare a Dividend on equity shares for the financial year ended 31st March, 2015.
3. To appoint a Director in place of Shri Aakash J. Patel [DIN 02778878] who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri Aditya Bhandari [DIN 03062463] who retires by rotation and being eligible, offers himself for reappointment.
5. To Consider and, if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution

RESOLVED THAT pursuant to section 139(6) of the Companies Act, 2013 and the Companies (Audit & Auditors) Rules, 2014, M/s. J. T. Shah & Co., Chartered Accountants [Membership No: 45669] be and are hereby appointed as Statutory Auditors of the Company from the conclusion of this Annual General Meeting of the Company until the conclusion of the 25th Annual General Meeting of the Company for the financial year ending on 2017-18 (Subject to ratification of the appointment by the members at every AGM held after this AGM) on such remuneration as shall be fixed by the Board of Directors."

Special Business:

6. Appointment of Shri Aalok Patel As Executive Director & CFO

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 196, 197 and other applicable provisions, if any, of the Companies Act, 2013 (the Act) read with Schedule V to the Act and the Rules made there under, as amended from time to time, the Company hereby approves of the reappointment and terms of remuneration of Shri Aalok Patel, as the Executive Director and

CFO of the Company for the period of 5 (Five) years effective 1st July, 2015, upon the terms and conditions set out in the Explanatory Statement annexed to the Notice convening this meeting, including the remuneration to be paid in the event of loss or inadequacy of profits in any financial year, with liberty to the Directors to alter and vary the terms and conditions of the said appointment in such manner as may be agreed to between the Directors and Shri Aalok Patel.

RESOLVED FURTHER that the Board of Directors of the Company (which term shall be deemed to include Nomination and Remuneration Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution), be and is hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to this Resolution."

7. Appointment of Shri R. K. Nagpal 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 Shri R. K. Nagpal (DIN: 00073205), who was appointed an Additional Director of the Company with effect from 24th August, 2015 by the Board of Directors and who holds office upto the date of this Annual General Meeting of the Company under Section 161(1) of the Companies Act, 2013 (the Act) but who is eligible for appointment and in respect of whom the Company has received a notice in writing under Section 160(1) of the Act from a Member proposing his candidature for the office of Director, be and is hereby appointed a Director of the Company."

"RESOLVED FURTHER that pursuant to the provisions of sections 149, 152 and other applicable provisions, if any, of the Act and the Rules framed thereunder, read with Schedule IV to the Act, as amended from time to time, Shri R. K. Nagpal, Chartered Accountants, who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company with effect from 24th August, 2015 up to 23rd August, 2020."

By Order of the Board

Place: Ahmedabad
Date: 24/08/2015

Jayendra Patel
Vice Chairman & Managing Director
DIN: 00011814

NOTES:

1. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to the Special Businesses to be transacted at the Annual General 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. Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of not more than fifty members and holding in aggregate not more than ten percent of the total Share Capital of the Company. Members holding more than ten percent of the total Share Capital of the Company may appoint a single person as proxy, who shall not act as a proxy for any other Member. 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 to this Report. Proxies submitted on behalf of limited companies, societies, etc., must be supported by an appropriate resolution / authority, as applicable.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, 22nd September, 2015, to Tuesday, 29th September, 2015 (both days inclusive) for determining the name of members eligible to receive dividend on equity shares. Please refer Para 11(f) of Corporate Governance Report which forms a part of this Annual Report for note on dividend payment date.
4. The Register of Directors' and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, the Register of contracts or arrangements in which the Directors are interested under Section 189 of the Companies Act, 2013, will be available for inspection at the Annual General Meeting.
5. Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with relevant Rules made there under, Companies can serve Annual Reports and other communications through electronic mode to those Members who have registered their e-mail address either with the Company or with the Depository. Members holding shares in demat form are requested to register their e-mail address with their Depository Participant(s) only. Members of the Company, who have not registered their e-mail address, are entitled to receive such communication in physical form upon request.
6. 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).

7. 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.
8. Pursuant to Section 108 of the Companies Act, 2013, read with the Companies (Management and Administration) Rule, 2014 as amended and clause 35B of the Equity Listing Agreement, the Company is pleased to provide the facility to Members to exercise their right to vote by electronic means. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on Cut-off date i.e. a date not earlier than seven days before the date of general meeting, are entitled to vote on the Resolutions set forth in this Notice.

Members who have acquired shares after the dispatch of the Annual Report and before the Cut-off date may approach the Company for issuance of the User ID and Password for exercising their right to vote by electronic means.

A person who is not a member as on the Cut-off date should treat this notice for information purposes only.

The Members desiring to vote through electronic mode may refer to the detailed procedure on e-voting given hereinafter.

I. In case of members receiving e-mail:

- (i) Log on to the e-voting website www.evotingindia.com
- (ii) Click on "Shareholders" tab.
- (iii) Now, select the "COMPANY NAME" from the drop down menu and click on "SUBMIT"
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. 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*	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> ■ Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number (refer serial no. printed on the name and address sticker/ mail) in the PAN Field. ■ In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with serial number 1 then enter RA00000001 in the PAN Field.
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> ■ Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field.

(viii) After entering these details appropriately, click on "SUBMIT" tab.

(ix) (i) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is also to be used by the demat holders for voting for resolutions of any

other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(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 Company Name 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 out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

(xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.com> and register themselves as Corporates.

- They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk. evoting@cdslindia.com.

- After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.

- The list of accounts should be mailed to helpdesk.

evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.

- They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

II. In case of members receiving the physical copy:

- a) Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.
- b) The voting period begins on 9.00 a.m. on Saturday, 26th September, 2015 and will end at 5.00 p.m. on Monday, 28th September, 2015. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) i.e. 21st September, 2015, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- c) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.

II. Other Instructions:

- a) The e-voting period commences at 9.00 a.m. on Saturday, 26th September, 2015 and will end at 5.00 p.m. on Monday, 28th September, 2015 i.e. the date preceding the date of Annual General Meeting. During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on 22nd September, 2015, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the Member, he shall not be allowed to change it subsequently.
- b) The voting rights of Members shall be in proportion to their shares of the paid up equity share capital of the Company as on 31st March, 2015.
- c) Mr. Pinakin Shah, Practicing Company Secretary (FCS 2562), has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

- d) The Scrutinizer shall immediately after the conclusion of voting after the Annual General Meeting, count the votes cast at the meeting, thereafter unblock the votes in the presence of at least two witnesses not in the employment of the company and make, not later than three days of the meeting, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, forthwith to the Chairman of the Company. The Chairman or person authorised by him in writing shall declared the results of the voting forthwith.
- e) 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.
- f) 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.
- g) 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.
- h) Members holding shares in physical form are requested to intimate any change of address and / or bank mandate to M/s. Sharepro Services (India) Pvt Ltd/Investor Service Department of the Company immediately.
- i) Members are requested to note that as per Section 123 of the Companies Act, 2013, dividends not encashed/ claimed within seven years from the date of declaration will be transferred to the Investor Education and Protection Fund (IEPF). After transfer of the said amount to IEPF, no claims in this respect shall lie against IEPF or the Company.

The status of dividends remaining unclaimed/unpaid with the respective due dates of transfer to IEPF is provided as under.

Financial Year Ended	Date of Declaration of Dividend	Last Date for claiming Unpaid Div.	Due date for transfer to IEP Fund
2009-10	06.09.2010	05.09.2017	05.10.2017
2010-11	26.09.2011	25.09.2018	25.10.2018
2011-12	29.09.2012	28.09.2019	28.10.2019
2012-13	30.08.2013	29.08.2020	29.09.2020
2013-14	24.09.2014	23.09.2021	23.10.2021

Members are requested to contact M/s. Sharepro Services (India) Pvt Ltd/Investor Service Department of the Company for encashing the unclaimed dividends standing to the credit of their account.

- The Securities and Exchange Board of India has mandated submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in physical form can submit their PAN details to M/s. Sharepro Services (India) Pvt Ltd/Investor Service Department of the Company.
- Members desiring any information relating to the accounts are requested to write to the Company at least seven days in advance so as to enable the management to keep the information ready.
- Details of the Directors seeking re-appointment in the Twenty third Annual General Meeting [Pursuant to Clause 49 of Listing Agreement of Bombay Stock Exchange] are provided below:

The status of dividends remaining unclaimed/unpaid with the respective due dates of transfer to IEPF is provided as under.

Particulars	Shri Aakash J. Patel	Shri Aditya Bhandari	Shri Aalok Patel	Shri R. K. Nagpal
Relationships with other Directors	Son/ Brother	None	Son/ Brother	None
Date of Appointment	24/10/2000	10/02/2012	30/01/2007	24/08/2015
Expertise	Well conversant with IT along with Management Techniques	Over seven years of expertise in private equity, venture capital, investment banking and corporate finance	Accounts & Finance	Banking & Finance
Qualification	M.B.A.	Chartered Accountant	Master Degree in Accounting & Finance, CPA	B.Com., FCA, CAIIB
No. of Equity Shares held in the Company	2,78,830	NIL	2,47,480	NIL
List of other companies in which directorship are held	None	-Namra Finance Ltd. -Incofin South Asia Advisory Pvt. Ltd -Fusion Microfinance Ltd. -Annapurna Microfinance Ltd.	Namra Finance Ltd.	Good Earth Technologies Pvt. Ltd.
Chairmanship/ Membership of committees (includes only Audit Committee and stakeholder relationship Committee)	Chairmanship: Nil Membership: Nil	Chairmanship: Nil Membership: 3	Chairmanship: Nil Membership: Nil	Chairmanship: Nil Membership: Nil

Place: Ahmedabad

Date: 24/08/2015

By Order of the Board

Jayendra Patel

Vice Chairman & Managing Director

DIN: 00011814

Registered Office:

502-503, Sakar III, Opp. Old High Court,
Off Ashram Road, Ahmedabad 380014.

EXPLANATORY STATEMENTS

As required by Section 102 of the Companies Act, 2013 (the Act), the following Explanatory Statement sets out all material facts relating to the business mentioned under Item No 6 & 7 of the accompanying Notice dated 13th August, 2015:

ITEM: 6

1. Background details

Shri Aalok Patel was appointed as an Executive Director of the Company with effect from 1st July, 2010 by the members in their meeting held on 6th September, 2010. The Board on recommendation of Nomination and Remuneration Committee in its Meeting held on 14/05/2015, reappointed Shri Aalok Patel as the Executive Director and CFO of the Company for a period of five years i.e. from 1st July, 2015 to 30th June, 2020, subject to approval of the Members. The appointee is having M. S. degree in Accounting & Finance from Drake University.

2. Recognition or awards

He graduated with Honors in the top 5% trench of his class. He is a licensed Certified Public Accountant (CPA). He has worked as an accounting & finance intern for John Deere & Co., he gained experiences in Farm Credit and risk analysis. He also was an Independent Auditor working with KPMG and he excelled in equity analyst and valuation also. His research has been quoted in reputable business journals.

3. Job profile and his suitability

His varied experience over such long period has resulted into a wide and deep understanding of the levers of business. This enables him to drive operational excellence across the breadth of responsibilities. He has worked diligently for the last five years. His services are also available to Namra Finance Limited, a subsidiary of the Company, as Executive Director and CFO,

from 01/07/2015.

4. Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel,

He along with his family members and related parties holds 11,07,243 equity shares in the Company. He is related to Managing Director and CEO Shri Jayendra Patel.

5. Comparative remuneration profile with respect to industry, size of the company

As far as size of the Company is concerned, it falls under the category of mid size. Executive director and CFO compensation in small and midsize companies at ₹50 to 60 lacs per annum and industry parameter justifies salary payable to him.

The appointee holds the position since 30/01/2007 and the Company grew under his able leadership. He is designated as Executive Director and CFO.

6. Past remuneration

As approved by members in their meeting held on 6th September, 2010.

7. The principal terms and conditions are as follows:

- a) Period:

From 1st July, 2015 to 30th June, 2020.

- b) Nature of duties:

- i. The Executive Director and CFO shall devote his whole

time and attention to the business of the Company and carry out such duties, as may be entrusted to him by the Board from time to time and separately communicated to him and exercise such powers as may be assigned to him, subject to superintendence, control and directions of the Board in connection with and in the best interests of the business of the Company and the business of subsidiary company.

- ii. The Executive Director and CFO shall not exceed the powers so delegated by the Board pursuant to clause 2(a) above.
- iii. The Executive Director and CFO undertakes to employ the best of the skill and ability to make his utmost endeavours to promote the interests and welfare of the Company and to conform to and comply with the directions and regulations of the Company and all such orders and directions as may be given to him from time to time by the Board.

c) Remuneration:

- i. Salary
The Executive Director and CFO shall draw monthly salary of ₹50,000/- in a time scale of ₹50,000-10,000-100,000, with annual increments which will be effective 1st April each year, will be decided by the Board on the recommendation of Nomination and Remuneration Committee and will be merit-based and take into account the Company's performance;
- ii. Incentive remuneration
Perquisites / Performance Linked variable Pay / Long Term Incentive Compensation including sweat equity / bonus / Commission on profits etc based on certain performance criteria as laid down by the Board.
- iii. The aggregate of the salary and Incentive remuneration as aforesaid in any financial year, shall not exceed the limit laid down under section II (a) of Schedule V of the Companies Act, 2013. The limit as on date is ₹42.00 lacs per annum;
- iv. It is hereby clarified that for a period less than one year, the salary including incentive remuneration shall be pro-rated.
- v. The Executive Director and CFO is also a managerial person in a subsidiary company. Hence his remuneration from both the companies shall be subject

to the ceiling provided in section V of Part II.

vi. Perquisites

The Executive Director shall be eligible for the following perquisites which shall not be included in the computation of the ceiling on remuneration specified in (iii) above.

- i. Contribution to provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income-tax Act, 1961 (43 of 1961),
- ii. Gratuity payable at a rate not exceeding half a month's salary for each completed year of service, and
- iii. Encashment of leave at the end of the tenure.
- iv. Leave travel concession

Return passage for self and family in accordance with the rules specified by the Company.

- vii. Minimum Remuneration: Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of the Executive Director, the Company has no profits or its profits are inadequate, the Company will pay to the Executive Director and CFO remuneration by way of Salary, Benefits, Perquisites and Allowances, and Incentive Remuneration as specified above.

- d) The personnel policies of the Company and the related Rules which are applicable to other employees of the Company will also be applicable to the Executive Director and CFO, unless specifically provided otherwise.
- e) The terms and conditions of the appointment of the Executive Director and CFO may be altered and varied from time to time by the Board as it may, in its discretion deem fit, irrespective of the limits stipulated under Schedule V to the Act or any amendments made hereafter in this regard, in such manner as may be agreed to between the Board and the Executive Director & CFO, subject to such approvals as may be required.
- f) This appointment may be terminated by either party by giving to the other party six months' notice of such termination or the Company paying six months' remuneration in lieu of such notice.

- g) The employment of the Executive Director and CFO may be terminated by the Company without notice or payment in lieu of notice:
 - i. if the Executive Director and CFO is found guilty of any gross negligence, default or misconduct in connection with or affecting the business of the Company or any subsidiary company to which he is required by the Agreement to render services; or
 - ii. in the event of any serious or repeated or continuing breach (after prior warning) or non-observance by the Executive Director and CFO of any of the stipulations contained in the Agreement; or
 - iii. in the event the Board expresses its loss of confidence in the Executive Director and CFO.
- h) In the event the Executive Director and CFO is not in a position to discharge his official duties due to any physical or mental incapacity, the Board shall be entitled to terminate his contract on such terms as the Board may consider appropriate in the circumstances.
- i) Upon the termination by whatever means of his employment under the Agreement:
 - a) the Executive Director and CFO shall immediately cease to hold offices held by him in subsidiary company without claim for compensation for loss of office by virtue of Section 167(1)(h) of the Act;
 - b) the Executive Director and CFO shall not without the consent of the Company at any time thereafter represent himself as connected with the Company or any of the subsidiary company.
 - j) If at any time, the Executive Director and CFO ceases to be Director of the Company for any reason whatsoever, he shall cease to be the Executive Director and CFO, and this Agreement shall forthwith terminate.
 - k) The terms and conditions of the appointment of the Executive Director and CFO also include clauses pertaining to adherence with the Code of Conduct of the Company.

The Company also declares that it has not made any default in repayment of any of its debts or interest payable thereon for a continuous period of thirty days in the preceding financial year before the date of appointment.

In compliance with the provisions of Sections 196, 197 and other

applicable provisions of the Act, read with Schedule V to the Act, the terms of remuneration specified above are being recommended before the Members for their approval.

None of the directors except Shri Aalok Patel being appointee and Shri Jayendra Patel, Smt Ritaben J. Patel and Shri Aakash Patel being relatives of appointee, interested in the said resolution.

The Board recommends the resolution at Item No. 6 for approval by the Members.

ITEM: 7

Shri R. K. Nagpal was appointed as an Additional Director of the Company with effect from 24th August, 2015 by the Board of Directors under Section 161 of the Act and Article 134 of the Company's Articles of Association. In terms of Section 161(1) of the Act, Shri R. K. Nagpal holds office only upto the date of the forthcoming AGM but is eligible for appointment as a Director. A notice under Section 160(1) of the Act has been received from a Member signifying its intention to propose Shri R. K. Nagpal appointment as a Director.

In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Shri R. K. Nagpal, Chartered Accountant, being eligible, offers himself for appointment as Independent Director on the Board of the Company. He has given a declaration to the Board that he meets the criteria of independence as provided under section 149(6) of the Act. In the opinion of the Board, he fulfils the conditions specified in the Act and the Rules framed there under for appointment and he is independent of the management. The Nominations & Remuneration Committee has recommended his appointment as Independent Director from 24th August, 2015 up to 23rd August, 2020. A brief profile of proposed Independent Director, including nature of his expertise, is furnished hereunder:

BRIEF PROFILE

1. QUALIFICATION

- CA passed in year of 1972, CAIIB in year of 1980 and Bachelors in Commerce from institute, Punjab University in year of 1968.

2. EXPERIENCE

- In Central Bank of India over 30 Years and in Housing Finance as GM-CEO/ MD over 6 years.
- 6 Years Assignment with Central Government owned pharmaceutical company where he Handled Accounting, Finance & Company Law Matters.

- Current Assignment is Partner/ Associate with Sharma Kathuria & Co Chartered Accountants.
- He had Good relations with Executives of National Housing bank and with the bankers. Generated long term funds through Bank loans & NHB refinance.

3. PROGRAMMES ATTENDED

He has attended following programmes.

- Credit Risk, Interest Rate Risk Management and Product Development programme.
- Various training Programs at NIBM Pune and training programs organized by National Housing Bank (Under aegis of Asian Development Bank)
- 3-days training programme on Independent Directors in Institute of Chartered Accountants of India in Oct 2005 at Ahmedabad

In the opinion of the Board, Shri R. K. Nagpal fulfills the conditions specified in the Act, and the Rules made there under for appointment as Independent Director of the Company. A copy of the draft Letter of Appointment for Independent Director, setting out terms and

conditions of his appointment, is available for inspection at the Registered Office of the Company during business hours on any working day and is also available on the website of the Company www.armanindia.com.

As per the Act, the Independent Directors shall not be liable to retire by rotation at every Annual General Meeting.

None of the Directors or Key Managerial Personnel of the Company and their relatives, other than appointee, is concerned or interested, financially or otherwise, in these resolutions.

The Board recommends the resolution at Item No. 7 for approval by the Members.

By Order of the Board

Jayendra Patel

Place: Ahmedabad

Vice Chairman & Managing Director

Date: 24/08/2015

DIN: 00011814

Registered Office:

502-503, Sakar III, Opp. Old High Court
Off Ashram Road, Ahmedabad 380014.

Board's Report

To,
The Members of
Arman Financial Services Limited

Your Directors have pleasure in presenting the 23rd Board's Report of your Company together with the Audited Statement of Accounts and the Auditors' Report of your company for the financial year ended, 31st March, 2015.

FINANCIAL HIGHLIGHTS

Particulars	Consolidated		Standalone	
	2014-2015	2013-2014	2014-2015	2013-2014
Gross Income	296,114,209	244,732,650	152,556,194	182,851,583
Profit Before Interest and Depreciation	202,342,970	159,003,695	100,097,718	118,605,538
Finance Charges	107,354,489	91,172,168	55,600,592	67,225,026
Gross Profit	94,988,481	67,831,527	44,497,126	51,380,512
Provision for Depreciation	2,398,245	1,139,409	2,230,635	1,123,848
Net Profit Before Tax	92,590,236	66,692,118	42,266,491	50,256,664
Provision for Tax	31,017,933	21,404,352	14,464,908	16,084,327
Net Profit After Tax	61,572,303	45,287,766	27,801,583	34,172,337
Balance of Profit brought forward	104,024,926	77,763,661	95,276,447	77,830,608
Balance available for appropriation	165,597,229	123,051,427	123,078,030	112,002,945
Proposed Dividend on Equity Shares	8,309,584	6,924,653	8,309,584	6,924,653
Tax on proposed Dividend	1,691,635	1,176,848	1,691,635	1,176,845
Transfer to General Reserve	1,200,000	1,500,000	1,200,000	1,500,000
Transfer to Special Reserve U/s 45-IC of RBI	12,700,000	9,425,000	5,700,000	7,125,000
Surplus carried to Balance Sheet	141,696,010	104,024,926	106,176,811	95,276,447

STATE OF COMPANY'S AFFAIRS AND FUTURE OUTLOOK

Your company is engaged in the business of Asset Financing and Microfinance. The Parent company, Arman Financial Services Ltd., is engaged in Asset Finance, viz. Two-Wheeler and Three-Wheeler financing; while the Microfinance business is managed through Arman's wholly owned subsidiary, Namra Finance Ltd. The financial statements of both Arman and Namra, as well as the consolidated financials of Arman are included within the Annual Report.

The company has performed admirably in a highly competitive business segment and this performance has been consistent over a period of many years. Net interest revenue from operations totaled ₹29.61 Crores, compared to ₹24.47 Crores the previous year, a 21% increase. Earnings Before Interest & Taxes (EBIT) increased by 27%, from ₹15.79 Crores in FY14 to ₹19.99 Crores in the current Fiscal Year. Profit after taxes increased from ₹4.53 Crores to ₹6.16

Crores, a 36% increase. Earnings Per share (₹10 each) was ₹8.89. The Company's Loan Assets-Under-Management has crossed ₹115 Crores, and Disbursements totaled ₹168 Crores.

CHANGE IN NATURE OF BUSINESS, IF ANY

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

DIVIDEND

Your Directors are pleased to recommend a dividend of ₹1.2/- (net of tax) per equity share of ₹10/- each (i.e. 12%) for the year ended March 31, 2015.

The Register of Members and Share Transfer Books will remain closed from Tuesday, 22nd September, 2015 to Tuesday, 29th September, 2015 (both days inclusive) for the purpose of payment of dividend for the financial year ended March 31, 2015.



Dividend will be paid to those Members whose names appear in the Register of Members as on 22nd September, 2015; in respect of shares held in dematerialised form, it will be paid to those Members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited, as beneficial owners as on that date.

Above dividend would be paid subject to approval by the Members at the ensuing Annual General Meeting ("AGM").

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: ₹57,00,000
- Transfer to general reserve: ₹12,00,000

CHANGES IN SHARE CAPITAL, IF ANY

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

INFORMATION ABOUT SUBSIDIARY/ JV/ ASSOCIATE COMPANY

The Company has one wholly owned subsidiary company named Namra Finance Limited as on date. During the year no changes took place in the group corporate structure of your Company.

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 along with Financial statements as required under section 129 (3) of the Companies Act, 2013.

UNCLAIMED DIVIDEND AS ON 31/03/2015

The unclaimed dividend as on 31/03/2015 was ₹12,28,650.60. No transfer of unclaimed / unpaid dividend was required to be made to the Investor Education And Protection Fund during the year.

MATERIAL CHANGES AND COMMITMENTS

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which these financial statements relate as on the date of this report.

LOANS, GUARANTEES AND INVESTMENTS

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

PUBLIC DEPOSITS

The Company has not accepted any deposits from the public within the meaning of the provisions of Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1988.

DIRECTORS AND KMP

In accordance with the Articles of Association of the Company and pursuant to the provisions of Section 152 of the Companies Act, 2013, Shri Aakash J. Patel [DIN 02778878] and Shri Aditya Bhandari [DIN 03062463] would retire by rotation at the ensuing AGM and being eligible, offers themselves for reappointment.

The term of Shri Aalok Patel, Executive director and CFO has expired on 30/06/2015. On recommendation of Nomination & Remuneration Committee in their meeting held on 14/05/2015, your directors recommend his reappointment as Executive director and CFO for further period of five years on a remuneration as specified in the notice calling 23rd Annual General Meeting.

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

1. Mr. Jayendra B. Patel – Managing Director & CEO
 2. Mr. Aalok Patel – Executive Director & Chief Financial Officer (CFO)
 3. Mr. Shashikant N Thakar – Company Secretary
- Shri Amit Manakiwala, Whole-time Director is also Key Managerial Person in the Company.

BOARD AND AUDIT COMMITTEE

During the Financial Year 2014-15, the Company held four meetings of the Board of Directors as per Section 173 of Companies Act, 2013 and four meetings of the Audit Committee.

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.

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.

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 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:

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

RATIO OF REMUNERATION TO EACH DIRECTOR

The information required pursuant to Section 197 read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Companies (Particulars of Employees) Rules, 1975, in respect of employees of the Company and Directors is furnished hereunder as annexure-1.

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, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- c) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) The directors had prepared the annual accounts on a going concern basis; and
- e) The directors, in the case of a listed company, had laid down

internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.

INDEPENDENT DIRECTORS AND DECLARATION

Mr. Chinubhai R. Shah, Mr. Kaushikbhai D shah and Mr. Lokesh Kumar Singh have been appointed as the Independent Director of the Company as per Section 149(10) of the Companies Act, 2013 on 24/09/2014 for a term of 5 (Five) consecutive years on the Board of the Company. However Mr. Lokesh Kumar Singh ceases to be director with effect from 14th May, 2015 and it is also proposed to appoint Mr. R. K. Nagpal as Independent Director of the Company with effect from 24th August, 2015 for a term of 5 (Five) consecutive years on the Board of the Company

The Board of Directors of the Company hereby confirms that all the Independent Directors duly appointed by the Company have given the declaration and they meet the criteria of independence as provided under section 149(6) of the Companies Act, 2013.

FAMILIARIZATION PROGRAMME

Since all Independent Directors are associated with the company for more than 5 (Five) years, the company has not conducted familiarization programme for Independent Director.

AUDITORS AND REPORT THEREON

The Auditors, M/s J. T. Shah & Co, Chartered Accountants, Ahmedabad (Membership No 45669) retire at the ensuing Annual General Meeting and, being eligible; offer themselves for reappointment for a period of two years from the conclusion of this Annual General Meeting [AGM] till the conclusion of 25th AGM.

There are no qualifications or adverse remarks in the Auditors' Report which require any clarification/ explanation. The notes on financial statements are self-explanatory, and needs no further explanation.

SECRETARIAL AUDIT REPORT

The Company has appointed M/s Pinakin Shah & Co., Practicing Company Secretary as secretarial auditor to conduct the audit under section 204 of the Companies Act, 2013.

There are no qualifications or adverse remarks in the Secretarial Audit Report which require any clarification/ explanation.

Further the Secretarial Audit Report for the financial year ended, 31st March, 2015 is annexed herewith for your kind perusal.

RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party



transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large and Approval of the Board of Directors & shareholders was obtained wherever required. Further all the necessary details of transaction entered with the related parties are attached herewith in Form No. AOC-2 as Annexure-2 for your kind perusal and information.

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.

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.

DETAILS OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS

Internal financial control is in place commensurate with the size of the Company

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.

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 the working of its Audit, Nomination & Remuneration Committees.

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, independence of judgment, safeguarding the interest of the Company and its minority shareholders etc. 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.

CORPORATE GOVERNANCE

Report on Corporate Governance along with the Certificate of the Auditors, M/s. Pinakin Shah & Co. Practicing Company Secretary, Ahmedabad confirming compliance of conditions of Corporate Governance as stipulated in the Listing Agreement with the Stock Exchanges forms part of the Board Report.

VIGIL MECHANISM

As per Section 177(9) and (10) of the Companies Act, 2013, and as per the Clause 49 of the Listing Agreement, the company has established Vigil Mechanism for directors and employees to report genuine concerns and made provisions for direct access to the chairperson of the Audit Committee. Company has formulated the present policy for establishing the vigil mechanism to safeguard the interest of its stakeholders, Directors and employees, to freely communicate and address to the Company their genuine concerns in relation to any illegal or unethical practice being carried out in the Company.

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 e-mail 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

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.

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.

SHARES

BUY BACK OF SECURITIES

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

SWEAT EQUITY

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

BONUS SHARES

No Bonus Shares were issued during the year under review.

EMPLOYEES STOCK OPTION PLAN

The Company has not provided any Stock Option Scheme to the employees.

SHARES IN SUSPENSE ACCOUNT

- i. Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year: Nil
- ii. Number of shareholders who approached issuer for transfer of shares from suspense account during the year: Not Applicable
- iii. Number of shareholders to whom shares were transferred from suspense account during the year: Not Applicable
- iv. Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year: Nil

- v. That the voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares: Not Applicable

SHARES IN UNCLAIMED SUSPENSE ACCOUNT

- i. Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the beginning of the year: Nil
- ii. Number of shareholders who approached the issuer for transfer of shares from the Unclaimed Suspense Account during the year: Not Applicable
- iii. Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the year: Not Applicable
- iv. Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account at the end of the year: Nil

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 and CEO of the Company is included as a part of this Annual Report.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

As required under Clause 49 of the Listing Agreements with Stock Exchanges, the Management Discussion and Analysis Report should forms part of this Annual Report.

ANY SIGNIFICANT AND MATERIAL ORDER PASSED BY REGULATORS OR COURTS OR TRIBUNALS

No orders were passed by the regulators or courts or Tribunals impacting the going concern status and company's operation in future.

ACKNOWLEDGEMENT

The Board places on record their appreciation of the support of all stakeholders.

For & on behalf of the Board

Date: 24/08/2015
Place: Ahmedabad

Chinubhai Shah
Chairman
DIN: 00558310



Annexure – 1

Ratio of Director Remuneration To Employee Median Remuneration

The ratio of the remuneration of each director to the median employee's remuneration and other details in terms of sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

Sr. No.	REQUIREMENTS	DISCLOSURE
1	The ratio of the remuneration of each director to the median remuneration of the employees for the financial year.	Jayendra Patel: 14x Amit Manakiwala: 8x Aalok Patel: 5x
2	The percentage increase in remuneration of each Director, CFO, CEO, CS in the financial year	Jayendra Patel (VC & MD): 0% Amit Manakiwala (WTD): 0% Aalok Patel (ED): (-7%)
3	The percentage increase in the median remuneration of employees in the financial year	(-8%)
4	The number of permanent employees on the rolls of the Company	155
5	The explanation on the relationship between average increase in remuneration and Company performance	Variable compensation is an integral part of the total pay package and is based on individual performance rating and business unit performance. Factors considered for overall remuneration increase (decrease) include growth in company's profits, growth in disbursements, growth in Assets Under Management, benchmark study of industry, and regulatory provisions.
6	Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company	As per the company's policy of rewarding the employees, including Key Managerial Personnel (KMP), the increase (or decrease) in remuneration and variable pay is based on an individual performance rating, growth in company's profits, growth in disbursements, growth in Assets Under Management, benchmark study of industry, and regulatory provisions. Considering the performance of the KMPs during the year, they were appropriately compensated.
7	Variations in the market capitalization of the Company, price earnings ratio as at the closing date of the current FY and previous FY and percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer.	The market capitalization of Arman as at March 31, 2015 was ₹70.93 Crores compared to ₹11.10 Crores as at March 31, 2014, a 539% increase. Earnings per share was ₹4.01 during FY15 compared to ₹5.48 in FY14. The stock price of the share increased by 1140%, to ₹124/share as at March 31, 2015 from ₹10/share during the last public offering in 3/11/1995.
8	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 (Decrease): (-1.3%) Average Employees Salary Increase (Decrease): (-8.2%) Variable compensation is an integral part of the total pay package and is based on individual performance rating and business unit performance. The average percentile increase (decrease) in the remuneration of employees compared to KMP is in line with benchmark studies and the performance of the company over a period of time. There is no exceptional increase in the managerial remuneration.
9	Comparison of the each remuneration of the Key Managerial Personnel against the performance of the Company	Remuneration of KMP is in line with industry benchmark study and performance of the company, including consolidated results.
10	The key parameters for any variable component of remuneration availed by the directors	No variable component availed by directors.
11	The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year	Nil
12	Affirmation that the remuneration is as per the remuneration policy of the Company	Company confirms the same

FORM NO. AOC - 2

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

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

Details of contracts or arrangements or transactions at arm's length basis.

Sl. No.	Name of Related Party	Nature of Relationship	Nature of contracts/ arrangements/ transaction	Duration of Contracts/ Arrangements/ Transactions	Salient terms of the Contracts or arrangements or transaction including the value, if any	Date of approval by Board	Amount Accepted during the year including interest (₹)
1	Aakash J. Patel – HUF	Director	Loan	Not Specific	–	10.11.2014	680000
2	Aalok Patel	Executive Director	Loan	Not Specific	–	10.11.2014	250000
3	Jayendra B. Patel	Vice Chairman & Managing Director	Loan	Not Specific	–	10.11.2014	900000
4	Ritaben J. Patel	Director	Loan	Not Specific	–	10.11.2014	250000
5	Namra Holdings & Cons. Serv. Pvt. Ltd.	Relative of KMP	Loan	Not Specific	–	10.11.2014	120000
6	J. B. Patel & Co.	KMP is Co-owner	Rent	Not Specific	–	11.08.2014 10.11.2014 06.02.2015	5056 5056 5056



Annexure – 3

FORM NO. MGT - 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2015

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

I. REGISTRATION & OTHER DETAILS:

1	CIN	L55910GJ1992PLC018623
2	Registration Date	26/11/1992
3	Name of the Company	ARMAN FINANCIAL SERVICES LIMITED
4	Category/Sub-category of the Company	NBFC-AFC
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 e-mail: finance@armanindia.com Website: www.armanindia.com
6	Whether listed company	YES
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Sharepro Services (India) Pvt. Ltd. 416-420, 4th Floor, Devnandan Mall Opp. Sanyash Ashram, Ellisbridge, Ahmedabad-380006 Tel No.: 079-26582381 to 84 Fax No.: +91-79-26582385 e-mail: Sharepro@shareproservices.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)

Sl. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Non-Banking Finance Company registered with the Reserve Bank of India	64920	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY / ASSOCIATE	% of shares held	Applicable Section
1	Namra Finance Limited	U65999GJ2012PLC069596	Subsidiary	100%	Section 2(87)

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

Category wise Share Holding

Statement Showing Shareholding Pattern								
Category code	Category of Shareholder	Number of Shareholders	Table (I)(a)		Total shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
			Total number of shares	Number of shares held in dematerialized form				
					As a percentage of (A+B)1	As a percentage of (A+B+C)	Number of shares	As a percentage of (VIII)/(IV)*100
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)= (VIII)/(IV)*100
(A)	Shareholding of Promoter and Promoter Group2 Indian							
(a)	Individuals/ Hindu Undivided Family	8	1548046	1548046	27.06	27.06	0	0.00
(b)	Central Government/ State Government(s)				0.00	0.00	0	0.00
(c)	Bodies Corporate	1	165400	165400	2.89	2.89	0	0.00
(d)	Financial Institutions/ Banks				0.00	0.00		0.00
(e)	Any Others(Specify)				0.00	0.00		0.00
(e-i)					0.00	0.00		0.00
					0.00	0.00		0.00
	Sub Total(A)(1)	9	1713446	1713446	29.95	29.95	0	0.00
2	Foreign							
a	Individuals (Non-Residents Individuals/ Foreign Individuals)				0.00	0.00	0	0.00
b	Bodies Corporate				0.00	0.00	0	0.00
c	Institutions				0.00	0.00	0	0.00
d	Any Others(Specify)				0.00	0.00	0	0.00
d-i					0.00	0.00	0	0.00
d-ii					0.00	0.00	0	0.00
	Sub Total(A)(2)	0	0	0	0.00	0.00	0	0.00
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	9	1713446	1713446	29.95	29.95	0	0.00
(B)	Public shareholding							
1	Institutions							
(a)	Mutual Funds/ UTI				0.00	0.00	0	0
(b)	Financial Institutions / Banks				0.00	0.00	0	0
(c)	Central Government/ State Government(s)				0.00	0.00	0	0
(d)	Venture Capital Funds				0.00	0.00	0	0



Statement Showing Shareholding Pattern								
Category code	Category of Shareholder	Number of Shareholders	Table (I)(a)		Total shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered	
			Total number of shares	Number of shares held in dematerialized form				
					As a percentage of (A+B)1	As a percentage of (A+B+C)	Number of shares	As a percentage
(e)	Insurance Companies				0.00	0.00	0	0
(f)	Foreign Institutional Investors	1	1429415	1429415	24.99	24.99	0	0
(g)	Foreign Venture Capital Investors				0.00	0.00	0	0
(h)	Any Other (specify)				0.00	0.00	0	0
					0.00	0.00	0	0
					0.00	0.00	0	0
	Sub-Total (B)(1)	1	1429415	1429415	24.99	24.99	0	0
B 2	Non-institutions							
(a)	Bodies Corporate	58	112725	67525	1.97	1.97	0	0
(b)	Individuals				0.00	0.00	0	0
I	Individuals -i. Individual shareholders holding nominal share capital up to ₹1 lakh	4488	974808	515868	17.04	17.04	0	0
II	ii. Individual shareholders holding nominal share capital in excess of ₹1 lakh.	34	1437085	1437085	25.12	25.12	0	0
(c)	Any Other (Non-Resident Repatriates)	13	50569	31569	0.88	0.88	0	0
(c-i)	Non-Resident Non Repatriates	3	1258	1258	0.02	0.02	0	0
(c-ii)	others	9	873	873	0.02	0.02	0	0
	Sub-Total (B)(2)	4605	2577318	2054178	45.06	45.06	0	0
(B)	Total Public Shareholding (B)= (B)(1)+(B)(2)	4606	4006733	3483593	70.05	70.05	0	0
	TOTAL (A)+(B)	4615	5720179	5197039	100.00	100.00	0	0
(C)	Shares held by Custodians and against which Depository Receipts have been issued							
1	Promoter and Promoter Group					0.00	0	0.00
2	Public					0.00	0	0
	Sub-Total (C)	0	0	0		0	0	0
	GRAND TOTAL (A)+(B)+(C)	4615	5720179	5197039	100.00	100.00	0	0.00

B) Shareholding of Promoter-

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1	Jayendra Bhailalbhai Patel	284259	4.97	0	284259	4.97	0	0
2	Aakash Patel	278830	4.87	0	278830	4.87	0	0
3	Aalok Jayendra Patel	247480	4.33	0	247480	4.33	0	0
4	Jayendra Bhailal Patel (HUF)	196000	3.43	0	196000	3.43	0	0
5	Namra Holding And Consultancy Services Pvt. Ltd.	165400	2.89	0	165400	2.89	0	0
6	Amit Rajnikant Manakiwala	194003	3.39	0	194003	3.39	0	0
7	Rita Jayendra Patel	296674	5.19	0	296674	5.19	0	0
8	Himani Amit Manakiwala	50000	0.87	0	50000	0.87	0	0
9	Maulik Amit Manakiwala	800	0.01	0	800	0.01	0	0

C) Shareholding Pattern of top ten Shareholders:

(Other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	Name	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1	Rif Northwest 2	Bodies Corporate	1358129	24.04	1429415	24.99
2	Babulall Dugar	Public	135815	2.40	135815	2.37
3	Babulal Dugar	Public	106020	1.87	126732	2.21
4	Girish Gulati (Huf) .	Public	124452	2.20	124453	2.17
5	Vinod Kumar Dugar	Public	91730	1.62	91730	1.60
6	Avinash P Wadhwa	Public	85000	1.50	90099	1.57
7	Amrav Babulal Dugar	Public	85000	1.50	85000	1.48
8	Gaurav Sud	Public	30000	0.53	60000	1.05
9	Maheshkumar K Shah	Public	52160	0.92	52160	0.91
10	Amrav Dugar	Public	85000	1.50	52046	0.91

D) Shareholding of Directors and Key Managerial Personnel:

Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of Shares	% of total Shares of the company
Jayendra Bhailalbhai Patel	284259	4.97	284259	4.97
Amit Rajnikant Manakiwala	278830	4.87	278830	4.87
Aalok Jayendrabhai Patel	247480	4.33	247480	4.33

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

₹48.24 Crores



VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager/ Directors ₹48.24 Crores

Sl. No.	Name of Director	Amount (₹ in Lacs)
1	Jayendra Bhailalbhai Patel	15.32
2	Amit Rajnikant Manakiwala	9.50
3	Aalok Jayendrabhai Patel	5.11

B. Remuneration to Relative of Directors: Nil

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

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Nil

Corporate Governance (As required by clause 49 of the Listing Agreement)

This section on Corporate Governance forms part of the Annual Report to the shareholders. This report is given in terms of clause 49 of the Listing Agreement entered with the Mumbai Stock Exchange where the shares of the Company have been listed.

1. COMPANY'S PHILOSOPHY & CODE OF GOVERNANCE

The philosophy on Corporate Governance is an important tool for shareholder protection and maximization of their long term values. The cardinal principles such as independence, accountability, responsibility, transparency, fair and timely disclosures, credibility etc. serve as the means of implementing the philosophy of Corporate Governance in letter and spirit.

CODE OF CONDUCT AND ETHICS

The Board of Directors has amended the Code of Conduct and Ethics to align with the provisions of the Companies Act, 2013. The confirmation from the Managing Director & CEO regarding compliance with the code by all the Directors and Senior Management forms part of the Report. The Code of Conduct and Ethics is displayed on the website of the Company (www.armanindia.com).

CEO / CFO CERTIFICATION

The Vice Chairman & Managing Director cum CEO and the Executive Director cum CFO have issued certificate pursuant to

the provisions of Clause 49 of the Listing Agreement 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.

2. BOARD OF DIRECTORS

COMPOSITION OF THE BOARD OF DIRECTORS

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

As on March 31, 2015, the strength of the Board was nine Directors comprising of three Executive, three 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 March 31, 2015 and their attendance at the Board meetings and Annual General Meeting ("AGM") during the financial year ended March 31, 2015 are given below:

Directors	Attendance Particular				Committee Membership (including Arman)	
	Category	Board Meeting	Last AGM	Other Directorship	Member	Chairman
C. R. Shah	C - ID	4	No	10	8	3
J. B. Patel	VC-MD	3	Yes	1	2	1
A. R. Manakiwala	WTD	4	Yes	1	1	Nil
Aalok J. Patel	ED	4	Yes	1	Nil	Nil
Aakash J. Patel	NED	2	No	Nil	Nil	Nil
Rita J. Patel	NED	3	Yes	Nil	1	Nil
K. D. Shah	ID	4	Yes	9	9	4
Lokesh Kumar Singh*	ID	Nil	No	Nil	1	Nil
Aditya Bhandari	NED	4	No	4	4	Nil



C-Chairman, VCMD-Vice Chairman & Managing Director, ED-Executive Director,

NED-Non Executive Director, ID-Independent Director, WTD-Whole Time Director

*Vacated office on 14/05/2015

BOARD MEETINGS

The Company held one Board Meeting in each quarter as required under the Companies Act, 2013 ("the Act") and the gap between two Board meetings was in compliance with the provisions contained in the Listing Agreement. The Board met four times in financial year details of which are summarized as below:

Sl. No.	Date of Meeting	Board Strength	No. of Directors Present
1	12/05/2014	9	8
2	11/08/2014	9	5
3	10/11/2014	9	8
4	06/02/2015	9	7

In addition independent directors met exclusively in the last quarter of the financial year i.e. on 06/02/2015.

3. AUDIT COMMITTEE

The role of the Audit Committee is in accordance with the provisions of Clause 49 of the Listing Agreement read with Section 177 of the Companies Act, 2013. The role of the audit committee shall include the following:

- 1) Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- 2) Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- 3) Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- 4) Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (C) of sub-section 3 of section 134 of the Companies Act, 2013.
 - b) Changes, if any, in accounting policies and practices and

reasons for the same

- c) Significant adjustments made in the financial statements arising out of audit findings
 - d) Compliance with listing and other legal requirements relating to financial statements
 - e) Disclosure of any related party transactions
 - f) Qualifications in the draft audit report, if any.
- 5) Reviewing, with the management, the quarterly financial statements before submission to the board for approval
 - 6) Review and monitor the auditor's independence and performance and effectiveness of audit process.
 - 7) Approval or any subsequent modification of transactions of the company with related parties.
 - 8) Scrutiny of inter corporate loans and investments.
 - 9) Evaluation of internal financial controls and risk management systems.
 - 10) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
 - 11) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
 - 12) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
 - 13) To oversee the vigil mechanism and review the functioning of the whistle blower policy
 - 14) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee

The Vice Chairman and Managing Director (CEO), Executive Director (CFO), Whole Time Director, Internal Auditor and Statutory Auditor are invitees to the Audit Committee meetings. During the period under review, the Audit Committee met four times on 12/05/2014, 11/08/2014, 10/11/2014 and 06/02/2015.

Constitution of the Audit Committee and attendance details during the financial year ended March 31, 2015 are given below:

Name	Designation	No of meetings attended
Shri K. D. Shah	Chairman	4
Shri C. R. Shah	Member	4
Smt Rita Patel	Member	3
Shri Aditya Bhandari	Member	4

4. NOMINATION AND REMUNERATION COMMITTEE

In terms of the Clause 49 of the Listing Agreement and the provisions of Companies Act, 2013, it is mandatory for all listed companies to constitute a Nomination & Remuneration Committee (N&RC) to take care of the nomination of Directors, KMP, etc. and remuneration related matters of the Directors, KMPs and Employees, etc.

The Terms of Reference of the Nomination & Remuneration Committee include followings.

- 1) To identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every Director's performance.
- 2) To formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees.
- 3) The Nomination and Remuneration Committee shall, while formulating the policy ensure that:
 - a. the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;
 - b. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
 - c. remuneration to Directors, Key Managerial Personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals:
- 4) Regularly review the Human Resource function of the Company
- 5) Discharge such other function(s) or exercise such power(s) as may be delegated to the Committee by the Board from time to time.

- 6) Make reports to the Board as appropriate.
- 7) Review and reassess the adequacy of this charter periodically and recommend any proposed changes to the Board for approval from time to time.
- 8) Any other work and policy, related and incidental to the objectives of the committee as per provisions of the Act and rules made there under.

The Constitution of the Nomination and Remuneration Committee during the financial year ended March 31, 2015 is given below:

Name	Position	Category
Shri C. R. Shah	Chairman	Independent, Non- Executive
Shri K. D. Shah	Member	Independent, Non- Executive
Shri Lokesh Singh*	Member	Independent, Non- Executive

*Vacated on 14/05/2015

REMUNERATION TO DIRECTORS

- (a) The Vice Chairman and Managing Director, Executive Director and Whole Time Director get salary including perquisites. Remuneration paid for the year ended 31st March, 2015 was as under:

Name of the director	Remuneration	Period of appointment	Approving authority
Jayendra B. Patel	15,32,600	Three years with effect from 01/09/2013	21st AGM
Aalok J. Patel	5,11,100	Five years with effect from 01/07/2015	23rd AGM (ensuing)
Amit R. Manakiwala	9,50,000	Five years with effect from 01/07/2012	20th AGM
TOTAL	29,93,700		

- (b) 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, retirement benefits 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.



(c) 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	70,000	200
Shri K. D. Shah	70,000	NIL
Smt Rita Patel	37,500	2,96,674
Shri Aditya Bhandari	NIL	NIL

5. SHAREHOLDERS RELATIONSHIP COMMITTEE

The terms of reference of the Committee include reviewing and redressing complaints from shareholders such as non-receipt of annual report, transfer of shares, issue of duplicate share certificates, etc.; to oversee and review all matters connected with transfers, transmissions, dematerialization, rematerialization, splitting and consolidation of securities; to oversee the performance of the Registrar and Transfer Agent and recommends measures for overall improvement in the quality of investor services; and to perform any other function, duty as stipulated by the Companies Act, Securities & Exchange Board of India, BSE and any other regulatory authority or under any applicable laws, as amended from time to time.

Committee met four times during FY 2014-15 i.e. 12/05/2014, 11/08/2014, 10/11/2014 and 06/02/2015. The Composition of the Stakeholders Relationship Committee and details of Members participation at the Meetings of the Committee are as under:

Name	Position	No of meetings attended
Shri C. R. Shah,	Chairman	4
Shri K. D. Shah	Member	4
Shri Jayendra Patel	Member	3

In addition, Details of Shareholders' Complaints received during the year are as follows:

Particulars	No. of Complaints
Investor complaints pending as at April 1, 2014	0
Investor complaints received during the year ended on March 31, 2015	0
Investor complaints resolved during the year ended March 31, 2015	0
Investor complaints pending as on March 31, 2015	0

Share transfer committee

The Stakeholder relationship committee has delegated power of approving transfer of securities to Share Transfer Committee comprising of Shri Jayendra Patel and Shri Amit Manakiwala.

The Committee reviews and approves the transfer/ transmission/ D-mat of equity shares as submitted by Sharepro Services (India) Pvt. Ltd., the Registrar & Transfer Agent of the Company.

It met 36 times during the year to approve transfer/ transmission/ demat of equity shares. It transferred 27,500 equity shares submitted through physical transfer deed.

6. RISK MANAGEMENT COMMITTEE

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

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

Year	Venue Of Annual General Meeting	Day, Date & Time	Number of Special Resolutions passed
2011-12	ATMA HALL Ahmedabad	Saturday, 29.09.2012 06.00 p.m.	Nil
2012-13	ATMA HALL Ahmedabad	Friday, 30.08.2013 12.00 Noon	Nil
2013-14	ATMA HALL Ahmedabad	Wednesday, 24.09.2014 12.00 Noon	4

8. DISCLOSURE ON MATERIALLY SIGNIFICANT RELATED PARTY TRANSACTIONS:

There were no materially significant related party transactions made by the Company with its promoters, directors, key managerial personnel or their relatives, which may have potential conflict with the interests 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 of Directors at its Meeting held on 12/05/2014 has formulated a policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions pursuant to the provisions of the Companies Act, 2013 and Listing Agreement. The same is displayed on the website of the Company

9. 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.

10. MEANS OF COMMUNICATION

Quarterly and Annual Financial Results of the Company were submitted to the Stock Exchanges immediately after the Board approved them. Thereafter, the same were published in The Economic Times-English and Gujarati- Ahmedabad editions. Disclosures pursuant to various clauses of the Listing Agreement were promptly communicated to the Bombay Stock Exchange.

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 BSE as well as the Company's website at www.armanindia.com.

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

II. GENERAL SHAREHOLDER INFORMATION

a) Exclusive e-mail id for investor grievances

Pursuant to Clause 47 (f) of the Listing Agreement, the following e-mail id has been exclusively designated for communicating Investor Grievances:

secretarial@armanindia.com

Person in-charge of the Department: Shri Deepak Rathod

b) Toll Free Number For Investor Grievances

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

c) Annual General Meeting

The 23rd Annual General Meeting will be held on Tuesday, 29th Day of September, 2015, at 3.30 p.m. at Ahmedabad Textile Mills' Association (ATMA) Hall, Opp. City Gold Cinema, Ashram Road, Ahmedabad - 380009

d) Financial Calendar

First quarter results: July 2015

Second quarter results: October 2015

Third quarter results: January 2016

Annual results: April/May 2016

Annual General Meeting: August/September 2016

e) Book Closure

The Register of Members and the Share Transfer Register will

be closed from Tuesday, 22nd September, 2015, to Tuesday, 29th September, 2015 (both days inclusive) for determining the name of members eligible to receive dividend on equity shares.

f) Dividend Payment Date

Dividend for the year ended March 31, 2015, 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 22nd September, 2015; 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 22nd September, 2015.

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.

Transfer of Unclaimed amounts to Investor Education and Protection Fund

The Investors are advised to claim the un-encashed dividends lying in the unpaid dividend accounts of the Company before the due date (as indicated in notes to the Notice) before the entire amount of unclaimed dividend amount is transferred to Central Governments Investor Education and Protection Fund.

g) Shares Listed At

The equity shares of the Company are listed at:

Bombay Stock Exchange Limited (BSE)

Annual Listing fee for the year 2015-16 has been paid to BSE.

The Company has also paid the Annual Custodial fees to both the depositories.

h) Stock Codes

The stock code of the Company at BSE is 531179.

i) International Securities Identification Number (ISIN)

The ISIN of the equity shares of the Company is INE 109C01017.

j) Corporate Identity Number (CIN)

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



k) High/Low of monthly Market Price of the Company's Equity Shares Traded on the Bombay Stock Exchanges during the financial year 2014-15 is furnished below:

	Bombay Stock Exchanges (BSE) (In ₹ Per share)	
	Month's High Price	Month's Low Price
April, 2014	20.80	18.00
May, 2014	23.25	16.65
June, 2014	27.35	20.50
July, 2014	27.70	20.60
August, 2014	32.95	20.50
September, 2014	47.30	25.40
October, 2014	57.70	38.10
November, 2014	89.55	57.50
December, 2014	88.00	62.00
January, 2015	137.50	73.20
February, 2015	132.90	100.00
March, 2015	142.00	112.00

l) EVOLUTION OF CAPITAL

Particulars of Equity shares issued by the Company.

Year	Increase authorized capital			Year	Increase in issued capital		
	Date	No. of Shares Increase	Total No. of Share after increase		Date	No. of Shares Issued	Total no. Shares after increase
1991-92	26/11/1992	15,00,000	15,00,000	1993-1994	08/09/1993	1,39,540	1,39,540
1993-94	20/05/1993	15,00,000	30,00,000	1994-1995	20/07/1994	1,07,900	2,47,440
1994-95	14/09/1994	20,00,000	50,00,000	1994-1995	06/10/1994	2,49,640	4,97,080
1995-96	20/05/1995	4,50,00,000	5,00,00,000	1995-1996	03/11/1995	35,79,520	40,76,600
2010-11	10/09/2010	10,00,00,000	15,00,00,000	Nil	Nil	Nil	Nil
Nil	Nil	Nil	Nil	2012-2013	20/04/2012	13,58,129	54,34,729
Nil	Nil	Nil	Nil	2012-2013	18/02/2013	2,14,164	56,48,893
Nil	Nil	Nil	Nil	2013-2014	14/10/2013	71,286	57,20,179

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 Clause 47(c) of the Listing Agreement, every six months, a qualified Practising Company Secretary undertakes audit of the share transfer related activities carried out by the Department and issues a compliance certificate, which is submitted to the Stock Exchange.

n) Distribution of Shareholding (as on March 31, 2015)

On the basis of Share held

No of equity Shares held	No of Shares Holder (Physical)	No of Shares (Physical)	No of Shares Holder (D-mat)	No of Shares (D-mat)	Total no of Share Holders	% of Share Holders	Total no of Shares	% of Share Holding
1-500	3140	3,73,940	1,136	1,64,110	4,276	92.57	5,38,050	9.41
501-1000	53	45,200	94	78,836	147	3.18	1,24,036	2.17
1001-2000	21	31,700	57	86,510	78	1.69	1,18,210	2.06
2001-3000	4	9,800	17	42,822	21	0.45	52,622	0.92
3001-4000	1	3,500	15	51,884	16	0.35	55,384	0.97
4001-5000	1	4,500	9	42,124	10	0.22	46,624	0.82
5001-10000	2	13,500	18	1,26,434	20	0.43	1,39,934	2.45
10001-20000	3	41,000	11	1,41,644	14	0.30	1,82,644	3.20
Above 20000	0	0	37	44,62,675	37	0.80	44,62,675	78.02
TOTAL	3,225	5,23,140	1,394	51,97,039	4,619	100.00	57,20,179	100.00

On the basis of Category

Category	No of Shares Held	% to Total Shares Held
Individual	24,11,893	42.16
Private Corporate Bodies	1,13,598	1.99
Promoters	17,13,446	29.95
Non-resident Indians	14,81,242	25.90
TOTAL	57,20,179	100.00

o) DEMATERIALIZATION OF SHARES AND LIQUIDITY

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

During the year, the Company has electronically confirmed demat requests for 39800 equity shares. As on March 31, 2015, 90.85% of the total shares issued by the Company were held in dematerialised form.

Liquidity: The Company's Shares are actively traded on BSE.

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, 2014 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-15
There were no outstanding GDRs/ADRs/Warrants or any convertible instrument as at end March-2015.

s) Plant Locations

The nature of business is such that the 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) 502-503, Sakar III, Opp: Old High Court, Off Ashram Road, Ahmedabad 380014
E-mail: finance@armanindia.com

(2) SHAREPRO SERVICES (INDIA) PVT. LTD.
416-420, 4th Floor, Devnandan Mall, Opp: Sanyash Ashram, Ellisbridge, Ahmedabad-380006
e-mail: sharepro@shareproservices.com



AUDITORS CERTIFICATE ON COMPLIANCE WITH CLAUSE 49 OF THE LISTING AGREEMENT

I have examined compliance by Arman Financial Services Limited (the Company) with the requirements under Clause 49 of the Listing Agreement entered into by the Company with the Bombay Stock Exchange for the year ended on March 31, 2015.

In my opinion and to the best of my information and according to the explanations given to me and the representation by the Directors and the management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

The compliance of conditions of Corporate Governance is the responsibility of the management of the Company. My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance under Clause 49. The examination is neither an audit nor an expression of opinion on the financial statements of the Company or the corporate governance report of the Company.

I state that no investor's grievance is pending unresolved by the Company for a period exceeding one month against the Company as per the records maintained by the stakeholder relationship Committee.

I further state that such compliance is neither an assurance 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: 24/08/2015

Pinakin Shah & Co.,
Practicing Company Secretary
FCS 2562, C.P No 2932

DECLARATION ON ADHERENCE TO THE CODE OF CONDUCT UNDER CLAUSE 49 I D (II) OF THE LISTING AGREEMENT

All the Board members and Key Managerial Personnel of the Company have confirmed adherence to the Code of Conduct of Arman Financial Services Limited for the financial year ended March 31, 2015.

For and on behalf of the Board

Place: Ahmedabad
Date: 24/08/2015

Jayendra Patel
Vice Chairman & Managing Director (CEO)
DIN: 00011814

CERTIFICATE PURSUANT TO CLAUSE 49 V OF THE LISTING AGREEMENT

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

- a) We have reviewed the Balance Sheet as at March 31, 2015, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date and that to the best of our knowledge and belief:
 - i) The said statements do not contain any false, misleading or materially untrue statements or figures or omit any material fact, which may make the statements or figures contained therein misleading;
 - ii) The said 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 the internal control systems of the Company pertaining to financial reporting and 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:
 - i) significant changes in internal control over financial reporting during the year, if any;
 - ii) significant changes in accounting policies during the year if any and that the same have been disclosed in the notes to the financial statements; and
 - iii) 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

For Arman Financial Services Limited

Jayendra Patel (CEO)

DIN: 00011814

Date: 24/08/2015

Place: Ahmedabad

Aalok Patel (CFO)

DIN: 02482747



SECRETARIAL AUDIT REPORT

For The Financial Year Ended 31ST March, 2015

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

To,
The Members,
ARMAN FINANCIAL SERVICES LIMITED

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Arman Financial Services Limited. [CIN:L55910GJ1992PLC018623] (Herein after called the company) having registered office at 502-503 Sakar-III, Opp. High Court, Off Ashram Road, Ahmedabad-380014. The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2015 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, 2015 according to the provisions of:

- I. The Companies Act, 2013 (the Act) and the rules made thereunder;
- II. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- IV. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- V. The 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, 1992;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

VI. I. The Reserve Bank Of India Act, 1934, Prevention Of Money Laundering Act, 2002, Income Tax Act, 1961, chapter V of the Finance Act, 1994 (Service tax), Land laws, Stamp Act, for which we have relied on certificates/ reports/ declarations/ consents/ confirmation issued by the experts of relevant field such as Advocates, consultants, chartered accountants and the Executive Directors of the Company.

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

i. Secretarial Standards issued by The Institute of Company Secretaries of India (On voluntary basis).

ii. The Listing Agreements entered into by the Company with Bombay Stock Exchange(s),

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

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

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

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

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

We further report that during the audit period the company has not taken any major decision in pursuant to section 180 of the Companies Act, 2013.

Date: 24/08/2015

Place: Ahmedabad

Pinakin Shah & Co.

FCS No: 2562

C P NO: 2932

FRN: S2010GJ134100



Financial Section

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, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. Management's Responsibility for the Standalone Financial Statements

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

3. Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

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

We conducted our audit in accordance with the Standards

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, 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 March 31, 2015;
- ii. In the case of the Profit and Loss Account, 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, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2015, 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, 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, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements. (Refer Note 21)
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

J. J. Shah
Partner

Place : Ahmedabad
Date : 14.05.2015

M. No. 45669

Annexure to the Auditors 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, 2015.

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, Fixed assets were physically verified during the year by the Management in accordance with a programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us no material discrepancies were noticed on such verification.
2. In respect of its Inventories :

The company does not have any Inventories and hence clause 4(ii) of The Companies (Auditor's Report) Order, 2015 is not applicable.
3. In respect of Loans and Advances granted during the year.

As per information and explanation give to us , the Company has granted loan to its wholly owned subsidiary company covered under the register maintained under section 189 of the Companies Act, 2013, the yearend balance is amounting to ₹64.49 Lacs and the maximum amount involved during the year was ₹1236.82 Lacs.

 - a. In our opinion and according to the information and explanations given to us, the Company is regular in receipt of principal and recovery of interest there on.
 - b. In our opinion and according to the information and explanations given to us, there were no overdue outstanding as at 31st March 2015 in respect of Loans and Advances granted during the year.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases fixed assets and rendering of services. The activities of the company do not involve purchase of inventory and sale of goods. During the course of our audit, no major continuing failures to correct major weaknesses has been observed.
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. We are informed that no order has been passed by company Law Board (CLB) or National Company Law Tribunal (the NCLT) or Reserve Bank of India or any court or any other tribunal.
6. As per the information and explanation provided to us the company is not required to maintain the cost records as per the provisions of Companies(Cost Records and Audit) Rules, 2014, hence Clause (vi) of the Companies (Auditor's Report) Order,2015 is not applicable to the company.
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, employees' state insurance, income tax, sales tax, wealth tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues.



- b. According to the information and explanations given to us, There were no undisputed statutory dues in arrears as at 31st March, 2015 for a period of more than six months from the date they became payable except following.

Name of the Statute	Nature of the Dues	Period to which the amount relates (A.Y.)	Amount (₹ In Lacs)
Income Tax Act, 1961	Income Tax	2009-10	1.97
		Total	1.97

- c. According to the records of the company, no dues of income tax, sales tax, wealth tax or service tax or duty of customs or duty of excise or value added tax or cess which have not been deposited on account of disputes.
- d. According to the records of the company there are no amounts required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made there under.

8. The company has no accumulated losses and has not incurred any cash losses during the financial year under review or in the immediately preceding financial year.
9. Based on our audit procedure and according to the information and explanation given to us, we are of the opinion that the Company has not defaulted in repayment of dues to the Financial Institutions, Banks or Debenture Holders.
10. In our opinion and according to the information and explanations given to us, the Company has given Corporate guarantee of ₹3800 Lacs for loans taken by its wholly owned subsidiary company from banks or financial institutions and they are not prima facie prejudicial to the interest of the company.
11. According to the information and explanations given to us, during year under review the company has applied the term loans for the purpose for which the loans were obtained.

12. To the best of our knowledge and according to the information and explanations given to us, no material fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

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

Place : Ahmedabad
Date : 14.05.2015

J. J. Shah
Partner
M. No. 45669

Standalone Balance Sheet as at 31/03/2015

(Amounts in ₹)

Particulars	Note No.	As at 31/03/2015	As at 31/03/2014
EQUITY AND LIABILITIES			
[1] Shareholders' Funds			
[a] Share Capital	1	69,246,530	69,246,530
[b] Reserves & Surplus	2	274,186,493	256,825,457
		343,433,023	326,071,987
[2] Money Received Against Share Warrant		-	-
[3] Non-Current Liabilities			
[a] Long Term Borrowings	3	74,192,795	73,618,558
[b] Deferred Tax Liabilities (Net)	4	-	-
[c] Long Term Provisions	5	1,044,598	898,980
		75,237,393	74,517,538
[4] Current Liabilities			
[a] Short-Term Borrowings	6	316,712,294	273,997,332
[b] Other Current Liabilities	7	100,591,260	87,961,031
[c] Short Term Provisions	8	12,086,585	9,605,958
		429,390,139	371,564,321
Total		848,060,555	772,153,846
ASSETS			
[1] Non-Current Assets			
[a] Fixed Assets			
[i] Tangible Assets	9	14,936,360	17,855,890
[ii] Intangible Assets		344,538	-
		15,280,898	17,855,890
[b] Long Term Investments	10	100,000,000	100,000,000
[c] Deferred Tax Assets (Net)	4	176,294	155,534
[d] Long-term Loans and Advances	11	139,814,478	109,851,916
[e] Other Non-Current Assets	12	9,669,022	8,503,205
		264,940,693	236,366,545
[2] Current Assets			
[a] Trade Receivables	13	11,282,835	7,657,156
[b] Cash & Bank Balance	14	120,776,733	145,940,613
[c] Short term Loans and Advances	11	451,060,295	382,189,533
[d] Other Current Assets		-	-
		583,119,863	535,787,302
Total		848,060,555	772,153,846
Significant Accounting Policies and Notes on Financial Statements	1 to 37		

As per our report of even date attached herewith

For, J.T. Shah & Company

Chartered Accountants

FRN No. 109616W

For, Arman Financial Services Limited

J. J. Shah

Partner

M.No. 45669

Jayendra Patel

Vice Chairman & Managing Director

Place : Ahmedabad

Date: 14.05.2015

Amit Manakiwala

Director



Standalone Statement of Profit & Loss for the year ended 31/03/2015

(Amounts in ₹)

Particulars	Note No.	Current Year 31/03/2015	Previous Year 31/03/2014
INCOME			
Revenue from Operations	15	152,447,524	182,845,204
Other Income	16	108,670	6,379
Total Revenue		152,556,194	182,851,583
EXPENDITURE			
Employee Benefits Expenses	17	25,529,736	30,226,880
Finance Costs	18	55,600,592	67,225,026
Depreciation and Amortisation expense	19	2,230,635	1,123,848
Other Expenses	20	26,928,739	34,019,164
Total Expenses		110,289,702	132,594,919
Profit before Tax		42,266,491	50,256,664
Less : Tax expense:			
- Current Tax		13,990,000	15,800,000
- Short Provision of Income Tax of earlier years		284,670	-
- Deferred Tax Liability/(Asset)	21	190,238	284,327
Profit for the year		27,801,584	34,172,337
Basic Earnings Per Share of ₹10 each	24	4.01	5.48
Diluted Earnings Per share of ₹10 each	24	4.01	5.48
Significant Accounting Policies and Notes on Financial Statements	1 to 37		

As per our report of even date attached herewith
For, **J.T. Shah & Company**
Chartered Accountants
FRN No. 109616W

For, **Arman Financial Services Limited**

J. J. Shah
Partner
M.No. 45669

Jayendra Patel
Vice Chairman & Managing Director

Place : Ahmedabad
Date: 14.05.2015

Amit Manakiwala
Director

Standalone Cash Flow Statement for the year ended 31/03/2015

(Amounts in ₹)

Particulars		Year ended 31/03/2015		Year ended 31/03/2014
A Cash from Operating Activities :				
Net Profit before Taxation		42,266,491		50,256,664
Adjustment For :				
Depreciation	2,230,635		1,123,848	
NPA Provisions(Net)	377,873		196,610	
Contingent Provision on Standard Assets	270,000		(515,000)	
Interest Expenses	53,977,538		64,728,214	
Loss on Sale of Fixed Assets	-		642	
Profit on Sale of Fixed Assets	(98,332)		-	
Short fall on interest on Advance Tax Payment	340,000		500,000	
		57,097,714		66,034,314
Operating Profit Before Working				
Capital changes :		99,364,206		116,290,978
Adjustment For :				
Increase/(Decrease) In Long-Term Provision	80,520		38,040	
Increase/(Decrease) In Short-Term Provision	(1,869)		4,771	
Increase/(Decrease) In Other Current Liability	(2,340,555)		243,343	
Decrease/(Increase) In Trade Receivables	(3,625,678)		(1,952,151)	
Decrease/(Increase) In Long Term Loans And Advances	(31,051,488)		37,445,290	
Decrease/(Increase) In Short Term Loans And Advances	(68,870,762)		154,887,764	
		(105,809,832)		190,667,057
Cash Generated From Operations		(6,445,627)		306,958,035
Income Tax Paid	(13,525,744)		(20,454,104)	
		(13,525,744)		(20,454,104)
		(19,971,371)		286,503,932
B Cash Flow From Investment Activities :				
Purchase of Fixed Assets	(718,636)		(8,556,737)	
Sale of Fixed Assets	510,999		10,000	
(Increase) /Decrease in Bank Deposits	(7,590,941)		6,386,743	
Investments in Subsidiary	-		(50,000,000)	
Net Cash from Investment Activities		(7,798,578)		(52,159,994)



Standalone Cash Flow Statement for the year ended 31/03/2015

(Amounts in ₹)

Particulars	Year ended 31/03/2015		Year ended 31/03/2014	
C Cash Flow From Financing Activities :				
Proceeds From Long Term Borrowings	92,470,477		68,124,694	
Repayment of Long Term Borrowings	(78,453,973)		(107,480,859)	
Proceeds From Short Term Borrowings	73,641,927		84,337,279	
Repayment of Short Term Borrowings	(30,495,562)		(121,959,801)	
Interest Paid	(53,165,028)		(64,370,438)	
Dividend Paid	(7,816,895)		(5,057,915)	
Net Cash from Financing Activities		(3,819,055)		(146,407,041)
Net Increase in Cash & Cash Equivalents		(31,589,004)		87,936,897
Cash & Cash Equivalents at the Beginning		131,521,448		43,584,552
Cash & Cash Equivalents at the End		99,932,445		131,521,448

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 ₹12,28,651/- (Prev. Year ₹9,44,048/-) in respect of unclaimed dividends which are not available for use by the Company.

For, **J.T. Shah & Company**
Chartered Accountants
FRN No. 109616W

J. J. Shah
Partner
M.No. 45669

Place : Ahmedabad
Date: 14.05.2015

For, **Arman Financial Services Limited**

Jayendra Patel
Vice Chairman & Managing Director

Amit Manakiwala
Director

Significant Accounting Policies

a. Basis of preparation

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act"), as applicable. The financial statements have been prepared as a going concern on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

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

i. Interest from Loans

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

ii. Income from Assignment

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

iii. Other Interest Income

Other Interest Income is recognized on accrual basis.

iv. Processing Fees

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

v. Late Payment Charges

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

vi. Insurance Commission

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

vii. Income from Investments

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

d. Fixed Assets

All the Fixed Assets are stated at cost less depreciation, after taking into consideration provision for NPA. 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.

e. Depreciation

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



Significant Accounting Policies

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.

f. 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.

g. 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.

h. 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.

i. 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' prescribed by Companies (Accounting Standards) Rules, 2006.

j. Lease

The company's significant leasing arrangements are in respect of operating lease for premises that are cancellable in nature. The lease rentals paid under such agreements are charged to the Statement of Profit and Loss.

k. 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.

l. 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.

m. 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.

n. Impairment

Significant Accounting Policies

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.

o. Shares Issue Expenses

Expenses incurred on issue of shares are charged to Statement of Profit and Loss.

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. Transfer and recourse obligation under Assignment

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

r. 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 (Non Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 and as per RBI circular dated December 02, 2011, as amended from time to time. Loans are classified and the percentage of provision made on such loans is as under.

Classification	Period	% of Provision
Standard Assets	-	0.25 %
Non Performing assets	Overdue for 180 days or more	
Substandard Assets	NPA for a period not exceeding 18 months	10 %
Doubtful Assets – Unsecured	Substandard for a period exceeding 18 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 18 months	100 %
Loss Assets	As identified by Management	100 %

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



Notes on Financial Statements for the year ended on 31st March, 2015

1. Share Capital

Particulars	(Amounts in ₹)	
	As at 31/03/2015	As at 31/03/2014
[a] Authorised :		
1,12,50,000 (Previous Year 1,12,50,000) Ordinary Equity shares of par value of ₹10/- each	112,500,000	112,500,000
37,50,000 (Previous Year 37,50,000) Class "A" Ordinary Equity shares of par value of ₹10/- each	37,500,000	37,500,000
	150,000,000	150,000,000
[b] Issued, Subscribed & Paid-up Capital :		
57,20,179 (Previous Year 57,20,179) Ordinary Equity Shares of par value of ₹10/- each fully paid up	57,201,790	57,201,790
12,04,474 (Previous Year 12,04,474) Class "A" Ordinary Equity Shares of par value of ₹10/- each fully paid up	12,044,740	12,044,740
Total	69,246,530	69,246,530

- 1.1 The Company has two classes of shares referred to as i) Ordinary Equity shares having face value of ₹10/-. Each Holder of Equity Share is entitled to 1 vote per share and ii) Class "A" Ordinary Shares having face value of ₹10/-. Each Holder of Class "A" Ordinary Shares is Entitled to one Vote for one lac Shares.
- 1.2 In the event of liquidation of the Company, the holders of both type of Equity shares will be entitled to receive any of the remaining assets of the company , after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of Equity shares held by shareholders.
- 1.3 The Company declares and pays dividends in Indian Rupees. The Dividend proposed by the Board of Director is subject to the approval of the shareholders in the ensuing Annual General Meeting.
- 1.4 During the year ended 31st March, 2015, the amount of per share dividend recognised as distribution to equity shareholders was ₹1.20 /-(₹1). The Total dividend appropriation for the year ended 31st March,2015 amounted ₹83,09,584/- (P.Y. ₹69,24,653/-) excluding corporate dividend tax of ₹16,91,636/- (P.Y. 11,76,845/-).

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

Name of Shareholder	As at 31/03/2015		As at 31/03/2014	
	%	Shares	%	Shares
RIF North West - 2	24.99	1,429,415	24.99	1,429,415
Jayendrabhai Patel	8.40	480,259	8.37	478,943
Ritaben Patel	5.19	296,674	5.19	296,674

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

Name of Shareholder	As at 31/03/2015		As at 31/03/2014	
	%	Shares	%	Shares
RIF North West - 2	100.00	1,204,474	100.00	1,204,474

1.7 The Reconciliation of the number of shares outstanding and the amount of Ordinary Equity Share capital as at 31/03/2015 & 31/03/2014 is set out below

Particulars	As at 31/03/2015		As at 31/03/2014	
	No. of Shares	Amounts (₹)	No. of Shares	Amounts (₹)
Shares at the beginning	5,720,179	57,201,790	5,648,893	56,488,930
Addition - Subscription during the year	-	-	71,286	712,860
Deletion	-	-	-	-
Shares at the end	5,720,179	57,201,790	5,720,179	57,201,790

Notes on Financial Statements for the year ended on 31st March, 2015

1. Share Capital (contd.)

1.8 The Reconciliation of the number of shares outstanding and the amount of Class "A" Ordinary Equity Share capital as at 31/03/2015 & 31/03/2014 is set out below

Particulars	As at 31/03/2015		As at 31/03/2014	
	No. of Shares	Amounts (₹)	No. of Shares	Amounts (₹)
Shares at the beginning	1,204,474	12,044,740	-	-
Addition - Subscription during the year	-	-	1,204,474	12,044,740
Deletion	-	-	-	-
Shares at the end	1,204,474	12,044,740	1,204,474	12,044,740

2. Reserves & Surplus

Particulars	(Amounts in ₹)	
	As at 31/03/2015	As at 31/03/2014
General Reserve		
Balance as per last financial Statement	6,674,704	3,675,556
Less : Amount of depreciation in respect of fixed assets whose useful life has expired on adoption to Schedule - II of the Companies Act-2013	(650,326)	-
Add : Amount of reversal of Deferred Tax Liability in respect of fixed assets whose useful life has expired on adoption of Schedule II to the Companies Act-2013	210,998	-
Add: Forfeited Application Money	-	1,499,148
Add: Transfer from Statement of Profit and Loss	1,200,000	1,500,000
Closing Balance	7,435,376	6,674,704
Special Reserve u/s 45-IC of the RBI Act,1934		
Balance as per last financial Statement	32,375,000	25,250,000
Add: Transfer from Statement of Profit and Loss	5,700,000	7,125,000
Closing Balance	38,075,000	32,375,000
Securities Premium Reserve		
Balance as per last financial Statement	122,499,306	62,602,374
Add: On Shares Issued during the year	-	59,896,932
Closing Balance	122,499,306	122,499,306
Surplus in the Statement of Profit and Loss		
Balance as per last financial Statement	95,276,447	77,830,608
Add : Profit for the year	27,801,584	34,172,337
Less: Appropriations		
Amount transfer to General Reserve	(1,200,000)	(1,500,000)
Amount transfer to Special Reserve u/s 45-IC of RBI Act, 1934	(5,700,000)	(7,125,000)
Proposed Dividend	(8,309,584)	(6,924,653)
Provision for Tax on Dividend proposed	(1,691,636)	(1,176,845)
Closing Balance	106,176,811	95,276,447
Total	274,186,493	256,825,457

2.1 Particulars	Nature and purpose of
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.



Notes on Financial Statements for the year ended on 31st March, 2015

3. Long Term Borrowings

(Amounts in ₹)

Particulars	As at 31/03/2015		As at 31/03/2014	
	Non Current	Current	Non Current	Current
Secured				
Loans				
From Banks				
Vehicle Loans @	-	-	-	178,973
From Financial Institutions				
Term Loans @@	74,192,795	89,748,020	71,829,124	71,105,358
From Others				
Term Loans @@	-	1,789,434	1,789,434	6,484,010
Unsecured				
Others				
From Directors and their Relatives	-	682,474	-	1,009,320
Total	74,192,795	92,219,928	73,618,558	78,777,661
Less : Amount disclosed under head Other Current Liabilities (Note - 7)		92,219,928	-	78,777,661
Total	74,192,795	-	73,618,558	-

Security :

@ Vehicle Loans are secured by Hypothecation of Vehicles.

@@ Term Loans are secured under Hypothecation of specific assets portfolio & Personal guarantee of some of the directors & fixed deposit as collateral security which are shown under "Other Bank Balance".

Interest:

Term Loan carries an interest rate ranging from @ 8.25 % to @ 15.50 % p.a.

Vehicle Loan carries an interest rate @ 12 %

Loans from directors and their relatives carries interest rate @ 15 to 18 %

Repayment:

Term Loan Facilities are repayable in following schedule in Monthly / Half yearly installments as follows:- (Amounts in ₹)

Particulars	Upto 1 year	2 to 3 Years
Term Loan Repayment	91,537,454	74,192,795

Vehicle Loans are repayable in following schedule in monthly installments as follows:- (Amounts in ₹)

Particulars	Upto 1 year	2 to 3 Years
Vehicle Loan Repayment	-	-

Loans from relatives of directors (Amounts in ₹)

Particulars	Upto 1 year	2 to 3 Years
From Directors and their Relatives	682,474	-

Notes on Financial Statements for the year ended on 31st March, 2015

4. Deferred Tax Liabilities (Net)

(Amounts in ₹)		
Particulars	As at 31/03/2015	As at 31/03/2014
Deferred Tax Assets arising out of timing difference relating to :		
Provision for Gratuity that are allowable for tax purpose in the year of payment	225,257	199,735
Shares Issue Expenses that are allowable for tax purpose on deferred basis	651,172	1,062,859
Provision for NPA that are allowable for tax purpose in the year of actual loss	790,416	580,181
Total Deferred Tax Assets	1,666,846	1,842,775
Deferred Tax Liability arising out of timing difference relating to :		
Difference of Depreciation as per Tax Provision and Company Law	1,490,551	1,687,242
Total Deferred Tax Liability	1,490,551	1,687,242
Net Deferred Tax Liability / (Assets)	(176,294)	(155,534)

5. Long Term Provisions

(Amounts in ₹)				
Particulars	As at 31/03/2015		As at 31/03/2014	
	Non Current	Current	Non Current	Current
Provision for Employee Benefit- Gratuity	678,074	16,093	597,554	17,962
Contingent Provision against standard Assets	338,100	1,131,900	258,400	941,600
NPA Provisions	28,424	937,373	43,026	544,898
	1,044,598	2,085,366	898,980	1,504,460
Less : Amount disclosed under head Short Term Provisions - (Note-8)	-	2,085,366	-	1,504,460
Total	1,044,598	-	898,980	-

6. Short-Term Borrowings

(Amounts in ₹)		
Particulars	As at 31/03/2015	As at 31/03/2014
Loans Repayable on Demand:		
Working Capital Loans from Banks -Secured @	316,712,294	273,997,332
Total	316,712,294	273,997,332

Security :

@Hypothecation of Specific assets portfolio & Personal guarantee of some of the directors & fixed deposit as collateral security which are shown under "Other Bank Balance" .

7. Other Current Liabilities

(Amounts in ₹)		
Particulars	As at 31/03/2015	As at 31/03/2014
Current maturity of long term borrowings (Note 3)	92,219,928	78,777,661
Salary & Wages Payable	2,302,528	2,938,535
Other Statutory dues	210,520	204,231
TDS Payable	387,776	336,743
Security Deposit	1,914,924	1,483,520
Interest Accrued but not due on Term Loans	1,170,286	357,776
Unpaid Dividend	1,228,651	944,048
Unpaid Expenses	1,156,647	2,918,517
Total	100,591,260	87,961,031

7.1 Unpaid dividend is not due for transfer to Investor Education and Protection Fund by the Company.



Notes on Financial Statements for the year ended on 31st March, 2015

8. Short Term Provisions

Particulars	(Amounts in ₹)	
	As at 31/03/2015	As at 31/03/2014
Provisions for employee benefits - Gratuity (Note - 5)	16,093	17,962
Contingent Provision against standard Asset (Note - 5)	1,131,900	941,600
NPA Provisions (Note- 5)	937,373	544,898
Proposed Dividend	8,309,584	6,924,653
Provision for Tax on Proposed Dividend	1,691,636	1,176,845
Total	12,086,585	9,605,958

9. Fixed Assets

Gross Block	Tangible Assets					Intangible Assets	Total
	Buildings	Furniture & Fixtures	Office Equipment	Vehicles	Computer		
01.04.2013	5,205,426	3,412,483	1,110,405	4,665,405	2,421,447	-	16,815,166
Addition	7,867,500	85,780	4,800	-	598,657.00	-	8,556,737
Disposal	-	-	-	(17,338)	-	-	(17,338)
At 31.03.2014	13,072,926	3,498,263	1,115,205	4,648,067	3,020,104	-	25,354,565
Addition	25,224	130,581	94,500	-	103,161	365,170	718,636
Disposal	-	-	(153,200)	(1,924,065)	-	-	(2,077,265)
Other Adjustment	-	-	-	-	-	-	-
At 31.03.2015	13,098,150	3,628,844	1,056,505	2,724,002	3,123,265	365,170	23,995,936

Depreciation	Buildings	Furniture & Fixtures	Office Equipment	Vehicles	Computer	Intangible Assets	Total
01.04.2013	1,105,575	2,014,818	375,363	1,958,974	926,793	-	6,381,523
Change for the year	100,006	121,928	51,532	438,662	411,720	-	1,123,848
Disposal	-	-	-	(6,696)	-	-	(6,696)
At 31.03.2014	1,205,581	2,136,746	426,895	2,390,940	1,338,513	-	7,498,675
Change for the year	206,175	206,177	217,154	839,040	741,457	20,632	2,230,635
Disposal	-	-	(68,482)	(1,596,116)	-	-	(1,664,598)
Other Adjustment	-	80,551	170,638	(707)	399,844	-	650,326
(Transfer to Gen. Reserve)	-	-	-	-	-	-	-
At 31.03.2015	1,411,756	2,423,474	746,205	1,633,157	2,479,814	20,632	8,715,038
NET BLOCK							
AS AT 31.3.2014	11,867,345	1,361,517	688,310	2,257,127	1,681,591	-	17,855,890
AS AT 31.3.2015	11,686,394	1,205,370	310,300	1,090,845	643,451	344,538	15,280,898

Notes on Financial Statements for the year ended on 31st March, 2015

10. Investment

(Amounts in ₹)

Particulars	As at 31/03/2015		As at 31/03/2014	
	Non Current	Current	Non Current	Current
A. Investments (Trade)				
In equity Shares of Subsidiary Companies				
Unquoted, Fully paid up				
Namra Finance Limited				
1,00,00,000 Shares (P.Y. 1,00,00,000) of ₹10 each fully paid up	100,000,000	-	100,000,000	-
Total	100,000,000	-	100,000,000	-
Aggregate amount of Unquoted investment	100,000,000	-	100,000,000	-

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

(Amounts in ₹)

Particulars	As at 31/03/2015		As at 31/03/2014	
	Non Current	Current	Non Current	Current
A. Secured				
Loans secured by Hypothecation of Assets	133,169,022	336,508,353	95,702,935	343,671,931
B. Unsecured				
Loans to Companies, Firms and Individuals	-	100,687,186	-	24,391,917
Deposits	6,489,045	9,249,643	12,903,644	5,696,083
Other Loans and Advances	-	4,233,137	-	8,040,664
Advances to Staff	-	360,619	-	261,750
Balance with government Authority	-	21,357	-	127,188
Advance Tax & TDS	70,406,411	-	57,165,337	-
Less: Provision for Tax	(70,250,000)	-	(55,920,000)	-
Net	156,411	-	1,245,337	-
Total	139,814,478	451,060,295	109,851,916	382,189,533

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 ₹31,73,145/- (P.Y. ₹21,00,713/-) outstanding portfolio on which NPA provision of ₹3,17,315/- (P.Y. ₹2,10,345/-) has been made.

11.3 Deposits includes deposits given as collateral security against Loans from Financial Institutes.

12. Other Non Current Assets

(Amounts in ₹)

Particulars	Non Current	
	As at 31/03/2015	As at 31/03/2014
Deposits with Original maturity for more than 12 months (Note 14)	9,669,022	8,503,205
Total	9,669,022	8,503,205

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



Notes on Financial Statements for the year ended on 31st March, 2015

13. Trade Receivables

(Amounts in ₹)

Particulars	Current	
	As at 31/03/2015	As at 31/03/2014
A Outstanding for a period exceeding Six Months from the date they are due for Payment (Unsecured, considered good)		
Secured	6,484,820	4,187,197
Unsecured	-	-
	6,484,820	4,187,197
B Other Trade receivables (Unsecured, considered good)		
Secured	4,798,015	3,415,815
Unsecured	-	54,144
	4,798,015	3,469,959
Total	11,282,835	7,657,156

13.1 Sundry Debtors includes ₹64,84,820 /-(P.Y. ₹35,67,091/-) outstanding portfolio on which NPA provision of ₹6,48,482/- (P.Y. ₹3,77,579/-) has been made.

14. Cash and Bank Balance

(Amounts in ₹)

Particulars	As at 31/03/2015		As at 31/03/2014	
	Non Current	Current	Non Current	Current
A Cash and cash equivalents				
Cash on hand	-	720,813	-	2,853,589
Balance With Banks	-	99,211,631	-	128,667,860
Total	-	99,932,445	-	131,521,448
B Other Bank Balance				
Deposits with Original maturity for more than 12 months	9,669,022	20,844,288	8,503,205	14,419,164
	9,669,022	20,844,288	8,503,205	14,419,164
Less Amount disclosed Under Non Current Assets (Note 12)	9,669,022	-	8,503,205	-
Total	-	120,776,733	-	145,940,613

14.1 Current Account with Banks includes ₹12,28,651/- (Prev. Year ₹9,44,048/-) in Unpaid Dividend Account.

14.2 Deposits includes deposits given as collateral security against Bank Loans.

15. Revenue from operation

(Amounts in ₹)

Particulars	2014-15	2013-14
Interest Income	151,625,953	181,448,995
Other Financial Services		
Processing Fees	159,400	802,780
Other Charges in respect of Loans	662,171	593,429
Total	152,447,524	182,845,204

Notes on Financial Statements for the year ended on 31st March, 2015

16. Other Income

(Amounts in ₹)		
Particulars	2014-15	2013-14
Profit on Sale of Tangible Assets	98,332	-
Misc. Income	10,338	6,379
Total	108,670	6,379

17. Employee Benefit Expenses

(Amounts in ₹)		
Particulars	2014-15	2013-14
Salary, Wages & Bonus	23,637,586	27,687,865
Contribution to Provident Fund & Other Funds	1,312,322	1,329,015
Welfare Expenses	579,828	1,210,000
Total	25,529,736	30,226,880

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	
	2014-15	2013-14
Present value of funded obligations	-	-
Fair value of plan assets	-	-
Present value of unfunded obligations	694,167	615,516
Unrecognised past service cost	-	-
Net liability	694,167	615,516
Amounts in the balance sheet:		
Liabilities	694,167	615,516
Assets	-	-
Net liability	694,167	615,516

B. The Amounts (In ₹) Recognized In The Statement Of Profit And Loss Are As Follows:

(Amounts in ₹)		
Particulars	Gratuity Defined Benefit Obligation	
	2014-15	2013-14
Current service cost	151,932	139,259
Interest on obligation	41,368	46,389
Expected return on plan assets	-	-
Net actuarial losses (gains) recognized in year	37,290	(142,837)
Past service cost	-	-
Losses (gains) on curtailments and settlement	-	-
Total, included in 'employee benefit expense'	230,590	42,811
Actual return on plan assets	-	-



Notes on Financial Statements for the year ended on 31st March, 2015

17. Employee Benefit Expenses (contd.)

C. Changes In The Present Value Of The Defined Benefit Obligation Representing Reconciliation Of Opening And Closing Balances Thereof Are As Follows:

(Amounts in ₹)

Particulars	Gratuity Defined Benefit Obligation	
	2014-15	2013-14
Opening defined benefit obligation	615,516	572,705
Transfer Out Liability	(151,939)	-
Service cost	151,932	139,259
Interest cost	41,368	46,389
Actuarial losses (gains)	37,290	(142,837)
Losses (gains) on curtailments	-	-
Liabilities extinguished on settlement	-	-
Liabilities assumed in an amalgamation in the nature of purchase	-	-
Exchange differences on foreign plans	-	-
Benefits paid	-	-
Closing defined benefit obligation	694,167	615,516

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	
	2014-15	2013-14
Opening fair value of plan assets	-	-
Expected return	-	-
Actuarial gains and (losses)	-	-
Assets distributed on settlements	-	-
Contributions by employer	-	-
Assets acquired in an amalgamation in the nature of purchase	-	-
Exchange differences on foreign plans	-	-
Benefits paid	-	-
closing balance of fair value of plan assets	-	-

E. Reconciliation of Gratuity Provision Account

(Amounts in ₹)

Particulars	Gratuity Defined Benefit Obligation	
	2014-15	2013-14
Net Opening Provision in Books of Accounts	615,516	572,705
Employee Benefit Expense as per Annexure II	230,590	42,811
Transfer in liability from Arman Financials	(151,939)	-
	694,167	615,516
Benefits Paid by the Company	-	-
Amounts Transferred to 'Payable Account'	-	-
Contributions to Plan Assets	-	-
Closing Provision in Books of Accounts	694,167	615,516

Notes on Financial Statements for the year ended on 31st March, 2015

17. Employee Benefit Expenses (contd.)

F. The Major Categories Of Plan Assets As A Percentage Of Total Plan Assets Are As follows:

Particulars	Gratuity Defined Benefit Obligation	
	2014-15	2013-14
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	
	2014-15	2013-14
Discount rate	7.80%	9.10%
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

	2014-15	2013-14
Defined benefit obligation	694,167	615,516
Plan assets	-	-
Surplus/(deficit)	(694,167)	(615,516)
Experience adjustments on plan liabilities	(71,693)	(50,280)
Experience adjustments on plan assets	-	-
Actuarial Loss/(Gain) due to change in assumption	108,983	(92,557)
Actuarial Loss/(Gain) due to participant experience	-	-
Actuarial Loss/(Gain) on liabilities	37,290	(142,837)
Net Actuarial Loss/(Gain) on liabilities	37,290	(142,837)

(Amounts in ₹)

Particulars	31.3.15	31.3.14	31.3.13	31.3.12	31.3.11
Defined Benefit Obligation	694,167	615,516	572,705	434,911	161,874
Plan Assets	-	-	-	-	-
Unrecognised past service Cost	-	-	-	-	-
Deficit	-	-	-	-	-
Experience adjustments on plan liabilities	694,167	615,516	572,705	434,911	161,874
Experience adjustments on plan assets	-	-	-	-	-

18. Finance Cost

(Amounts in ₹)

Particulars	2014-15	2013-14
Interest Expenses	53,977,538	64,728,214
Other Borrowing cost	1,623,054	2,496,812
Total	55,600,592	67,225,026



Notes on Financial Statements for the year ended on 31st March, 2015

19. Depreciation And Amortisation Expense

(Amounts in ₹)

Particulars	2014-15	2013-14
Depreciation of Tangible Assets	2,210,003	1,123,848
Depreciation of Intangible Assets	20,632	-
Total	2,230,635	1,123,848

19.1 As per the provision of schedule II of the Company's Act' 2013, due to change in estimates for useful life of assets, depreciation provided in profit and loss accounts is higher by ₹9,36,615/- (P.Y. ₹ Nil).

20. Other Costs

(Amounts in ₹)

Particulars	2014-15	2013-14
Electricity & Fuel charges	485,995	615,940
Repairs to:		
Building	142,430	319,346
Other	408,266	544,430
Sub Total	550,696	863,776
Insurance	124,137	190,158
Rent	1,591,729	2,299,164
Rates & Taxes	137,017	115,436
Stationery & Printing	662,685	910,829
Advertisement Expenses	287,947	161,276
Communication	1,255,681	1,545,714
Travelling & Conveyance Expenses	1,335,318	1,648,712
Professional Fees	5,688,875	5,930,458
Auditor's Remuneration:		
Audit Fees	252,810	252,810
For Tax Audit	84,270	84,270
For Certification	3,372	13,488
For Income Tax Consultancy Fee	-	11,799
Sub Total	340,452	362,367
Director Sitting Fees	199,439	230,000
Marketing & Incentive Expenses	6,265,121	9,902,842
Bad debts written off	4,935,304	5,091,631
Provision for NPA	377,873	196,610
Contingent Provision Against Standard Assets (Net)	270,000	(515,000)
Sundry Balance Written Off	683,596	594,788
Loss on Sale of Assets	-	642
General Charges	1,736,873	3,873,821
(including Bank Charges, Security Charges & Membership Fees etc.)		
Total	26,928,739	34,019,164

20.1 Bad debts & Irrecoverable W/off are shown net off bad debts recovery during the year amounting to ₹8,81,556/- (P.Y. ₹7,42,973/-).

20.2 NPA provisions are shown net off NPA Provision written back during the year amounting to ₹5,87,924/- (P.Y. ₹3,72,539/-).

Notes on Financial Statements for the year ended on 31st March, 2015

21. Deferred Tax Liabilities / (Assets)

(Amounts in ₹)		
Particulars	2014-15	2013-14
Opening balance of deferred Tax Liability / (Assets)	(155,534)	(439,861)
Add : Amount of reversal of Deferred Tax Liability in respect of fixed assets whose useful life has expired on adoption of Schedule II to the Companies Act-2013	(210,998)	-
Adjusted Opening balance of deferred Tax Liability / (Assets)	(366,532)	(439,861)
Closing balance of deferred Tax Liability / (Assets)	(176,294)	(155,534)
Deferred Tax Liabilities / (Assets) for the year	190,237	284,327

Notes forming part of the accounts for the year ended on 31st March, 2015

22. Contingent liabilities not provided for: -

- Disputed Demand of Income Tax ₹42.06 Lacs (Previous year ₹17.12 Lacs) (Against which the Company has paid ₹ Nil [Previous year ₹11.41 Lacs] under protest which are shown as advances).
- Guarantee given by company of ₹3800 Lacs (P.Y. ₹2200 Lacs) for Working Capital / Term Loan taken by its subsidiary company.

23. Related Party Disclosures :

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

A) Subsidiary

Namra Finance Ltd.

B) Key Management Personnel

Mr. Jayendrabhai Patel

Mr. Aalokbhai Patel

Mr. Amitbhai Manakiwala

C) Relatives of Key Management Personnel

Name of Party

Mrs. Ritaben J. Patel

J.B.Patel HUF

Raaj Enterprise

Mrs. Himani Manakiwala

J B Patel & Co.

Aalok Patel (HUF)

Amit Manakiwala (HUF)

Aakash Patel (HUF)

Namra Holdings & Cons. Ser. P. Ltd.

Related party Relationship

Relative of Key Management Personnel

Relative of Key Management Personnel

Relative of Key Management Personnel

Relative of Key Management Personnel

Relative of Key Management Personnel

Relative of Key Management Personnel

Relative of Key Management Personnel

Relative of Key Management Personnel

Relative of Key Management Personnel is Director



Notes on Financial Statements for the year ended on 31st March, 2015

23. Related Party Disclosures : (contd.)

Details of Transactions are as follows:

(Amounts in ₹)

Sr. No.	Nature of Transactions	Subsidiary	Key Management Personnel	Relatives of Key Management Personnel	Total
1	Expenses				
	Remuneration & Perquisites	Nil (Nil)	2993700 (2982200)	Nil (Nil)	2993700 (2982200)
	Sitting Fees	Nil (Nil)	Nil (Nil)	37500 (50000)	37500 (50000)
	Interest Expenses	Nil (Nil)	43274 (478586)	228949 (1568053)	272220 (2046639)
	Rent Paid	Nil (Nil)	Nil (Nil)	575884 (20224)	575884 (20224)
	Dividend paid	Nil (Nil)	725391 (579541)	988704 (789763)	1714095 (1369304)
2	Income				
	Interest Income	10353560 (13223711)	Nil (Nil)	Nil (Nil)	10353560 (13223711)
3	Unsecured Loan				
	Loan taken during the year	Nil (Nil)	1150000 (5750000)	1050000 (13537500)	2200000 (19287500)
	Loan repaid during the year	Nil (Nil)	1193274 (5750000)	1605792 (13337500)	2799066 (19087500)
	Balance out standing at 31/03/2015	Nil (Nil)	Nil (Nil)	682474 (1009320)	682474 (1009320)
4	Investments in Subsidiary	Nil (50000000)	Nil (Nil)	Nil (Nil)	Nil (50000000)
5	Purchase of Receivables under Securitisation	205305969 (11791300)	Nil (Nil)	Nil (Nil)	205305969 (11791300)
6	Loan Granted				
	Loan granted during the year	312537802 (404042640)	Nil (Nil)	Nil (Nil)	312537802 (404042640)
	Loan recd. Back during the year	327914263 (405794793)	Nil (Nil)	Nil (Nil)	327914263 (405794793)
	Balance out standing at 31/03/2015	6448657 (11471558)	Nil (Nil)	Nil (Nil)	6448657 (11471558)

Notes on Financial Statements for the year ended on 31st March, 2015

23. Related Party Disclosures : (contd.)

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

Unsecured Loan taken includes

Taken from Shri Jayendra Patel ₹900000 (P.Y. ₹5085000), from Smt. Himani A. Manakiwala ₹Nil (P.Y. ₹1300000), from Smt. Ritaben J. Patel ₹250000 (P.Y. ₹1487500), from Shri Aalok J. Patel ₹250000 (P.Y. ₹3050000), from Jayendra Patel (HUF) ₹ Nil (P.Y. ₹2675000) , from Namra Holdings & Consultancy Services Pvt. Limited ₹120000 (P.Y. ₹1965000), from Shri Aakash J. Patel (HUF) ₹680000 (P.Y. ₹2375000).

Unsecured Loan repayments includes

Paid to Shri Jayendra Patel ₹9 33 904 (P.Y. ₹5576248), to Smt. Himani A. Manakiwala ₹ Nil (P.Y. ₹1426409), to Smt. Ritaben J. Patel ₹259493 (P.Y. ₹1793825), to Shri Aalok Patel ₹2 59 370 (P.Y. ₹3443157), to Aakash Patel (HUF) ₹2 98 623 (P.Y. ₹2438618), to Amit Manakiwala(HUF) ₹ Nil (P.Y. ₹1512271), to Jayendra Patel (HUF) ₹ Nil (P.Y. ₹3000229), to Namra Holdings & Consultancy Services Pvt. Limited ₹124438 (P.Y. ₹2206101), to Chinubhai R. Shah (HUF) ₹923238 (P.Y. ₹125310).

Unsecured Loan granted includes

Paid to Namra Finance Limited ₹312537802 (P.Y. ₹404042640).

Unsecured Loan received back includes

Received from Namra Finance Limited ₹327914263 (P.Y. ₹405794793).

Interest Income includes

Received from Namra Finance Limited ₹10353560 (P.Y. ₹13223711).

Interest Expenses includes

paid to Shri Jayendra Patel ₹33904 (P.Y. ₹491218), to Shri Aalok Patel ₹9370 (P.Y. ₹393157), to Smt. Ritaben J Patel ₹9493 (P.Y. ₹306325), to J B Patel (HUF) ₹ Nil (P.Y. ₹325229), to Aakash Patel (HUF) ₹91777 (P.Y. ₹263618), to Smt. Himani Manakiwala ₹ Nil (P.Y. ₹126409), to Namra Holdings & Consultancy Services Pvt. Limited ₹4438 (P.Y. ₹241101) to C.R. Shah 123238 (125310).

Remuneration and perquisites includes

payment to Shri Jayendrabhai Patel ₹1532600 (P.Y. ₹1532600) and to Shri Amit Manakiwala ₹950000 (P.Y. ₹900000), to Shri Aalok Patel ₹511100 (P.Y. ₹549600)

Sitting Fees included

paid to Smt. Ritaben Patel ₹37500 (P.Y. ₹50000)

Rent includes

paid to J B Patel & Co. ₹20224 (P.Y. ₹20224) and to Smt. Ritaben Patel ₹555660 (P.Y. ₹ Nil)

Dividend Paid includes

paid to Shri Aalok Patel ₹247480 (₹197984), to Jayendrabhai Patel HUF ₹1 96 000 (P.Y. ₹156800), to Shri Aakash Patel ₹247480 (P.Y. ₹223064), to Shri Jayendrabhai Patel ₹283908 (P.Y. ₹226355), to Smt. Ritaben Patel ₹278830 (P.Y. ₹237339), to Namra Holdings & Cons. Services Pvt. Limited ₹165400 (P.Y. ₹132320), to Shri Amitbhai Manakiwala ₹194003. (P.Y. ₹155202), to Smt. Himani Manakiwala ₹50000 (P.Y. ₹40000).

Investments in Subsidiary Company includes

investment into Namra Finance limited ₹ Nil (P.Y. ₹500000000).

Purchase of Receivables under Securitisation included

transaction with Namra Finance limited of ₹223150400/- (P.Y. 495000000)



Notes on Financial Statements for the year ended on 31st March, 2015

24. Earnings Per Share:

(Amounts in ₹)

Particulars	2014-15	2013-14
Numerator used for calculating Basic & Diluted Earnings Per Share(PAT)	2,78,01,584	3,41,72,337
Weighted Average No. of Shares used as denominator for calculating Basic & Diluted Earnings Per Share	69,24,653	62,32,597
Nominal Value per Share	10	10
Basic Earnings per share	4.01	5.48
Diluted Earnings per share	4.01	5.48

25. Loan Portfolio and Provision for Standard and Non Performing Assets:

(Amounts in ₹)

Particulars	Portfolio loan Outstanding (Gross)		Provision for Standard and Non Performing Assets	
	31.3.2015	31.3.2014	31.3.2015	31.3.2014
Standard Assets	57,62,22,568	453,657,286	14,70,000	1,200,000
Sub Standard Assets	96,57,965	5,667,804	9,65,796	587,924
Total	58,58,80,533	459,325,090	24,35,796	1,787,924

26. Balances are subject to confirmation.

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

28. Share Application Money forfeited during the year and transferred to General Reserve of ₹ Nil (P.Y. ₹14.99 Lacs).

29. Lease:

The Company has entered into certain rent agreements and amounts of ₹15.92 Lacs (P.Y. ₹22.99 Lacs) paid under such agreements have been charged to the Statement of profit and Loss. These rents agreements are generally not non-cancellable and are renewable by mutual consent on mutually agreed terms. There are no restrictions imposed by such agreements.

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

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

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

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

34. Earning in foreign currency

(Amounts in ₹)

Particulars	2014-15	2013-14
Earning in foreign currency	Nil	Nil

35. Expenditure in foreign Currency

(Amounts in ₹)

Particulars	2014-15	2013-14
Expenditure in foreign Currency	Nil	Nil

Notes on Financial Statements for the year ended on 31st March, 2015

36. Additional disclosures required by the RBI

A) Capital to Risk Assets Ratio (CRAR)

		(Amount in ₹ Lacs)	
Sr. No.	Particulars	2014-15	2013-14
(i)	CRAR (%)	44.69	41.12
(ii)	CRAR Tier I Capital (%)	44.45	40.92
(iii)	CRAR Tier II Capital	0.24	0.20
(iv)	Amount of subordinated debt raised as Tier-II Capital	--	--
(v)	Amount raised by issue of Perpetual Debt Instruments	--	--

B) Investments

		(Amount in ₹ Lacs)	
Particulars		2014-15	2013-14
(1) Value of Investments		1000.00	1000.00
(i) Gross Value of Investments			
(A) In India		1000.00	1000.00
(B) Outside India		-	-
(ii) Provision for Depreciation			
(A) In India		-	-
(B) Outside India		-	-
(iii) Net Value of Investments			
(A) In India		-	-
(B) Outside India		-	-
(2) Movement of provisions held towards Depreciation on investments.			
(i) Opening balance		-	-
(ii) Add: Provisions made during the year		-	-
(iii) Less: Write-off/write-back of excess provisions during the year.		-	-
(iv) Closing balance		-	-

C) Derivatives

The company has no transactions / exposures in derivatives in the current year and previous year. Un-hedge foreign currency exposure as on 31st March, 2015 is ₹ NIL (P.Y. is ₹ Nil).

D) Disclosure relating to securitisation

Details of Assignment transactions undertaken by NBFC as per Reserve Bank of India's Guidelines on Securitisation.

		(Amount in ₹ Lacs)	
Particulars		2014-15	2013-14
Total No. of Loan Assets		-	2115
Book Value of loan Assets (₹)		-	11112619
Sales Consideration received from securitised assets (₹)		-	11791300
Gain / (Loss) on Securitised Assets (₹)		-	678682

E) Details of non-performing assets purchase / sold.

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



Notes on Financial Statements for the year ended on 31st March, 2015

36. Additional disclosures required by the RBI (contd.)

F) Assets Liability Management

Maturity Pattern of certain assets and Liability as on 31.3.2015.

₹ In Lacs

Particulars	Up to 30/31 Days	Over 1 month upto 2 Month	over 2 month upto 3 month	over 3 month & up to 6 month	Over 6 Month & Upto 1 Year	Over 1 Year & upto 3 Year	Over 3 year & upto 5 Year	Over 5 year	Total
Deposits	641.75	--	4.22	44.49	23.30	166.36	--	--	880.12
Advances	667.31	536.51	500.14	1218.61	1549.26	1344.64	--	--	5816.47
Investments	--	--	--	--	--	--	--	1000.00	1000.00
Borrowings	82.16	82.89	113.81	255.21	3555.25	741.93	--	--	4,831.25
Foreign currency assets	--	--	--	--	--	--	--	--	--
Foreign currency Liabilities	--	--	--	--	--	--	--	--	--

Maturity Pattern of certain assets and Liability as on 31.3.2014.

₹ In Lacs

Particulars	Up to 30/31 Days	Over 1 month upto 2 Month	over 2 month upto 3 month	over 3 month & up to 6 month	Over 6 Month & Upto 1 Year	Over 1 Year & upto 3 Year	Over 3 year & upto 5 Year	Over 5 year	Total
Deposits	655.00	--	6.28	--	137.91	85.03	--	--	884.22
Advances	556.34	393.67	373.28	999.80	1354.52	1036.63	--	--	4714.24
Investments	--	--	--	--	--	--	--	1000.00	1000.00
Borrowings	78.89	64.82	92.89	213.49	3077.66	736.19	--	--	4263.94
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):

- (i) Ministry of Corporate Affairs
- (ii) Ministry of Finance

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

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

Notes on Financial Statements for the year ended on 31st March, 2015

36. Additional disclosures required by the RBI (contd.)

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	13.08.2014	BBB – (Triple B Minus)	12.08.2015	39.00 Crores

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

Signature to Schedules "I" to "37"

As per our report of even date attached

For, J.T. Shah & Company

Chartered Accountants

FRN No. 109616W

J. J. Shah

Partner

M.No. 45669

Place : Ahmedabad

Date: 14.05.2015

For & on behalf of Board of Directors

Jayendra Patel

Vice Chairman & Managing Director

Amit Manakiwala

Director



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

for the year ended on 31st March, 2015

[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)	
Sr. No.	Particulars	Amount Outstanding	Amount Overdue
Liabilities side:			
(1)	Loan and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:		
(a)	Debtures:		
	Secured	-	NIL
	Unsecured (other than falling within the meaning of public deposits*)	NIL	NIL
(b)	Deferred Credits	NIL	NIL
(c)	Term Loans	1,657.30	NIL
(d)	Inter-Corporate loans and borrowing	NIL	NIL
(e)	Commercial Paper	NIL	NIL
(f)	Public Deposits*	NIL	NIL
(g)	Other Loans (specify nature)		NIL
	- Working capital Loans	3167.12	
	- from directors and relatives	6.82	
	- Debenture Application Money	-	
		3,173.95	
* 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 debtures	NIL	NIL
(b)	In the form of partly secured debtures i.e. debtures 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
(b)	Unsecured	1,210.20	NIL
(4)	Break-up of Leased Assets and stock on hire and hypothecation loans counting towards EL/HP activities		
(i)	Lease assets including lease rentals under sundry debtors:		
(a)	Financial Lease	NIL	NIL
(b)	Operating lease	NIL	NIL
(ii)	Stock on hire including hire charges under sundry debtors:		
(a)	Assets on hire	NIL	NIL
(b)	Repossessed Assets	NIL	NIL
(iii)	Hypothecation loans counting towards EL/HP activities		
(a)	Loans where assets have been re-possessed	NIL	NIL
(b)	Loans other than (a) above	4,809.60	112.83

		(₹ In lakhs)	
Sr. No.	Particulars	Amount Outstanding	Amount Overdue
(5) Break-up of Investments:			
	Current Investments:		
1.	Quoted:		
	(i) Shares		
	(a) Equity	NIL	NIL
	(b) Preference	NIL	NIL
	(ii) Debentures and Bonds	NIL	NIL
	(iii) Units of mutual funds	NIL	NIL
	(iv) Government Securities	NIL	NIL
	(v) Others (please specify)	NIL	NIL
2.	Unquoted:		
	(i) Shares		
	(a) Equity	NIL	NIL
	(b) Preference	NIL	NIL
	(ii) Debentures and Bonds	NIL	NIL
	(iii) Units of mutual funds	NIL	NIL
	(iv) Government Securities	NIL	NIL
	(v) Others (please specify) FDR	305.13	NIL
	Long-term investments:		
1.	Quoted:		
	(i) Shares		
	(a) Equity	NIL	NIL
	(b) Preference	NIL	NIL
	(ii) Debentures and Bonds	NIL	NIL
	(iii) Units of mutual funds	NIL	NIL
	(iv) Government Securities	NIL	NIL
	(v) Others (please specify)	NIL	NIL
2.	Unquoted:		
	(i) Shares		
	(a) Equity	1,000.00	NIL
	(b) Preference	NIL	NIL
	(ii) Debentures and Bonds	NIL	NIL
	(iii) Units of mutual funds	NIL	NIL
	(iv) Government Securities	NIL	NIL
	(v) Others (please specify)	NIL	NIL

(6) Borrower group-wise classification of all leased assets, stock-on-hire and loans and advances

Please see Note 2 below

		(₹ In lakhs)		
Sr. No.	Category	Amount net of provision		
		Secured	Unsecured	Total
1.	Related Parties**			
	(a) Subsidiaries	NIL	64.49	64.49
	(b) Companies in the same group	NIL	NIL	NIL
	(c) Other related parties	NIL	NIL	NIL
2.	Other than related parties	4809.60	1,145.71	5955.31
	Total	4809.60	1210.20	6019.80



(7) Investor group-wise classification of all investments (current and long-term) in shares and securities (both quoted and unquoted):

Please see note 3 below

(₹ In lakhs)

Sr. No.	Category	Market value/ Break-up or fair value or	Book Value (Net of Provisions)
1.	Related Parties**	NIL	NIL
	(a) Subsidiaries	1,000.00	NIL
	(b) Companies in the same group	NIL	NIL
	(c) Other related parties	NIL	NIL
2.	Other than related parties	NIL	NIL
	Total	1,000.00	0

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

(8) Other information

(₹ In lakhs)

Sr. No.	Category	Amount
(i)	Gross Non-performing Assets	
	(a) Related Parties	NIL
	(b) Other than related parties	96.58
(ii)	Net Non-Performing Assets	
	(a) Related Parties	NIL
	(b) Other than related parties	86.92
(iii)	Assets acquired in satisfaction of debts	NIL

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

Independent Auditor's Report

To,
The Members of
ARMAN FINANCIAL SERVICES LIMITED

1. Report on the Consolidated Financial Statements

We have audited the accompanying CONSOLIDATED FINANCIAL STATEMENTS OF ARMAN FINANCIAL SERVICES LIMITED (hereinafter referred to as "the Holding Company") and its one subsidiary (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at 31st March, 2015, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

2. Management's Responsibility for the Consolidated Financial Statements

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

3. Auditor's Responsibility

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances 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 March 31, 2015;
- ii. In the case of the Consolidated Profit and Loss Account, 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

- i. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (II) of Section 143 of the Act, based on the comments in the auditors' reports of the Holding company, subsidiary companies, associate companies and jointly controlled companies incorporated in India, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- ii. 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 afore said 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, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e. On the basis of the written representations received from the directors of the Holding Company & Its subsidiary companies as on 31st March, 2015 taken on record by the Board of Directors of Holding Company as well as subsidiary Company, none of the directors of the Group companies, incorporated in India is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and 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 were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India.

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

J. J. Shah
Partner

Place : Ahmedabad
Date : 14.05.2015

M. No. 45669

Annexure to the Consolidated Auditors 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, 2015.

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, fixed assets were physically verified during the year by the Management in accordance with a programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us no material discrepancies were noticed on such verification.
2. In respect of its Inventories :
The company does not have any Inventories and hence clause 4(ii) of The Companies (Auditor's Report) Order, 2015 is not applicable.
3. In respect of Loans and Advances granted during the year.
As per information and explanation give to us , the Company has not granted any loan to company or firms or any other person covered under the register maintained under section 189 of the Companies Act, 2013 and hence clause 4(iii) of The Companies (Auditor's Report) Order, 2015 is not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and

the nature of its business with regard to purchases fixed assets and rendering of services. The activities of the company do not involve purchase of inventory and sale of goods. During the course of our audit, no major continuing failures to correct major weaknesses have been observed.

5. During the year, the company has not accepted any public deposits and hence the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under are not applicable to the company. We are informed that no order has been passed by company Law Board (CLB) or National Company Law Tribunal (the NCLT) or Reserve Bank of India or any court or any other tribunal.
6. As per the information and explanation provided to us the company is not required to maintain the cost records as per the provisions of Companies(Cost Records and Audit) Rules, 2014, hence Clause (vi) of the Companies (Auditor's Report) Order,2015 is not applicable to the company.
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, employees' state insurance, income tax, sales tax, wealth tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues.

- b. According to the information and explanations given to us, There were no undisputed statutory dues in arrears as at 31st March, 2015 for a period of more than six months from the date they became payable except following.

Name of the Statute	Nature of the Dues	Period to which the amount relates (A.Y.)	Amount (₹ In Lacs)
Income Tax Act, 1961	Income Tax	2009-10	1.97
		Total	1.97

- c. According to the records of the company, no dues of income tax, sales tax, wealth tax or service tax or duty of customs or duty of excise or value added tax or cess which have not been deposited on account of disputes.
- d. According to the records of the company there are no amounts required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made there under.



8. The company has no accumulated losses and has not incurred any cash losses during the financial year under review or in the immediately preceding financial year.
9. Based on our audit procedure and according to the information and explanation given to us, we are of the opinion that the Company has not defaulted in repayment of dues to the Financial Institutions, Banks or Debenture Holders.
10. As per the information provided to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions hence such clause is not applicable to the company.
11. According to the information and explanations given to us, during year under review the company has applied the term loans for the purpose for which the loans were obtained.
12. To the best of our knowledge and according to the information and explanations given to us, no material fraud by the Company and on the Company has been noticed or reported during the year.

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

J. J. Shah
Partner
M. No. 45669

Place : Ahmedabad
Date : 14.05.2015

Consolidated Balance Sheet as at 31/03/2015

(Amounts in ₹)

Particulars	Note No.	As at 31/03/2015	As at 31/03/2014
EQUITY AND LIABILITIES			
[1] Shareholders' Funds			
[a] Share Capital	1	69,246,530	69,246,530
[b] Reserves & Surplus	2	319,005,692	267,873,937
[c] Money received against share warrants	3	4,218,750	-
		392,470,972	337,120,467
[2] Share Application Money Pending Allotment		-	-
[3] Non-Current Liabilities			
[a] Long Term Borrowings	4	223,489,172	102,785,222
[b] Deferred Tax Liabilities (Net)		-	-
[c] Long Term Provisions	5	1,521,278	1,023,747
		225,010,450	103,808,969
[4] Current Liabilities			
[a] Short-Term Borrowings	6	416,156,852	503,856,261
[b] Other Current Liabilities	7	312,528,851	155,459,833
[c] Short Term Provisions	8	25,397,942	15,636,320
		754,083,645	674,952,414
Total		1,371,565,067	1,115,881,850
ASSETS			
[1] Non-Current Assets			
[a] Fixed Assets			
[i] Tangible Assets	9	15,801,466	18,202,531
[ii] Intangible Assets		344,538	-
		16,146,004	18,202,531
[b] Long Term Investments		-	-
[c] Deferred Tax Assets (Net)	10	2,218,244	710,509
[d] Long-term Loans and Advances	11	141,045,902	108,725,579
[e] Other Non-Current Assets	12	23,623,963	27,228,592
		183,034,113	154,867,211
[2] Current Assets			
[a] Trade Receivables	13	12,308,449	8,129,937
[b] Cash & Bank Balance	14	167,621,616	150,940,213
[c] Short term Loans and Advances	11	1,008,600,889	801,944,489
[d] Other Current Assets		-	-
		1,188,530,954	961,014,639
Total		1,371,565,067	1,115,881,850
Significant Accounting Policies and Notes on Consolidated Financial Statements	1 to 27		

As per our report of even date attached herewith

For, **J.T. Shah & Company**

Chartered Accountants

FRN No. 109616W

For, **Arman Financial Services Limited**

J. J. Shah

Partner

M.No. 45669

Jayendra Patel

Vice Chairman & Managing Director

Place : Ahmedabad

Date: 14.05.2015

Amit Manakiwala

Director



Consolidated Statement of Profit & Loss for the year ended 31/03/2015

(Amounts in ₹)

Particulars	Note No.	Current Year 31/03/2015	Previous Year 31/03/2014
INCOME			
Revenue from Operations	15	296,005,539	244,726,249
Other Income	16	108,670	6,401
Total Revenue		296,114,209	244,732,650
EXPENDITURE			
Employee Benefits Expenses	17	52,152,839	45,528,515
Finance Costs	18	107,354,489	91,172,168
Depreciation and Amortisation expense	19	2,398,245	1,139,409
Other Expenses	20	41,618,400	40,200,440
Total Expenses		203,523,973	178,040,531
Profit before Tax		92,590,236	66,692,118
Less : Tax expense:			
- Current Tax		32,030,000	21,675,000
- Short Provision of Income Tax of earlier years		284,670	
- Deferred Tax	21	(1,296,737)	(270,648)
Profit for the year		61,572,303	45,287,766
Basic Earnings Per Share of ₹10 each	24	8.89	7.27
Diluted Earnings Per share of ₹10 each	24	8.89	7.27
Significant Accounting Policies and Notes on Consolidated Financial Statements	1 to 27		

As per our report of even date attached herewith

For, J.T. Shah & Company

Chartered Accountants

FRN No. 109616W

J. J. Shah

Partner

M.No. 45669

Place : Ahmedabad

Date: 14.05.2015

For, Arman Financial Services Limited

Jayendra Patel

Vice Chairman & Managing Director

Amit Manakiwala

Director

Consolidated Financial Statements of Arman Financial Services Ltd.

Consolidated Cash Flow Statement for the year ended 31/03/2015

(Amounts in ₹)

Particulars		Year ended 31/03/2015		Year ended 31/03/2014
A Cash from Operating Activities :				
Net Profit before Taxation		92,590,236		66,692,118
Adjustment For :				
Depreciation	2,398,245		1,139,409	
NPA Provisions (Net)	286,134		288,349	
Contingent Provision on Standard Assets	4,813,150		566,000	
Interest Expenses	103,074,419		87,807,243	
Loss on Sale of Fixed Assets	-		642	
Profit on Sale of Fixed Assets	(98,332)		-	
Short fall on interest on Advance Tax Payment	1,300,000		1,100,000	
		111,773,616		90,901,643
Operating Profit Before Working				
Capital changes :		204,363,852		157,593,761
Adjustment For :				
Increase/(Decrease) In Long-Term Provision	432,433		162,807	
Increase/(Decrease) In Short-Term Provision	3,452,734		1,220,776	
Increase/(Decrease) In Other Current Liability	139,916,821		2,580,977	
Decrease/(Increase) In Trade Receivables	(4,178,512)		(2,424,931)	
Decrease/(Increase) In Long Term Loans And Advances	(32,320,323)		37,326,290	
Decrease/(Increase) In Short Term Loans And Advances	(213,153,352)		(236,763,799)	
		(105,850,199)		(197,897,879)
Cash Generated From Operations		98,513,653		(40,304,118)
Income Tax Paid	(29,788,274)		(22,003,881)	
		(29,788,274)		(22,003,881)
		68,725,378		(62,307,998)
B Cash Flow From Investment Activities :				
Purchase of Fixed Assets	(1,404,711)		(8,918,939)	
Sale of Fixed Assets	510,999		10,000	
(Increase) /Decrease in Bank Deposits	(17,602,969)		(15,600,843)	
Net Cash from Investment Activities		(18,496,681)		(24,509,782)



Consolidated Cash Flow Statement for the year ended 31/03/2015

(Amounts in ₹)

Particulars	Year ended 31/03/2015	Year ended 31/03/2014
C Cash Flow From Financing Activities :		
Proceeds / (Refund) of Application money	-	(100,000)
Proceeds from equity share warrant	4,218,750	-
Proceeds from CCD	3,000,000	-
Proceeds From Long Term Borrowings	212,600,190	159,782,939
Repayment of Long Term Borrowings	(78,453,973)	(107,480,859)
Proceeds From Short Term Borrowings	73,641,927	326,663,859
Repayment of Short Term Borrowings	(160,909,936)	(121,959,801)
Interest Paid	(101,034,955)	(87,233,744)
Dividend Paid	(7,816,895)	(5,057,915)
Net Cash from Financing Activities	(54,754,892)	164,614,479
Net Increase in Cash & Cash Equivalents	(4,526,195)	77,796,700
Cash & Cash Equivalents at the Beginning	133,258,850	55,462,151
Cash & Cash Equivalents at the End	128,732,655	133,258,850

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 ₹12,28,651/- (Prev. Year ₹9,44,048/-) in respect of unclaimed dividends which are not available for use by the Company.

For, J.T. Shah & Company
Chartered Accountants
FRN No. 109616W

J. J. Shah
Partner
M.No. 45669

Place : Ahmedabad
Date: 14.05.2015

For, Arman Financial Services Limited

Jayendra Patel
Vice Chairman & Managing Director

Amit Manakiwala
Director

Significant Accounting Policies

1. Principles of Consolidation

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

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

2. Other significant accounting policies:-

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

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

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

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



Notes on Consolidated Financial Statements for the year ended on 31st March, 2015

1. Share Capital

Particulars	(Amounts in ₹)	
	As at 31/03/2015	As at 31/03/2014
[a] Authorised :		
1,12,50,000 (Previous Year 1,12,50,000) Ordinary Equity shares of par value of ₹10/- each	112,500,000	112,500,000
37,50,000 (Previous Year 37,50,000) Class "A" Ordinary Equity shares of par value of ₹10/- each	37,500,000	37,500,000
	150,000,000	150,000,000
[b] Issued, Subscribed & Paid-up Capital :		
57,20,179 (Previous Year 57,20,179) Ordinary Equity Shares of par value of ₹10/- each fully paid up	57,201,790	57,201,790
12,04,474 (Previous Year 12,04,474) Class "A" Ordinary Equity Shares of par value of ₹10/- each fully paid up	12,044,740	12,044,740
Total	69,246,530	69,246,530

- 1.1 The Company has two classes of shares referred to as i) Ordinary Equity shares having face value of ₹10/-. Each Holder of Equity Share is entitled to 1 vote per share and ii) Class "A" Ordinary Shares having face value of ₹10/-. Each Holder of Class "A" Ordinary Shares is Entitled to one Vote for one lac Shares.
- 1.2 In the event of liquidation of the Company, the holders of both type of Equity shares will be entitled to receive any of the remaining assets of the company , after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of Equity shares held by shareholders.
- 1.3 The Company declares and pays dividends in Indian Rupees. The Dividend proposed by the Board of Director is subject to the approval of the shareholders in the ensuing Annual General Meeting.
- 1.4 During the year ended 31st March, 2015, the amount of per share dividend recognised as distribution to equity shareholders was ₹1.20 /-(₹1). The Total dividend appropriation for the year ended 31st March,2015 amounted ₹83,09,584/- (P.Y. ₹69,24,653/-) excluding corporate dividend tax of ₹16,91,636/- (P.Y. 11,76,845/-).

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

Name of Shareholder	As at 31/03/2015		As at 31/03/2014	
	%	Shares	%	Shares
RIF North West - 2	24.99	1,429,415	24.99	1,429,415
Jayendrabhai Patel	8.40	480,259	8.37	478,943
Ritaben Patel	5.19	296,674	5.19	296,674

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

Name of Shareholder	As at 31/03/2015		As at 31/03/2014	
	%	Shares	%	Shares
RIF North West - 2	100.00	1,204,474	100.00	1,204,474

1.7 The Reconciliation of the number of shares outstanding and the amount of Ordinary Equity Share capital as at 31/03/2015 & 31/03/2014 is set out below

Particulars	As at 31/03/2015		As at 31/03/2014	
	No. of Shares	Amounts (₹)	No. of Shares	Amounts (₹)
Shares at the beginning	5,720,179	57,201,790	5,648,893	56,488,930
Addition - Subscription during the year			71,286	712,860
Deletion	-	-	-	-
Shares at the end	5,720,179	57,201,790	5,720,179	57,201,790

Notes on Consolidated Financial Statements for the year ended on 31st March, 2015

1. Share Capital (contd.)

1.8 The Reconciliation of the number of shares outstanding and the amount of Class "A" Ordinary Equity Share capital as at 31/03/2015 & 31/03/2014 is set out below

Particulars	As at 31/03/2015		As at 31/03/2014	
	No. of Shares	Amounts (₹)	No. of Shares	Amounts (₹)
Shares at the beginning	1,204,474	12,044,740	-	-
Addition - Subscription during the year	-	-	1,204,474	12,044,740
Deletion	-	-	-	-
Shares at the end	1,204,474	12,044,740	1,204,474	12,044,740

2. Reserves & Surplus

Particulars	(Amounts in ₹)	
	As at 31/03/2015	As at 31/03/2014
General Reserve		
Balance as per last financial Statement	6,674,705	3,675,556
Less : Amount of depreciation in respect of fixed assets whose useful life has expired on adoption to Schedule II of the Companies Act-2013	(650,326)	-
Add : Amount of reversal of Deferred Tax Liability in respect of fixed assets whose useful life has expired on adoption of Schedule II of the Companies Act-2013	210,998	-
Add: Forfeited Application Money	-	1,499,149
Add: Transfer from Statement of Profit and Loss	1,200,000	1,500,000
Closing Balance	7,435,377	6,674,705
Special Reserve u/s 45-IC of the RBI Act,1934		
Balance as per last financial Statement	34,675,000	25,250,000
Add: Transfer from Statement of Profit and Loss	12,700,000	9,425,000
Closing Balance	47,375,000	34,675,000
Securities Premium Reserve		
Balance as per last financial Statement	122,499,306	62,602,374
Add: On Shares Issued During the year	-	59,896,932
Less: Shares Issue Expenditures	-	-
Closing Balance	122,499,306	122,499,306
Surplus in the Statement of Profit and Loss		
Balance as per last financial Statement	104,024,926	77,763,661
Add : Profit for the year	61,572,303	45,287,766
Less: Appropriations		
Amount transfer to General Reserve	(1,200,000)	(1,500,000)
Amount transfer to Special Reserve u/s 45-IC of RBI Act, 1934	(12,700,000)	(9,425,000)
Proposed Dividend	(8,309,584)	(6,924,653)
Provision for Tax on Dividend proposed	(1,691,636)	(1,176,848)
Closing Balance	141,696,010	104,024,926
Total	319,005,692	267,873,937

2.1 Particulars	Nature and purpose of
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.



Notes on Consolidated Financial Statements for the year ended on 31st March, 2015

3. Money received against Share Warrants

(Amounts in ₹)

Particulars	As at 31/03/2015	As at 31/03/2014
Money received against Share Warrants	4,218,750	-
Total	4,218,750	-

4. Long Term Borrowings

(Amounts in ₹)

Particulars	As at 31/03/2015		As at 31/03/2014	
	Non Current	Current	Non Current	Current
Secured				
Loans				
From Banks				
Vehicle Loans @	-	-	-	178,973
From Financial Institutions				
Term Loans @@	189,180,785	194,495,683	100,995,788	120,483,157
From Others				
Term Loans @@	34,308,387	79,172,164	1,789,434	5,910,511
Unsecured				
Debentures				
Compulsory Convertible Debentures	-	-	-	-
Others				
From Directors and Relatives	-	10,975,739	-	13,519,320
Inter Corporate Deposit	-	2,324,000	-	2,000,000
Total	223,489,172	286,967,586	102,785,222	142,091,961
Less : Amount disclosed under head Other Current Liabilities (Note - 7)		286,967,586		142,091,961
Total	223,489,172	-	102,785,222	-

Security :

@ Vehicle Loans are secured by Hypothecation of Vehicles.

@@ Term Loans are secured under Hypothecation of specific assets portfolio & Personal guarantee of some of the directors

Interest:

Term Loan carries an interest rate ranging from @ 8.25 % to @ 15.50 % p.a.

Vehicle Loan carries an interest rate @ 12 % .

Loans from relatives carries interest rate @ 15 to 18 %

Repayment:

Term Loan Facilities are repayable in following schedule in Monthly / Half yearly installments as follows:- (Amounts in ₹)

Particulars	Upto 1 year	2 to 3 Years
Term Loan Repayment	273,667,847	223,489,172

Vehicle Loans are repayable in following schedule in monthly installments as follows:- (Amounts in ₹)

Particulars	Upto 1 year	2 to 3 Years
Vehicle Loan Repayment	-	-

Loans from relatives (Amounts in ₹)

Particulars	Upto 1 year	2 to 3 Years
Loans from relatives	10,975,739	-

Inter Corporate Deposits (Amounts in ₹)

Particulars	Upto 1 year	2 to 3 Years
Inter Corporate Deposits	2,324,000	-

Notes on Consolidated Financial Statements for the year ended on 31st March, 2015

5. Long Term Provisions

Particulars	As at 31/03/2015		As at 31/03/2014	
	Non Current	Current	Non Current	Current
Provision for Employee Benefit- Gratuity	1,154,754	19,567	722,321	1,018,244
Contingent Provision against standard Assets	338,100	6,855,900	258,400	2,122,450
Provision for Tax		95,980,000		62,650,000
Less : Advance Tax & TDS		(88,396,117)		(58,892,513)
NPA Provisions	28,424	937,373	43,026	636,637
	1,521,278	15,396,723	1,023,747	7,534,819
Less : Amount disclosed under head Short Term Provisions - (Note-8)	-	15,396,723	-	7,534,819
Total	1,521,278	-	1,023,747	-

6. Short-Term Borrowings

Particulars	As at 31/03/2015	As at 31/03/2014
Loans Repayable on Demand:		
Working Capital Loans from Banks -Secured @	416,156,852	503,856,261
Total	416,156,852	503,856,261

Security :

Hypothecation of Specific assets portfolio & Personal guarantee of some of the directors & fixed deposit as collateral security which are shown under "Other Bank Balance".

7. Other Current Liabilities

Particulars	As at 31/03/2015	As at 31/03/2014
Current maturity of long term borrowings (Note 3)	286,967,586	142,091,961
Salary & Wages Payable	4,595,294	3,280,041
Other Statutory dues	1,169,659	408,675
TDS Payable	2,328,678	825,265
Security Deposit	1,914,924	2,483,520
Accrued but not due interest on Term Loans	2,612,963	573,499
Unpaid Dividend	1,228,651	944,048
Unpaid Expenses	8,711,096	4,852,824
Application money received towards Compulsory Convertible Debentures Pending Allotment	3,000,000	-
Total	312,528,851	155,459,833

7.1 Application Money received for ₹30,00,000/- (P.Y. Nil) of Compulsory Convertible Debenture (CCD) of ₹11.25 each amounting to ₹1,12,50,000/- (P.Y. ₹Nil) are convertible in Equity Shares within 48 months from allotment of CCD.

7.2 Unpaid dividend is not due for transfer to Investor Education and Protection Fund by the Company.



Notes on Consolidated Financial Statements for the year ended on 31st March, 2015

8. Short Term Provisions

Particulars	(Amounts in ₹)	
	As at 31/03/2015	As at 31/03/2014
Provisions for employee benefits - Gratuity (Note - 5)	19,567	1,018,244
Contingent Provision against standard Asset (Note - 5)	6,855,900	2,122,450
NPA Provisions (Note- 5)	937,373	636,637
Proposed Dividend	8,309,584	6,924,653
Provision for Tax on Proposed Dividend	1,691,636	1,176,848
Provision for Tax	95,980,000	62,650,000
Less : Advance Tax & TDS	(88,396,117)	(58,892,513)
Net	7,583,883	3,757,487
Total	25,397,942	15,636,320

8.1 Contingent Provision against Standard Assets for JLG Finance :

As per Master Circular - 'Non Banking Financial Company-Micro Finance Institutions' (NBFC-MFIs)-Directions dated July'1,2014 vide reference no. RBI/2014-15/43DNBS. (PD) CC.No.395/03.10.38/2014-15, 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".

9. Fixed Assets

Gross Block	Tangible Assets					Intangible Assets	Total
	Buildings	Furniture & Fixtures	Office Equipment	Vehicles	Computer		
01.04.2013	5,205,426	3,412,483	1,110,405	4,665,405	2421447	-	16,815,166
Addition	7,867,500	85,780	148,600	-	817059	-	8,918,939
Disposal	-	-	-	(17,338)	-	-	(17,338)
At 31.03.2014	13,072,926	3,498,263	1,259,005	4,648,067	3,238,506	-	25,716,767
Addition	25,224	534,291	94,500	-	385526	365,170.00	1,404,711
Disposal	-	-	(153,200)	(1,924,065)	-	-	(2,077,265)
Other Adjustment	-	-	-	-	-	-	-
At 31.03.2015	13,098,150	4,032,554	1,200,305	2,724,002	3,624,032	365,170	25,044,213

Depreciation	Tangible Assets					Intangible Assets	Total
	Buildings	Furniture & Fixtures	Office Equipment	Vehicles	Computer		
01.04.2013	1,105,575	2,014,818	375,363	1,958,974	926,793	-	6,381,523
Change for the year	100,006	121,928	54,815	438,662	423998	-	1,139,409
Disposal	-	-	-	(6,696)	-	-	(6,696)
At 31.03.2014	1,205,581	2,136,746	430,178	2,390,940	1,350,791	-	7,514,236
Change for the year	206,175	234,510	217,154	839,040	880734	20,632.00	2,398,245
Disposal	-	-	(68,482)	(1,596,116)	-	-	(1,664,598)
Other Adjustment	-	80,551	170,638	(707)	399,844	-	650,326
(Transfer to Gen.Reserve)	-	-	-	-	-	-	-
At 31.03.2015	1,411,756	2,451,807	749,488	1,633,157	2,631,369	20,632	8,898,209
NET BLOCK							
AS AT 31.3.2014	11,867,345	1,361,517	828,827	2,257,127	1,887,715	-	18,202,531
AS AT 31.3.2015	11,686,394	1,580,747	450,817	1,090,845	992,663	344,538	16,146,004

Notes on Consolidated Financial Statements for the year ended on 31st March, 2015

10. Net Deferred Tax Assets

Particulars	(Amounts in ₹)	
	As at 31/03/2015	As at 31/03/2014
Deferred Tax Assets arising out of timing difference relating to :		
Provision for Gratuity that are allowable for tax purpose in the year of payment	320,159	240,313
Shares Issue Expenses that are allowable for tax purpose on deferred basis	2,508,324	1,189,414
Provision for NPA that are allowable for tax purpose in the year of actual loss	946,202	993,137
Total Deferred Tax Assets	3,774,685	2,422,864
Deferred Tax Liability arising out of timing difference relating to :		
Difference of Depreciation as per Tax Provision and Company Law	1,556,441	1,712,355
Total Deferred Tax Liability	1,556,441	1,712,355
Net Deferred Tax Liability / (Assets)	2,218,244	710,509

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

Particulars	(Amounts in ₹)			
	As at 31/03/2015		As at 31/03/2014	
	Non Current	Current	Non Current	Current
A. Secured				
Loans secured by Hypothecation of Assets	133,169,022	330,059,696	95,702,935	332,200,373
B. Unsecured				
Loans to Companies, Firms , Individuals and Joint Liability Groups (JLGs)	1,166,635	663,636,408	-	455,579,962
Deposits	6,710,245	9,249,643	13,022,644	5,696,083
Other Loans and Advances	-	4,599,462	-	8,061,254
Advances to Staff	-	1,034,323	-	279,629
Balance with government Authority	-	21,357	-	127,188
Total	141,045,902	1,008,600,889	108,725,579	801,944,489

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 ₹31,73,145/- (P.Y. ₹21,00,713/-) outstanding portfolio on which NPA provision of ₹3,17,315/- (P.Y. ₹2,10,345/-) has been made. (Refer Note 8.1)

11.3 Loans to JLGs Includes ₹ Nil (P.Y. ₹598480/-) outstanding portfolio on which NPA provision of ₹ Nil (P.Y. ₹59848). (Refer Note 8.1)

11.4 Deposits represent deposits given as collateral security against Loans from Financial Institutes.

12. Other Non Current Assets

Particulars	(Amounts in ₹)	
	Non Current	
	As at 31/03/2015	As at 31/03/2014
Bank Fixed Deposits with Original maturity for more than 12 months (Note 13)	23,623,963	27,228,592
Total	23,623,963	27,228,592

12.1 Deposits represent deposits given as collateral security against Bank Loans.



Notes on Consolidated Financial Statements for the year ended on 31st March, 2015

13. Trade Receivables

(Amounts in ₹)

Particulars	Current	
	As at 31/03/2015	As at 31/03/2014
A Outstanding for a period exceeding Six Months from the date they are due for Payment (Unsecured, considered good)		
Secured	6,484,820	4,187,198
Unsecured	349,124	-
	6,833,944	4,187,198
B Other Trade receivables (Unsecured, considered good)		
Secured	4,798,015	3,415,815
Unsecured	676,490	526,924
	5,474,505	3,942,739
Total	12,308,449	8,129,937

13.1 Sundry Debtors includes ₹64,84,820/- (P.Y. ₹38,86,001/-) outstanding portfolio on which NPA provision of ₹6,48,482/- (P.Y. ₹4,09,470/-) has been made.

14. Cash and Bank Balance

(Amounts in ₹)

Particulars	As at 31/03/2015		As at 31/03/2014	
	Non Current	Current	Non Current	Current
A Cash and cash equivalents				
Cash on hand	-	928,685	-	3,011,584
Balance With Banks	-	127,803,970	-	130,247,266
Total	-	128,732,655	-	133,258,850
B Other Bank Balance				
Deposits with Original maturity for more than 12 months	23,623,963	38,888,961	27,228,592	17,681,363
	23,623,963	38,888,961	27,228,592	17,681,363
Less Amount disclosed Under Non Current Assets	23,623,963	-	27,228,592	-
Total	-	167,621,616	-	150,940,213

14.1 Current Account with Banks includes ₹12,28,651/- (Prev. Year ₹9,44,048/-) in Unpaid Dividend Account.

14.2 Deposits represent deposits given as collateral security against Bank Loans.

15. Revenue from operation

(Amounts in ₹)

Particulars	2014-15	2013-14
Interest Income	284,020,721	235,765,249
Other Financial Services		
Processing Fees	11,322,647	8,367,571
Other Charges in respect of Loans	662,171	593,429
Total	296,005,539	244,726,249

Notes on Consolidated Financial Statements for the year ended on 31st March, 2015

16. Other Income

(Amounts in ₹)		
Particulars	2014-15	2013-14
Profit on Sale of Tangible Assets	98,332	-
Misc. Income	10,338	6,401
Total	108,670	6,401

17. Employee Benefit Expenses

(Amounts in ₹)		
Particulars	2014-15	2013-14
Salary, Wages & Bonus	47,705,501	41,723,087
Contribution to Provident Fund & Other Funds	3,293,890	2,530,265
Welfare Expenses	1,153,448	1,275,163
Total	52,152,839	45,528,515

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	
	2014-15	2013-14
Present value of funded obligations	-	-
Fair value of plan assets	-	-
Present value of unfunded obligations	1,174,321	615,516
Unrecognized past service cost	-	-
Net liability	1,174,321	615,516
Amounts in the balance sheet:		
Liabilities	1,174,321	615,516
Assets	-	-
Net liability	1,174,321	615,516

B. The Amounts (In ₹) Recognized In The Statement Of Profit And Loss Are As Follows:

(Amounts in ₹)		
Particulars	Gratuity Defined Benefit Obligation	
	2014-15	2013-14
Current service cost	288,360	139,259
Interest on obligation	66,561	46,389
Expected return on plan assets	-	-
Net actuarial losses (gains) recognized in year	78,835	(142,837)
Past service cost	-	-
Losses (gains) on curtailments and settlement	-	-
Total, included in 'employee benefit expense'	433,756	42,811
Actual return on plan assets	-	-



Notes on Consolidated Financial Statements for the year ended on 31st March, 2015

17. Employee Benefit Expenses (contd.)

C. Changes In The Present Value Of The Defined Benefit Obligation Representing Reconciliation Of Opening And Closing Balances Thereof Are As Follows:

(Amounts in ₹)

Particulars	Gratuity Defined Benefit Obligation	
	2014-15	2013-14
Opening defined benefit obligation	740,565	572,705
Service cost	-	139,259
Interest cost	288,360	46,389
Actuarial losses (gains)	66,561	(142,837)
Losses (gains) on curtailments	78,835	-
Liabilities extinguished on settlement	-	-
Liabilities assumed in an amalgamation in the nature of purchase	-	-
Exchange differences on foreign plans	-	-
Benefits paid	-	-
Closing defined benefit obligation	1,174,321	615,516

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	
	2014-15	2013-14
Opening fair value of plan assets	-	-
Expected return	-	-
Actuarial gains and (losses)	-	-
Assets distributed on settlements	-	-
Contributions by employer	-	-
Assets acquired in an amalgamation in the nature of purchase	-	-
Exchange differences on foreign plans	-	-
Benefits paid	-	-
closing balance of fair value of plan assets	-	-

E. Reconciliation of Gratuity Provision Account

(Amounts in ₹)

Particulars	Gratuity Defined Benefit Obligation	
	2014-15	2013-14
Net Opening Provision in Books of Accounts	740,565	572,705
Employee Benefit Expense as per Annexure II	433,756	42,811
Transfer in liability from Arman Financials	-	-
	1,174,321	615,516
Benefits Paid by the Company	-	-
Amounts Transferred to 'Payable Account'	-	-
Contributions to Plan Assets	-	-
Closing Provision in Books of Accounts	1,174,321	615,516

Notes on Consolidated Financial Statements for the year ended on 31st March, 2015

17. Employee Benefit Expenses (contd.)

F. The Major Categories Of Plan Assets As A Percentage Of Total Plan Assets Are As follows:

Particulars	Gratuity Defined Benefit Obligation	
	2014-15	2013-14
Government of India Securities	-	-
High quality corporate bonds	-	-
Equity shares of listed companies	-	-
Property	-	-
Insurance Company	-	-

G. Principal Actuarial Assumptions At The Balance Sheet Date (Expressed As Weighted Averages):

Particulars	Gratuity Defined Benefit Obligation	
	2014-15	2013-14
Discount rate	7.80%	9.10%
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

	2014-15	2013-14
Defined benefit obligation	1,174,321	615,516
Plan assets	-	-
Surplus/(deficit)	(1,174,321)	(615,516)
Experience adjustments on plan liabilities	(128,386)	(50,280)
Experience adjustments on plan assets	-	-
Actuarial Loss/(Gain) due to change in assumption	108,983	(92,557)
Actuarial Loss/(Gain) due to participant experience	-	(50,280)
Actuarial Loss/(Gain) on liabilities	135,528	(142,837)
Net Actuarial Loss/(Gain) on liabilities	78,835	(142,837)

(Amounts in ₹)

Particulars	31.3.15	31.3.14	31.3.13	31.3.12	31.3.11
Defined Benefit Obligation	1,174,321	740,565	572,705	434,911	161,874
Plan Assets	-	-	-	-	-
Unrecognised past service Cost	-	-	-	-	-
Deficit	-	-	-	-	-
Experience adjustments on plan liabilities	1,174,321	740,565	572,705	434,911	161,874
Experience adjustments on plan assets	-	-	-	-	-

18. Finance Cost

(Amounts in ₹)

Particulars	2014-15	2013-14
Interest Expenses	103,074,419	87,807,243
Other Borrowing cost	4,280,070	3,364,925
Total	107,354,489	91,172,168



Notes on Consolidated Financial Statements for the year ended on 31st March, 2015

19. Depreciation And Amortisation Expense

(Amounts in ₹)

Particulars	2014-15	2013-14
Depreciation of Tangible Assets	2,377,613	1,139,409
Depreciation of Intangible Assets	20,632	-
Total	2,398,245	1,139,409

19.1 As per the provision of schedule II of the Company's Act' 2013, due to change in estimates for useful life of assets, depreciation provided in profit and loss accounts is higher by ₹10,13,695/- (P.Y. ₹ Nil).

20. Other Costs

(Amounts in ₹)

Particulars	2014-15	2013-14
Electricity & Fuel charges	780,248	624,858
Repairs to:		
Building	166,525	372,416
Other	408,266	544,430
Sub Total	574,791	916,846
Insurance	266,623	210,078
Rent	4,393,231	3,028,959
Rates & Taxes	162,911	139,532
Stationery & Printing	1,626,747	1,402,380
Advertisement Expenses	287,947	161,276
Communication	2,826,130	2,424,505
Travelling & Conveyance Expenses	2,405,763	1,690,765
Professional Fees	7,037,382	7,345,804
Auditor's Remuneration:		
Audit Fees	393,260	393,260
For Tax Audit	112,360	112,360
For Certification	4,496	15,736
For Income Tax Consultancy Fee	-	11,799
Sub Total	510,116	533,155
Director Sitting Fees	199,439	230,000
Marketing & Incentive Expenses	6,285,121	10,156,842
Bad debts written off	5,594,914	5,169,423
Provision for NPA	286,134	288,349
Contingent Provision Against Standard Assets (Net)	4,813,150	566,000
Sundry Balance Written Off	683,596	594,788
Loss on Sale of Assets	-	642
General Charges	2,884,156	4,228,737
(including Bank Charges, Security Charges & Membership Fees etc.)	-	-
Preliminary Exp W/off	-	487,500
Total	41,618,399	40,200,440

20.1 Bad debts & Irrecoverable W/off are shown net off bad debts recovery during the year amounting to ₹7,42,973/- (P.Y. 5,00,941/-).

20.2 NPA provisions are shown net off NPA Provision written back during the year amounting to ₹4,64,278/- (P.Y. ₹2,12,144/-)

Notes on Consolidated Financial Statements for the year ended on 31st March, 2015

21. Deferred Tax Liabilities / (Assets)

	(Amounts in ₹)	
Particulars	2014-15	2013-14
Opening balance of deferred Tax Liability / (Assets)	(710,509)	(439,861)
Add : Amount of reversal of Deferred Tax Liability in respect of fixed assets whose useful life has expired on adoption of Schedule II to the Companies Act-2013	(210,998)	-
Adjusted Opening balance of deferred Tax Liability / (Assets)	(921,507)	(439,861)
Closing balance of deferred Tax Liability / (Assets)	(2,218,244)	(710,509)
Deferred Tax Liabilities / (Assets) for the year	(1,296,737)	(270,648)

22. Contingent liabilities not provided for: -

- (a) Disputed Demand of Income Tax ₹49.93 Lacs (Previous year ₹17.12 Lacs) (Against which the Company has paid ₹5.50 Lacs [Previous year ₹11.41 Lacs] 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 Management Personnel

Mr. Jayendrabhai Patel
Mr. Aalokbhai Patel
Mr. Amitbhai Manakiwala

B) Relatives of Key Management Personnel

Name of Party

Mrs. Ritaben J. Patel
J.B.Patel HUF
Raaj Enterprise
Mrs. Himani Manakiwala
J B Patel & Co.
Amit Manakiwala (HUF)
Aakash Patel (HUF)
Namra Holdings & Cons. Ser. P. Ltd.

Related party Relationship

Relative of Key Management Personnel
Relative of Key Management Personnel
Relative of Key Management Personnel
Relative of Key Management Personnel
Relative of Key Management Personnel
Relative of Key Management Personnel
Relative of Key Management Personnel
Relative of Key Management Personnel is Director



Notes on Consolidated Financial Statements for the year ended on 31st March, 2015

23. Related Party Disclosures : (contd.)

Details of Transactions are as follows:

(Amounts in ₹)

Sr. No.	Nature of Transactions	Key Management Personnel	Relatives of Key Management Personnel & Others	Total
1	Expenses			
	Remuneration & Perquisites	7320950 (2982200)	Nil (Nil)	7320950 (2982200)
	Sitting Fees	Nil (Nil)	37,500 (50000)	37,500 (50000)
	Interest Expenses	973998 (1052749)	1274927 (1903867)	2248925 (2956616)
	Rent Paid	Nil (Nil)	575884 (20224)	575884 (20224)
	Dividend paid	725391 (579541)	988704 (789763)	1714095 (1369304)
2	Unsecured Loan			
	Loan taken during the year	5900000 (15110000)	11220000 (20622500)	17120000 (39697500)
	Loan repaid during the year	7103794 (11412749)	14008712 (14786306)	21112506 (29944116)
	Balance out standing at 31/03/2015	4520204 (4750000)	6455535 (7969320)	10975739 (12719320)
3	Others			
	Compulsory Convertible Debentures	3000000	Nil	3000000
	Balance out standing at 31/03/2015	(Nil)	(Nil)	(Nil)

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

Unsecured Loan taken includes

taken from Shri Jayendra Patel ₹3050000 (P.Y. ₹10135000), from Smt. Himani A. Manakiwala ₹2200000 (P.Y. ₹2650000) from Smt. Ritaben J. Patel ₹1950000 (P.Y. ₹3487500), from Shri Aalok J. Patel ₹680000 (P.Y. ₹6150000), from Jayendra Patel (HUF) ₹1575000 (P.Y. ₹5925000), from Amit Manakiwala (HUF) ₹1000000 (₹2750000), from Namra Holdings & Consultancy Services Pvt. Limited ₹1870000 (P.Y. ₹3965000) from Shri Aakash J. Patel – (HUF) ₹2090000 (P.Y. ₹4635000), from Raj Enterprise (Prop. Shri Jayendra Patel) ₹2000000 (P.Y. ₹2000000).

Unsecured Loan repayments includes

paid to Shri Jayendra Patel ₹2673644 (P.Y. ₹8031474), to Smt. Himani A. Manakiwala ₹2338715 (P.Y. ₹1490322), to Smt. Ritaben J. Patel ₹2006960 (P.Y. ₹2945236), to Shri Aalok Patel ₹1892233 (P.Y. ₹4553138), to Aakash Patel (HUF) ₹3515512 (P.Y. ₹2545162), to Amit Manakiwala (HUF) ₹1196077 (P.Y. ₹1578550), to Jayendra Patel (HUF) ₹2347623 (P.Y. ₹5054723), to Namra Holdings & Consultancy Services Pvt. Limited ₹2559344 (P.Y. ₹3745061).

Interest Expenses includes

paid to Shri Jayendra Patel ₹382982 (P.Y. ₹2646747), to Shri Aalok Patel ₹385580 (P.Y. ₹503138), to Smt. Ritaben J. Patel ₹109911 (P.Y. ₹357736), to J B Patel ₹184573 (HUF) (P.Y. ₹379723), to Aakash Patel (HUF) ₹225483 (P.Y. ₹370612), to Amit Manakiwala (HUF) ₹252000 (P.Y. ₹228550), to Smt. Himani Manakiwala ₹243864 (P.Y. ₹190322), to Namra Holdings & Consultancy Services Pvt. Limited ₹189344 (P.Y. ₹280061).

Notes on Consolidated Financial Statements for the year ended on 31st March, 2015

23. Related Party Disclosures : (contd.)

Remuneration and perquisites includes

payment to Shri Jayendrabhai Patel ₹3252600 (P.Y. ₹1532600) and to Shri Amit Manakiwala ₹950000 (P.Y. ₹900000), to Shri Aalok Patel ₹2239600 (P.Y. ₹549600).

Sitting Fees included

paid to Smt. Ritaben Patel ₹37500 (P.Y. ₹50000)

Rent includes

paid to J B Patel & Co. ₹20224 (P.Y. ₹20224), to Ritaben J Patel ₹555660/- (P.Y. Nil)

Dividend Paid includes

paid to Shri Aalok Patel ₹247480 (₹197984), to Jayendrabhai Patel HUF ₹196000 (P.Y. ₹156800), to Shri Aakash Patel ₹247480 (P.Y. ₹223064), to Shri Jayendrabhai Patel ₹283908 (P.Y. ₹226355), to Smt. Ritaben Patel ₹278830 (P.Y. ₹237339), to Namra Holdings & Cons. Services Pvt. Limited ₹165400 (P.Y. ₹132320), to Shri Amitbhai Manakiwala ₹194003. (P.Y. ₹155202), to Smt. Himani Manakiwala ₹50000 (P.Y. ₹40000).

Compulsory Convertible Debentures Application Money Received includes

Received includes paid to Aalok J Patel ₹999999 (P.Y. Nil), Jayendra. B Patel ₹2000001 (P.Y. Nil).

24. Earnings Per Share:

(Amounts in ₹)			
Particulars	Unit	2014-15	2013-14
Numerator used for calculating Basic Earnings per Share (Profit after Tax)	₹	61572303	45287766
Add: Interest on CCD (Net of Tax)	₹	833	Nil
Numerator used for calculating Diluted Earnings per Share (Profit after Tax)	₹	61573136	45287766
Weighted average No. of shares used as denominator for calculating Basic EPS	No. of Shares	6924653	6232597
Weighted average No. of shares used as denominator for calculating Diluted EPS	No. of Shares	6926411	6232597
Face Value of Share	₹	10	10
Basic Earnings per Share	₹	8.89	7.27
Diluted Earnings per Share	₹	8.89	7.27

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 recognised in respect of Non Performing Assets.



Notes on Consolidated Financial Statements for the year ended on 31st March, 2015

26. Additional Disclosure as per Schedule III of the Company Act'2013.

Name of the entity	Net Assets i.e. Total Assets minus Total liabilities		Share in Profit or Loss	
	As % of Consolidated Net Assets	Amounts (₹ In Lacs)	As % of Consolidated Net Assets	Amounts (₹ In Lacs)
Parent				
Arman Financial Services Limited	87.51%	3434.33	45.15%	278.02
Subsidiaries Indian				
Namra Finance Limited	37.97 %	1490.38	54.85 %	337.71
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

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

Signature to Schedules "1" to "27"

As per our report of even date attached

For, J.T. Shah & Company

Chartered Accountants

FRN No. 109616W

J. J. Shah

Partner

M.No. 45669

Place : Ahmedabad

Date: 14.05.2015

For & on behalf of Board of Directors

Jayendra Patel

Vice Chairman & Managing Director

Amit Manakiwala

Director

FORM AOC -1

(Pursuant To first proviso to sub-section (3) of Section 129 read with rule 5 of the Companies (Accounts) Rule' 2014)

Statement containing silent features of the financial statement of Subsidiary Company for the
year ended on 31st March'2015

Details of Transactions are as follows:

Sr. No.	Particulars	Amounts (₹ In Lacs)
1	Name of the Subsidiary Company	Namra Finance Limited
2	Reporting period for the Subsidiary company	31st March' 2015
3	Share Capital	1000.00
4	Reserve and Surplus	448.192
5	Total Assets	6373.514
6	Total liability	6373.514
7	Share Application Money / Warrants	42.19
8	Income	1435.58
9	Profit Before Tax	503.24
10	Provision for Tax	165.53
11	Profit After Tax	337.71
12	Dividend	Nil

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



Subsidiary Company

Namra
Finance Limited

Director's Report

To,
The Members of
Namra Finance Limited

Your Directors have pleasure in presenting the 3rd Board Report of your Company together with the Audited Statement of Accounts for the financial year ended 31st March, 2015.

FINANCIAL HIGHLIGHTS (₹)

Particulars	2014-2015	2013-14
Gross Income	14,35,58,015	6,18,81,067
Profit Before Interest and Depreciation	10,22,45,251	4,03,98,157
Finance Charges	5,17,53,897	2,39,47,141
Depreciation	1,67,610	15,561
Net Profit Before Tax	5,03,23,744	1,64,35,455
Tax expenses	1,65,53,025	53,20,025
Net Profit After Tax	3,37,70,719	1,11,15,430
Balance of Profit brought forward	87,48,483	(66,947)
Balance available for appropriation	4,25,19,202	110,48,483
Proposed Dividend on Equity Shares	–	–
Tax on proposed Dividend	–	–
Transfer to Special Reserve U/s 45-IC of RBI Act	70,00,000	23,00,000
Surplus carried to Balance Sheet	3,55,19,202	87,48,483

STATE OF COMPANY'S AFFAIRS AND FUTURE OUTLOOK

Namra Finance Ltd. is a wholly owned subsidiary of Arman Financial Services Ltd, 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 both Namra and the parent company, Arman, as well as the consolidated financials are included within the Annual Report.

This year marked Namra's second year of operations, and the business grew very rapidly during the year. Net interest revenue from operations totaled Rs. 14.36 Crores, compared to Rs. 6.19 Crores the previous year, a 132% increase. Earnings Before Interest & Taxes (EBIT) increased by 153%, from Rs. 4.04 Crores in FY14 to Rs.10.21 Crores the current Fiscal Year. Profit after taxes increased from Rs. 1.11 Crores to Rs. 3.38 Crores, a 205% increase.

CHANGE IN NATURE OF BUSINESS

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

DIVIDEND

In order to conserve resources of the Company, Board of directors

has not recommended any dividend for current year.

TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

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, 2015.

TRANSFER TO RESERVES

The Board of the Company has transferred Rs.70,00,000 to Special Reserve as required by section 45-IC of the Reserve Bank of India Act, 1934

SHARE CAPITAL

During the Financial Year 2014-15, the authorized share capital of the Company has been increased from Rs. 10.25 Crore to Rs. 12 Crore.

SHARES

SWEAT EQUITY WARRANTS

During the year under review the Company has issued 8,67,000 sweat equity warrants to Key Managerial Personnel (KMP) in lieu of managerial remuneration. The sweat equity warrants were



issued at a price determined under rule 11 UA(c) (b) of Income Tax Rules.

BUY BACK OF SECURITIES

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

BONUS SHARES

No Bonus Shares were issued during the year under review.

EMPLOYEES STOCK OPTION PLAN

The Company has not provided any Stock Option Scheme to the employees.

MATERIAL CHANGES AND COMMITMENTS

Material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company and the date of the report, are nil

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 -1 for your kind perusal and information.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

In accordance with the Articles of Association of the Company and pursuant to the provisions of Section 152 of the Companies Act, 2013, Shri Amit Manakiwala [DIN 00011810] will retire by rotation at the ensuing AGM and being eligible, offers himself for reappointment.

MEETINGS OF THE BOARD OF DIRECTORS

During the Financial Year 2014-15, the Company held seven meetings of the Board of Directors as per Section 173 of Companies Act, 2013 which is summarized below.

Sr. No.	Date of Meeting	Board Strength	No. of Directors Present
1	12/05/2014	4	4
2	01/07/2014	4	3
3	11/08/2014	4	4
4	10/11/2014	4	3
5	06/02/2015	4	4
6	09/02/2015	4	3
7	31/03/2015	4	3

DIRECTORS' RESPONSIBILITY STATEMENT

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

- In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- The directors had prepared the annual accounts on a going concern basis; and
- Company being unlisted sub clause (e) of section 134 (3) is not applicable.
- The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

AUDIT COMMITTEE

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:

Name of the Director	Position	Category of the Director
Shri Amit R. Manakiwala	Chairman	Non Executive Director
Shri Jayendra Patel	Member	Executive Director
Shri Aditya Bhandari	Member	Non Executive Director

AUDITORS AND REPORT THEREON:

The Auditors, M/s J. T. Shah & Co, Chartered Accountants, Ahmedabad (Membership No 45669) retire at the ensuing Annual General Meeting and, being eligible; offer themselves for reappointment for a period of five years from the conclusion of this Annual General Meeting [AGM] till the conclusion of 8th AGM.

LOANS, GUARANTEES AND INVESTMENTS

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

PUBLIC DEPOSITS

The company has not accepted any deposits from the public within

the meaning of the provisions of Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1988.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO:

(A) Conservation of energy and Technology absorption

The particulars as required under the provisions of Section 134(3) (m) of the Companies Act, 2013 in respect of conservation of energy and technology absorption have not been furnished considering the nature of activities undertaken by the company during the year under review.

(B) Foreign exchange earnings and Outgo

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

RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large and Approval of the Board of Directors & shareholders was obtained wherever required. There are materially significant Related Party transactions made with the holding company in the form of loans and the said loans from the holding company fall under exempted category. The Company has issued sweat equity warrants to its Key Managerial Personnel after approval of the Board of Directors and shareholders. Further all the necessary details of transaction entered with the related parties are attached herewith in Form No. AOC-2 as annexure- 2 for your kind perusal and information.

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.

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.

DETAILS OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS

Internal financial control is in place commensurate with the size of the Company

ORDER OF COURT

No orders passed by the regulators or courts or Tribunals impacting the going concern status and company's operation in future.

ACKNOWLEDGEMENT

The Board places on record their appreciation of the support of all stakeholders.

For and on behalf of the Board,

Place: Ahmedabad
Date: 24.08.2015

Jayendra Patel
Chairman



Annexure – 1

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2015

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

I. REGISTRATION & OTHER DETAILS:

1.	CIN	U65999GJ2012PLC069596
2.	Registration Date	27TH March 2012
3.	Name of the Company	NAMRA FINANCE LIMITED
4.	Category/Sub-category of the Company	Limited Company / NBFC-MFI
5.	Address of the Registered office & contact details	502-503, Sakar III, Opp. Old High Court, Ashram Road, Ahmedabad-380014, Gujarat, India.
6.	Whether listed company	NO
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	N.A.

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)

Sr. No.	Name and Description of main products / services	NIC Code of the	% to total turnover of the company
1	Microfinance	64920	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name & 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 Asharam Road Ahmedabad 380015	L5591GJ199 2PLC018623	Holding	100%	Section 2 (46)

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

A. Category wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01- April-2014]				No. of Shares held at the end of the year [As on 31-March-2015]				% 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 Govt	–	–	–	–	–	–	–	–	–
c) State Govt(s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	–	1 Crore	1 Crore	100%	–	1 Crore	1 Crore	100%	NIL
e) Banks / FI	–	–	–	–	–	–	–	–	–
f) Any other	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01- April-2014]				No. of Shares held at the end of the year [As on 31-March-2015]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Total shareholding of Promoter (A)	–	1 Crore	1 Crore	100%	–	1 Crore	1 Crore	100%	NIL
B. Public Shareholding	–	–	–	–	–	–	–	–	–
1. Institutions	–	–	–	–	–	–	–	–	–
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks / FI	–	–	–	–	–	–	–	–	–
c) Central Govt	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):-	–	–	–	–	–	–	–	–	–
2. Non-Institutions	–	–	–	–	–	–	–	–	–
a) Bodies Corp.	–	–	–	–	–	–	–	–	–
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals	–	–	–	–	–	–	–	–	–
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	–	–	–	–	–	–	–	–	–
c) Others (specify)	–	–	–	–	–	–	–	–	–
Non Resident Indians	–	–	–	–	–	–	–	–	–
Overseas Corporate Bodies	–	–	–	–	–	–	–	–	–
Foreign Nationals	–	–	–	–	–	–	–	–	–
Clearing Members	–	–	–	–	–	–	–	–	–
Trusts	–	–	–	–	–	–	–	–	–
Foreign Bodies - D R	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	–	–	–	–	–	–	–	–	–
Total Public Shareholding (B)=(B)(1)+ (B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	–	1 Crore	1 Crore	100%	–	1 Crore	1 Crore	100%	NIL

B. Shareholding of Promoter-

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
I.	Arman Financial Services Ltd.	1 Crore	100%	NIL	1 Crore	100%	NIL	NIL



C) Shareholding Pattern of top ten Shareholders:

(Other than Directors, Promoters and Holders of GDRs and ADRs): NIL

D) Shareholding of Directors and Key Managerial Personnel:

SN & Name	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Jayendra B. Patel	Nil		Nil	
2	Amit R. Manakiwala	Nil		Nil	
3	Aalok J. Patel	Nil		Nil	
4	Aditya Bhandari	Nil		Nil	

V) INDEBTEDNESS -Indebtedness of the Company including interest outstanding/accrued but not due for payment.
₹43.09 Crore

VI) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

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

Sr. No.	Name of Director	Amount (₹)
1	Jayendra B. Patel	16,20,000
2	Aalok J. Patel	27,07,250

B. Remuneration to Relative of Directors:

Sr. No.	Name of the Party	Amount (₹)
1	Nil	Nil

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

VII) PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

Annexure – 2

FORM NO. AOC - 2

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

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

Details of contracts or arrangements or transactions at Arm's length basis.

Sr. No.	Name of Related Party	Nature of Relationship	Nature of contracts/ arrangements/ transaction	Duration of Contracts/ Arrangements/ Transactions	Salient terms of the Contracts or arrangements or transaction including the value, if any	Date of approval by Board	Amount (Rs)
1	Aakash J. Patel – HUF	Relative of KMP	Loan	Not Specific	–	12.05.2014 10.11.2014 06.02.2015	100000 375000 350000
2	Aalok Patel HUF	Relative of KMP	Loan	Not Specific	–	10.11.2014 06.02.2015	500000 35000
3	Aalok Patel	Director	Loan	Not Specific	–	12.05.2014 10.11.2014 06.02.2015	25000 40000 365000
4	Jayendra B. Patel	Managing Director	Loan	Not Specific	–	12.05.2014 10.11.2014 06.02.2015	150000 899999 1100000
5	Ritaben J. Patel	Director	Loan	Not Specific	–	12.05.2014 10.11.2014 06.02.2015	25000 150000 575000
6	Namra Holdings & Cons. Serv. Pvt. Ltd.	Relative of KMP	Loan	Not Specific	–	12.05.2014 10.11.2014 06.02.2015	25000 1500000 225000
7	Himani Amit Manakiwala	Relative of Director	Loan	Not Specific	–	10.11.2014	750000
8	Amitbhai R. Manakiwala HUF	Relative of Director	Loan	Not Specific	–	10.11.2014	1000000
9	Jayendra B. Patel HUF	Relative of Director	Loan	Not Specific	–	12.05.2014 10.11.2014 06.02.2015	25000 1500000 50000
110	Raaj Enterprise	Relative of KMP	Loan	Not Specific	–	11.08.2014 10.11.2014	1000000 35000
11	Arman Financial Services Ltd	Holding Company	Loan	Not Specific	–	12.05.2014 10.11.2014 06.02.2015	31400000 7500000 100000000

Note: The Company has allotted sweat equity warrant to its KMP as under

Sr. No.	Name	No. of Warrants
1	Jayendra Patel	1,44,000
2	Aalok Patel	2,31,000

It has maintained register as required U/s 54 of the Act.



Financial Section

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, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

2. Management's Responsibility for the Standalone Financial Statements

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

3. Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

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

We conducted our audit in accordance with the Standards

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, 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 March 31, 2015;
- ii. In the case of the Profit and Loss Account, 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, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2015, 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, 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, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

Place : Ahmedabad
Date : 14.05.2015

J. J. Shah
Partner
M. No. 45669

Annexure to the Auditors 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, 2015.

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, Fixed assets were physically verified during the year by the Management in accordance with a programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us no material discrepancies were noticed on such verification.
2. In respect of its Inventories :

The company does not have any Inventories and hence clause 4(ii) of The Companies (Auditor's Report) Order, 2015 is not applicable
3. In respect of Loans and Advances granted during the year.

As regards the loans , the company has not granted any loans, secured or unsecured during the year under audit, to the companies, firms and other parties covered in the register maintained under section 189 of the Companies Act, 2013 and therefore, the clauses (iii) (a) and (b) of the Companies (Auditor's Report) Order,2015 are not applicable.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases fixed assets and rendering of services. The activities of the company do not involve purchase of inventory and sale of goods. During the course of our audit, no major continuing failures to correct major weaknesses has been observed.
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. We are informed that no order has been passed by company Law Board (CLB) or National Company Law Tribunal (the NCLT) or Reserve Bank of India or any court or any other tribunal.
6. As per the information and explanation provided to us the company is not required to maintain the cost records as per the provisions of Companies(Cost Records and Audit) Rules, 2014, hence Clause (vi) of the Companies (Auditor's Report) Order,2015 is not applicable to the company.
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, employees' state insurance, income tax, sales tax, wealth tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues.

According to the information and explanations given to us, no undisputed amounts payable in respect statutory dues were outstanding as at 31st March, 2015 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, wealth tax or service tax or duty of customs or duty of excise or value added tax or cess which have not been deposited on account of disputes.



- c. According to the records of the company, no amount required to be transferred to Investor Education and Protection Fund and hence sub-clause (c) of clause (vii) of the Companies (Auditor's Report) Order, 2015 is not applicable to the company.
8. The company has no accumulated losses and has not incurred any cash losses during the financial year under review or in the immediately preceding financial year.
9. 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.
10. As per the information provided to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions hence such clause is not applicable to the company.
11. According to the information and explanations given to us, during year under review the company has applied the term loan for the purpose for which the loans were obtained.
12. To the best of our knowledge and according to the information and explanations given to us, no material fraud by the Company and on the Company has been noticed or reported during the year.

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

Place : Ahmedabad
Date : 14.05.2015

J. J. Shah
Partner
M. No. 45669

Balance Sheet as at 31/03/2015

(Amounts in ₹)

Particulars	Note No.	As at 31/03/2015	As at 31/03/2014
EQUITY AND LIABILITIES			
[1] Shareholders' Funds			
[a] Share Capital	1	100,000,000	100,000,000
[b] Reserves & Surplus	2	44,819,202	11,048,483
[c] Money received against Share Warrants	3	4,218,750	-
		149,037,952	111,048,483
[2] Share Application Money Pending Allotment		-	-
[3] Non-Current Liabilities			
[a] Long Term Borrowings	4	149,296,377	29,166,664
[b] Deferred Tax Liabilities (Net)	-	-	-
[c] Long Term Provisions	5	476,680	124,767
		149,773,057	29,291,431
[4] Current Liabilities			
[a] Short-Term Borrowings	6	99,444,558	229,858,929
[b] Other Current Liabilities	7	225,628,063	79,143,734
[c] Short Term Provisions	8	13,467,768	7,275,695
		338,540,389	316,278,358
Total		637,351,398	456,618,272
ASSETS			
[1] Non-Current Assets			
[a] Fixed Assets			
[i] Tangible Assets	9	865,106	346,641
[ii] Intangible Assets		-	-
		865,106	346,641
[b] Long Term Investments		-	-
[c] Deferred Tax Assets (Net)	10	2,041,950	554,975
[d] Long-term Loans and Advances	11	1,387,835	119,000
[e] Other Non-Current Assets	12	13,954,941	18,725,387
		18,249,832	19,746,003
[2] Current Assets			
[a] Trade Receivables	13	1,025,614	472,780
[b] Cash & Bank Balance	14	46,844,884	4,999,600
[c] Short term Loans and Advances	11	571,231,068	431,399,889
[d] Other Current Assets		-	-
		619,101,566	436,872,269
Total		637,351,398	456,618,272
Significant Accounting Policies and Notes on Financial Statements	1 to 29		

As per our report of even date attached herewith

For, **J.T. Shah & Company**

Chartered Accountants

FRN No. 109616W

J. J. Shah

Partner

M.No. 45669

Place : Ahmedabad

Date: 14.05.2015

For, **Namra Finance Limited**

Jayendra Patel

Managing Director

Amit Manakiwala

Director



Statement of Profit & Loss for the year ended 31/03/2015

(Amounts in ₹)

Schedule	Note No.	Current Year 31/03/2015	Previous Year 31/03/2014
INCOME			
Revenue from Operations	15	143,558,015	61,881,067
Other Income		-	-
Total Revenue		143,558,015	61,881,067
EXPENDITURE			
Employee Benefits Expenses	16	26,623,103	15,301,635
Finance Costs	17	51,753,897	23,947,141
Depreciation and Amortisation expense	18	167,610	15,561
Other Expenses	19	14,689,661	6,181,275
Total Expenses		93,234,271	45,445,612
Profit before Tax		50,323,744	16,435,455
Less : Tax expense:			
- Current Tax		18,040,000	5,875,000
- Short Provision of Income Tax of earlier years		-	-
- Deferred Tax		(1,486,975)	(554,975)
Profit for the year		33,770,719	11,115,430
Basic Earnings Per Share of ₹10 each	22	3.38	2.10
Diluted Earnings Per share of ₹10 each	22	3.38	2.10
Significant Accounting Policies and Notes on Financial Statements	1 to 29		

As per our report of even date attached herewith
For, **J.T. Shah & Company**
Chartered Accountants
FRN No. 109616W

For, **Namra Finance Limited**

J. J. Shah
Partner
M.No. 45669

Jayendra Patel
Managing Director

Place : Ahmedabad
Date: 14.05.2015

Amit Manakiwala
Director

Cash Flow Statement for the year ended 31/03/2015

(Amounts in ₹)

Particulars		Year ended 31/03/2015		Year ended 31/03/2014
A Cash from Operating Activities :				
Net Profit before Taxation		50,323,744		16,435,455
Adjustment For :				
Depreciation	167,610		15,561	
NPA Provisions(Net)	(91,739)		91,739	
Contingent Provision on Standard Assets	4,543,150		1,081,000	
Interest Expenses	49,096,881		23,079,028	
Interest on shortfall of Advance Tax	960,000		600,000	
		54,675,902		24,867,328
Operating Profit Before Working				
Capital changes :		104,999,646		41,302,783
Adjustment For :				
Increase/(Decrease) In Long-Term Provision	351,913		124,767	
Increase/(Decrease) In Short-Term Provision	3,454,603		1,216,005	
Increase/(Decrease) In Other Current Liability	142,257,375		2,337,635	
Decrease/(Increase) In Trade Receivables	(552,834)		(472,780)	
Decrease/(Increase) In Long Term Loans And Advances	(1,268,835)		(119,000)	
Decrease/(Increase) In Short Term Loans And Advances	(144,282,590)		(391,651,563)	
		(40,368)		(388,564,935)
Cash Generated From Operations		104,959,279		(347,262,152)
Income Tax Paid	(16,262,530)		(1,549,777)	
		(16,262,530)		(1,549,777)
		88,696,749		(348,811,928)
B Cash Flow From Investment Activities :				
Purchase of Fixed Assets	(686,075)		(362,202)	
Sale of Fixed Assets	-		-	
(Increase) /Decrease in Bank Deposits	(10,012,029)		(21,987,586)	
Investments in Subsidiary	-		-	
Net Cash from Investment Activities		(10,698,104)		(22,349,788)



Cash Flow Statement for the year ended 31/03/2015

(Amounts in ₹)

Particulars		Year ended 31/03/2015	Year ended 31/03/2014
C Cash Flow From Financing Activities :			
Proceeds From Issue of Share Capital	-	50,000,000	
Proceeds / (Refund) Share Application money / Issue of Share Warrant	4,218,750	(100,000)	
Proceeds From Share Application Money-CCD	3,000,000	-	
Proceeds From Long Term Borrowings	120,129,713	91,658,245	
Proceeds From Short Term Borrowings	-	242,326,580	
Repayment of Short Term Borrowings	(130,414,371)	-	
Interest Paid	(47,869,927)	(22,863,305)	
Net Cash from Financing Activities		(50,935,835)	361,021,520
Net Increase in Cash & Cash Equivalents		27,062,810	(10,140,197)
Cash & Cash Equivalents at the Beginning		1,737,401	11,877,598
Cash & Cash Equivalents at the End		28,800,211	1,737,401

As per our report of even date attached.

Notes :

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

For, **J.T. Shah & Company**
Chartered Accountants
FRN No. 109616W

J. J. Shah
Partner
M.No. 45669

Place : Ahmedabad
Date: 14.05.2015

For, **Namra Finance Limited**

Jayendra Patel
Managing Director

Amit Manakiwala
Director

Significant Accounting Policies

a. Basis of preparation

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 (“the 2013 Act”), as applicable. The financial statements have been prepared as a going concern on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

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

i. Interest from Loans

In respect of Micro Finance Activity, Interest income on the loans granted is recognised on accrual basis and when no significant uncertainty as to collectability exists. Income on Non-Performing Loan is recognised only when realized.

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.

d. Fixed Assets

All the Fixed Assets are stated at cost less depreciation, after taking into consideration provision for NPA. 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.

e. Depreciation

The depreciation on assets for own use is provided on “Straight Line Method” at the rates Specified in Schedule II to the Companies Act, 2013 on Pro-rata Basis

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.

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.



Significant Accounting Policies

- d. Short Term benefits are recognised as an expense at the undiscounted amounts in the Statement of Profit and Loss of the year in which the related service is rendered.
- g. **Lease**
The company's significant leasing arrangements are in respect of operating lease for premises that are cancelable in nature. The lease rentals paid under such agreements are charged to the Statement of Profit and Loss.
- h. **Intangible Assets**
Intangible Assets are stated at cost of acquisition net of recoverable taxes less accumulated amortization. All costs, including financing costs till commencement of commercial production, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the intangible assets are capitalized.
- 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' prescribed by Companies (Accounting Standards) Rules, 2006.
- j. **Provision for Current and Deferred Tax**
Provision for current tax is made after taking into consideration benefits admissible under the provision of the Income Tax Act, 1961. Deferred Tax resulting from "timing difference" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or subsequently enacted as on the balance sheet date. Deferred tax asset is recognised and carried forward only to the extent that there is virtual certainty that the assets will be realized in future.
- k. **Borrowing Cost**
Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost such assets, whenever applicable, till such assets are ready for their intended use. A qualifying asset is the one which necessarily takes substantial period to get ready for intended use. All other borrowing costs are charged to revenue accounts. Capitalization of borrowing cost is suspended when active development is interrupted.
- l. **Earnings per Share**
Basic earnings per share is calculated by dividing net profit after tax for the year attributable to Equity Shareholders of the company by the weighted average number of Equity Shares issued during the year. Diluted earnings per share is calculated by dividing net profit attributable to equity Shareholders (after adjustment for diluted earnings) by average number of weighted equity shares outstanding during the year.
- m. **Impairment**
The management periodically assesses, using external and internal sources whether there is an indication that an asset may be impaired. If an asset is impaired, the company recognizes an impairment loss as the excess of the carrying amount of the asset over the recoverable amount.
- n. **Shares Issue Expenses**
Expenses incurred on issue of shares are charged to Statement of Profit and Loss.
- o. **Transfer and recourse obligation under Assignment.**
The company assigns assets under Assignment transactions. The assigned loans / assets are derecognized and the interest spread arising on assignment is accounted over the residual tenor of the underlying assets. 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 on Financial Statements for the year ended on 31st March, 2015

1. Share Capital

(Amounts in ₹)		
Particulars	As at 31/03/2015	As at 31/03/2014
[a] Authorised :		
1,20,00,000 (Previous Year 1,00,25,000) equity shares of par value of ₹10/- each	120,000,000	100,250,000
[b] Issued, Subscribed & Paid-up Capital :		
1,00,00,000 (Previous Year 1,00,00,000) Equity Shares of par value of ₹10/- each fully paid up	100,000,000	100,000,000
Total	100,000,000	100,000,000

- 1.1 The company has only one class of 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 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. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of Equity shares held by the shareholder.
- 1.3 The company is 100 % subsidiary of Arman Financial Services Limited.

1.4 Details of Shareholder holding more than 5 % shares of the company are as follows:

Name of Shareholder	As at 31/03/2015		As at 31/03/2014	
	%	Shares	%	Shares
Arman Financial Services Ltd	100.00	10,000,000	100.00	10,000,000

1.5 The Reconciliation of the number of shares outstanding and the amount of share capital as at 31/03/2015 & 31/03/2014 is set out below

Particulars	As at 31/03/2015		As at 31/03/2014	
	No. of Shares	Amounts (₹)	No. of Shares	Amounts (₹)
Shares at the beginning	10,000,000	100,000,000	5,000,000	50,000,000
Addition - Subscription during the year	-	-	5,000,000	50,000,000
Deletion	-	-	-	-
Shares at the end	10,000,000	100,000,000	10,000,000	100,000,000

2. Reserves & Surplus

(Amounts in ₹)		
Particulars	As at 31/03/2015	As at 31/03/2014
Special Reserve u/s 45-IC of the RBI Act,1934		
Balance as per last financial Statement	2,300,000	-
Add: Transfer from Statement of Profit and Loss	7,000,000	2,300,000
Closing Balance	9,300,000	2,300,000
Surplus in the Statement of Profit and Loss		
Balance as per last financial Statement	8,748,483	(66,947)
Add : Profit for the year	33,770,719	11,115,430
	42,519,202	11,048,483
Less: Appropriations		
Amount transfer to Special Reserve u/s 45-IC of RBI Act, 1934	7,000,000	2,300,000
Closing Balance	35,519,202	8,748,483
Total	44,819,202	11,048,483



Notes on Financial Statements for the year ended on 31st March, 2015

3. Money received against Share Warrants

(Amounts in ₹)

Particulars	As at 31/03/2015	As at 31/03/2014
Money received against Share Warrants	4,218,750	-
Total	4,218,750	-

4. Long Term Borrowings

(Amounts in ₹)

Particulars	As at 31/03/2015		As at 31/03/2014	
	Non Current	Current	Non Current	Current
Secured				
Loans				
From Banks				
Term Loans @	114,987,990	104,747,663	29,166,664	17,228,086
From Financial Institutions				
Term Loans @	34,308,387	77,382,730	-	31,749,588
Unsecured				
Loans				
Loans From Others				
Directors and their relatives	-	10,293,265	-	12,510,000
Inter Corporate Deposit	-	8,772,657	-	13,471,558
Total	149,296,377	201,196,315	29,166,664	74,959,232
Less : Amount disclosed under head Other Current Liabilities (Note - 7)		201,196,315	-	74,959,232
Total	149,296,377	-	29,166,664	-

Security :

@ Term Loans are secured under Hypothecation of specific assets portfolio & Personal guarantee of some of the directors & fixed deposit as collateral security which are shown under "Other Bank Balance".

Interest:

Term Loan carries an interest rate ranging from @13.50% to@ 15.50% p.a.

Loans from directors and their relatives carries interest rate @ 15 to 18%

Inter Corporate Deposits carries interest rate @ 15 to 18%

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
Term Loan Repayment	182,130,393	149,296,377
Loans from directors and their relatives	10,293,265	-
Inter Corporate Deposits	8,772,657	-

Notes on Financial Statements for the year ended on 31st March, 2015

5. Long Term Provisions

(Amounts in ₹)

Particulars	As at 31/03/2015		As at 31/03/2014	
	Non Current	Current	Non Current	Current
Contingent Provision against standard Asset	-	5,724,000	-	1,180,850
NPA Provisions	-	-	-	91,739
Provisions for Employee Liability	476,680	3,474	124,767	1,000,282
Provision for Tax	-	25,730,000	-	6,730,000
Less : Advance Tax & TDS	-	(17,989,706)	-	(1,727,176)
Net	476,680	13,467,768	124,767	7,275,695
Tr. To Short Term Provision (Note 7)	-	(13,467,768)	-	(7,275,695)
Total	476,680	-	124,767	-

6. Short-Term Borrowings

(Amounts in ₹)

Particulars	Current	
	As at 31/03/2015	As at 31/03/2014
Working Capital Loans from Banks -Secured @	99,444,558	229,858,929
Total	99,444,558	229,858,929

Security :

@ Hypothecation of Specific assets portfolio & Personal guarantee of some of the directors & fixed deposit as collateral security which are shown under "Other Bank Balance" .

7. Other Current Liabilities

(Amounts in ₹)

Particulars	Current	
	As at 31/03/2015	As at 31/03/2014
Current maturity of long term borrowings (Note 3)	201,196,315	74,959,232
Salary & Wages Payable	2,292,766	341,506
Other Statutory dues	959,139	204,444
Security Deposits from Employees	-	1,000,000
TDS Payable	1,940,902	488,522
Unpaid Expenses	7,554,449	1,934,306
Interest Accrued but not due on Term Loans	1,442,677	215,723
Cash Profit On Loan Transfer Transactions Pending Recognition (Note -25 (ii))	7,241,815	-
Application money received towards Compulsory Convertible Debentures Pending Allotment	3,000,000	-
Total	225,628,063	79,143,734

7.1 Application Money received for ₹30,00,000/- (P.Y. Nil) of Compulsory Convertible Debenture (CCD) of ₹11.25 each amounting to ₹1,12,50,000/- (P.Y. ₹Nil) are convertible in Equity Shares within 48 months from allotment of CCD.



Notes on Financial Statements for the year ended on 31st March, 2015

8. Short Term Provisions

(Amounts in ₹)

Particulars	Current			
		As at 31/03/2015		As at 31/03/2014
Contingent Provision against standard Asset (Note-5)		5,724,000		1,180,850
NPA Provisions (Note-5)		-		91,739
Provisions for Employee Liability (Note-5)		3,474		1,000,282
Provision for Tax	25,730,000		6,730,000	
Less : Advance Tax & TDS	(17,989,706)		(1,727,176)	
Net		7,740,294		5,002,824
Total		13,467,768		7,275,695

8.1 Contingent Provision against Standard Assets :

As per Master Circular - 'Non Banking Financial Company-Micro Finance Institutions' (NBFC-MFIs)-Directions dated July'1,2014 vide reference no. RBI/2014-15/43DNBS. (PD) CC.No.395/03.10.38/2014-15, 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".

9. Fixed Assets

(Amounts in ₹)

Gross Block	Tangible Assets					Intangible Assets	Total
	Buildings	Furniture & Fixtures	Office Equipment	Vehicles	Computer		
01.04.2013						-	-
Addition		143,800			218,402	-	362,202
Disposal						-	-
At 31.03.2014	-	143,800	-	-	218,402	-	362,202
Addition		403,710			282,365	-	686,075
Disposal						-	-
At 31.03.2015	-	547,510	-	-	500,767	-	1,048,277

Depreciation	Buildings	Furniture & Fixtures	Office Equipment	Vehicles	Computer	Intangible Assets	Total
01.04.2013						-	-
Change for the year		3,283			12278	-	15,561
Disposal						-	-
At 31.03.2014	-	3,283	-	-	12,278	-	15,561
Change for the year		28333			139,277	-	167,610
Disposal						-	-
At 31.03.2015	-	31,616	-	-	151,555	-	183,171
NET BLOCK							
AS AT 31.3.2014	-	140,517	-	-	206,124	-	346,641
AS AT 31.3.2015	-	515,894	-	-	349,212	-	865,106

Notes on Financial Statements for the year ended on 31st March, 2015

10. Net Deferred Tax Assets

Particulars	(Amounts in ₹)	
	As at 31/03/2015	As at 31/03/2014
Deferred Tax Assets arising out of timing difference relating to :		
Shares Issue Expenses that are allowable for tax purpose on deferred basis	94,902	126,555
Provision for NPA that are allowable for tax purpose in the year of actual loss	1,857,152	412,955
Provision for Gratuity that are allowable for tax purpose in the year of actual paid	155,786	40,578
Total Deferred Tax Assets	2,107,840	580,088
Deferred Tax Liability arising out of timing difference relating to :		
Difference of Depreciation as per Tax Provision and Company Law	65,890	25,113
Total Deferred Tax Liability	65,890	25,113
Net Deferred Tax Assets	2,041,950	554,975

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

Particulars	(Amounts in ₹)			
	As at 31/03/2015		As at 31/03/2014	
	Non Current	Current	Non Current	Current
A. Secured				
Loans to Joint Liability Group (JLGs)	1,166,635	570,191,037	-	431,188,045
Deposits	221,200	-	119,000	-
Other Loans and Advances	-	366,325	-	193,964
Advances to Staff	-	673,706	-	17,880
Total	1,387,835	571,231,068	119,000	431,399,889

11.1 Loans to JLGs includes Nil (P.Y. ₹5,98,480/-) outstanding portfolio on which NPA provision of Nil (P.Y. ₹59,848/-) has been made. (Refer Note 8.1).

12. Other Non Current Assets

Particulars	(Amounts in ₹)	
	Non Current	
	As at 31/03/2015	As at 31/03/2014
Deposits with Original maturity for more than 12 months (Note 13)	13,954,941	18,725,387
Total	13,954,941	18,725,387

12.1 Deposits represents deposits given as collateral security against Bank Loans.



Notes on Financial Statements for the year ended on 31st March, 2015

13. Trade Receivables

(Amounts in ₹)

Particulars	Current	
	As at 31/03/2015	As at 31/03/2014
A Outstanding for a period exceeding Six Months from the date they are due for Payment (Unsecured, considered good)		
Secured	-	-
Unsecured	349,124	-
	349,124	-
B Other Trade receivables (Unsecured, considered good)		
Secured	-	-
Unsecured	676,490	472,780
	676,490	472,780
Total	1,025,614	472,780

13.1 Loans to JLG includes ₹ Nil (P.Y. ₹3,18,910/-) outstanding portfolio on which NPA provision of ₹ Nil (P.Y. ₹31,891/-) has been made. (Refer Note 8.1)

14. Cash and Bank Balance

(Amounts in ₹)

Particulars	As at 31/03/2015		As at 31/03/2014	
	Non Current	Current	Non Current	Current
A Cash and cash equivalents				
Cash on hand	-	207,872	-	157,995
Balance With Banks	-	28,592,339	-	1,579,406
Total	-	28,800,211	-	1,737,401
B Other Bank Balance				
Deposits with Original maturity for more than 12 months	13,954,941	18,044,673	18,725,387	3,262,199
	13,954,941	18,044,673	18,725,387	3,262,199
Less Amount disclosed Under Non Current Assets (Note 12)	13,954,941	-	18,725,387	-
Total	-	46,844,884	-	4,999,600

14.1 Deposits represents deposits given as collateral security against Bank Loans.

15. Revenue from operation

(Amounts in ₹)

Particulars	2014-15	2013-14
Interest Income	132,394,768	54,316,276
Other Financial Services	-	-
Processing Fees	11,163,247	7,564,791
Total	143,558,015	61,881,067

Notes on Financial Statements for the year ended on 31st March, 2015

16. Employee Benefit Expenses

(Amounts in ₹)		
Particulars	2014-15	2013-14
Salary, Wages & Bonus	24,067,915	13,910,173
Contribution to Provident Fund & Other Funds	1,981,568	1,326,299
Welfare Expenses	573,620	65,163
Total	26,623,103	15,301,635

16.1 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	
	2014-15	2013-14
Present value of funded obligations	-	-
Fair value of plan assets	-	-
Present value of unfunded obligations	480,154	125,049
Unrecognized past service cost	-	-
Net liability	480,154	125,049
Amounts in the balance sheet:		
Liabilities	480,154	125,049
Assets	-	-
Net liability	480,154	125,049

B. The Amounts (In ₹) Recognized In The Statement Of Profit And Loss Are As Follows:

(Amounts in ₹)		
Particulars	Gratuity Defined Benefit Obligation	
	2014-15	2013-14
Current service cost	136,428	125,049
Interest on obligation	25,193	-
Expected return on plan assets	-	-
Net actuarial losses (gains) recognized in year	41,545	-
Past service cost	-	-
Losses (gains) on curtailments and settlement	-	-
Total, included in 'employee benefit expense'	203,166	125,049
Actual return on plan assets	-	-



Notes on Financial Statements for the year ended on 31st March, 2015

17. Employee Benefit Expenses (contd.)

C. Changes In The Present Value Of The Defined Benefit Obligation Representing Reconciliation Of Opening And Closing Balances Thereof Are As Follows:

(Amounts in ₹)

Particulars	Gratuity	
	Defined Benefit Obligation	
	2014-15	2013-14
Opening defined benefit obligation	125,049	-
Transfer in liability from Arman Financials	151,939	-
Service cost	136,428	125,049
Interest cost	25,193	-
Actuarial losses (gains)	41,545	-
Losses (gains) on curtailments	-	-
Liabilities extinguished on settlement	-	-
Liabilities assumed in an amalgamation in the nature of purchase	-	-
Exchange differences on foreign plans	-	-
Benefits paid	-	-
Closing defined benefit obligation	480,154	125,049

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	
	2014-15	2013-14
Opening fair value of plan assets	-	-
Expected return	-	-
Actuarial gains and (losses)	-	-
Assets distributed on settlements	-	-
Contributions by employer	-	-
Assets acquired in an amalgamation in the nature of purchase	-	-
Exchange differences on foreign plans	-	-
Benefits paid	-	-
Closing balance of fair value of plan assets	-	-

E. Reconciliation of Gratuity Provision Account

(Amounts in ₹)

Particulars	Gratuity	
	Defined Benefit Obligation	
	2014-15	2013-14
Net Opening Provision in Books of Accounts	125,049	-
Employee Benefit Expense as per Annexure II	203,166	125,049
Transfer in liability from Arman Financials	151,939	-
	480,154	125,049
Benefits Paid by the Company	-	-
Amounts Transferred to 'Payable Account'	-	-
Contributions to Plan Assets	-	-
Closing Provision in Books of Accounts	480,154	125,049

Notes on Financial Statements for the year ended on 31st March, 2015

17. Employee Benefit Expenses (contd.)

F. The Major Categories Of Plan Assets As A Percentage Of Total Plan Assets Are As follows:

Particulars	Gratuity Defined Benefit Obligation	
	2014-15	2013-14
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	
	2014-15	2013-14
Discount rate	7.80%	9.10%
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

	2014-15	2013-14
Defined benefit obligation	480,154	125,049
Plan assets	-	-
Surplus/(deficit)	(480,154)	(125,049)
Experience adjustments on plan liabilities	(56,693)	-
Experience adjustments on plan assets	-	-
Actuarial Loss/(Gain) due to change in assumption	-	-
Actuarial Loss/(Gain) due to participant experience	-	-
Actuarial Loss/(Gain) on liabilities	98,238	-
Net Actuarial Loss/(Gain) on liabilities	41,545	-

(Amounts in ₹)

Particulars	31.3.15	31.3.14	31.3.13	31.3.12	31.3.11
Defined Benefit Obligation	480,154	125,049	-	-	-
Plan Assets	-	-	-	-	-
Unrecognised past service Cost	-	-	-	-	-
Deficit	-	-	-	-	-
Experience adjustments on plan liabilities	480,154	125,049	-	-	-
Experience adjustments on plan assets	-	-	-	-	-

17. Finance Cost

(Amounts in ₹)

Particulars	2014-15	2013-14
Interest Expenses	49,096,881	23,079,028
Other Borrowing cost	2,657,016	868,113
Total	51,753,897	23,947,141



Notes on Financial Statements for the year ended on 31st March, 2015

18. Depreciation And Amortisation Expense

(Amounts in ₹)

Particulars	2014-15	2013-14
Depreciation of Tangible Assets	167,610	15,561
Depreciation of Intangible Assets	-	-
Total	167,610	15,561

18.1 As per the provision of schedule II of the Company's Act' 2013, due to change in estimates for useful life of assets, depreciation provided in profit and loss accounts is higher by ₹77,080/- (P.Y. ₹ Nil).

19. Other Expenses

(Amounts in ₹)

Particulars	2014-15	2013-14
Electricity & Fuel charges	294,253	8,918
REPAIRS TO:		
Building	24,095	53,070
Other	-	-
Sub Total	24,095	53,070
Insurance	142,486	19,920
Rent	2,801,502	729,795
Rates & Taxes	25,894	24,096
Stationery & Printing	964,062	491,551
Communication	1,570,449	878,791
Traveling & Conveyance Expenses	1,070,445	42,053
Professional Fees	1,348,507	1,415,346
Auditor's Remuneration:		
Audit Fees	140,450	140,450
For Tax Audit	28,090	28,090
For Certification	1,124	2,248
For Income Tax Consultancy Fee	-	-
Sub Total	169,664	170,788
Marketing & Incentive Expenses	20,000	254,000
Bad debts written off	659,610	77,792
Provision for NPA	(91,739)	91,739
Contingent Provision Against Standard Assets (Net)	4,543,150	1,081,000
Preliminary Exp W/off	-	487,500
General Charges	1,147,283	354,916
(including Bank Charges, Security Charges & Membership Fees etc.)		
Total	14,689,661	6,181,275

19.1 NPA provisions are shown net off NPA Provision written back during the year amounting to ₹91,739/- (P.Y. ₹ Nil)

Notes on Financial Statements for the year ended on 31st March, 2015

20. Contingent liabilities not provided for – ₹ Nil (P.Y. ₹ Nil/-)

21. 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 Management Personnel

Shri Jayendrabhai Patel

Shri Amitbhai Manakiwala

Shri Aalokbhai Patel

C) Relatives of Key Management Personnel

Name of Party

Related party Relationship

Mrs. Ritaben J. Patel

Relative of Key Management Personnel

Aakash Patel (HUF)

Relative of Key Management Personnel

Aalok Patel (HUF)

Key Management personnel is Karta

Raj Enterprise

Key Management personnel is Proprietor

Namra Holdings & Cons.

Relative of Key Management Personnel

Services Pvt. Limited

is Director

Amit Manakiwala (HUF)

Key Management personnel is Karta

Mrs. Himani Manakiwala

Relative of Key Management Personnel

D) Details of Transactions are as follows:

(Amounts in ₹)

Sr. No.	Nature of Transactions	Holding Company	Key Management Personnel	Relatives of Key Management Personnel	Total
1	Expenses				
	Remuneration & Perquisites	10353560 (13223711)	725288 (189257)	1374655 (458001)	12453503 (13870969)
2	Others				
	Transfer of Receivables under Securitization	205305969 (11791300)	Nil (Nil)	Nil (Nil)	205305969 (11791300)
3	Unsecured Loan				
	Loan taken during the year	312537802 (404042640)	2580000 (5750000)	12340000 (14660000)	327457802 (424452640)
	Loan repaid during the year	327914263 (405794793)	3372603 (2489257)	15864075 (6058001)	347150941 (414342051)
	Balance out standing at 31/03/2015	6448657 (11471558)	3382685 (3450000)	6910580 (9060000)	16741922 (23981558)
4	Equity Contribution	Nil (50000000)	Nil (Nil)	Nil (Nil)	Nil (50000000)
5	Compulsory Convertible Debentures Application Money Received	Nil (Nil)	3000000 (Nil)	Nil (Nil)	3000000 (Nil)
6	Remuneration & Director Perquisites	NIL (Nil)	4327250 (Nil)	NIL (Nil)	4327250 (Nil)



Notes on Financial Statements for the year ended on 31st March, 2015

21. Related Party Disclosures : (contd.)

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

(Amounts in ₹)			
Particulars	Related Party	2014-15	2013-14
Interest	Arman Financial Services Limited.	10353560	13223711
Transfer of Receivables under Securitization	Arman Financial Services Limited.	205305969	11791300
Loan Taken	Arman Financial Services Limited.	312537802	404042640
Loan and interest Repaid	Arman Financial Services Limited.	327914263	405794793
Compulsory Convertible Debentures Application	Aalok J Patel	999999	Nil
Money Received	Jayendra B Patel	2000001	Nil
Remuneration and Director Perquisites	Aalok J Patel	2707250	Nil
	Jayendra B Patel	1620000	Nil
Equity Contribution	Arman Financial Services Limited.	Nil	50000000

22. Earnings per Share

(Amounts in ₹)			
Particulars	Unit	2014-15	2013-14
Numerator used for calculating Basic and Diluted Earnings per Share (Profit after Tax)	₹	33770719	11115430
Numerator used for calculating Diluted Earnings per Share (Profit after Tax)		33771552	11115430
Weighted average No. of shares used as denominator for calculating Basic and Diluted EPS	No. of Shares	10000000	5301370
Weighted average No. of shares used as denominator for calculating Diluted EPS		10001758	5301370
Face Value of Share	₹	10	10
Basic Earnings per Share	₹	3.38	2.10
Diluted Earnings per Share	₹	3.38	2.10

23. Details of Average interest paid on borrowing and charged on loans given to JLG:

Particulars	Rate of Interest in %
Average Interest Rate on Borrowings	15.46 %
Average Interest rate on Loans given to JLGs	27.25 %

24. Loan Portfolio and Provision for Standard and Non Performing Assets:

(Amounts in ₹)				
Particulars	Portfolio loan		Provision for Standard and Non	
	Outstanding (Gross)		Performing Assets	
	31.3.2015	31.3.2014	31.3.2015	31.3.2014
Standard Assts	57,16,95,165	43,07,43,435	57,24,000	11,80,850
Sub Standard Assets	6,88,121	9,17,390	Nil*	91,739
Total	57,23,83,286	43,16,60,825	57,24,000	12,72,589

*(refer note 8.1)

Notes on Financial Statements for the year ended on 31st March, 2015

25. Disclosure Relating to Securitization

- (i) Details of Assignment Transaction undertaken by the NBFC as per Reserve bank of India's Guidelines on Securitization of Standard Assets as under.

(Amount in ₹ Lacs)		
Particulars	2014-15	2013-14
Total No of Loan Assets	38922	-
Book Value of Loan Assets (₹)	205305694	-
Sales consideration Received from securitized assets (₹)	223150400	-
Gain / (Loss) on Securitized assets (₹)	17844706	-

- (ii) As per Master Circulars - "Miscellaneous Instructions to all Non-Banking Financial Companies" dated July 1, 2014 vide ref no RBI/2014-15/52 DNBS(PD).CC.No.392/03.02.001/2014-15 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.

26. Information pursuant to provision of paragraphs 3 and 4 of part II of Schedule VI of the Companies Act, 1956. (As certified by Director):

(Amount in ₹ Lacs)		
Particulars	2014-15	2013-14
A) Earning in foreign currency (₹)	Nil	(Nil)
B) Expenditure in foreign Currency (₹)	Nil	(Nil)

27. As required in terms of Paragraph 13 of Non Banking Prudential Norms (Reserve Bank(Direction 2007, schedule to the Balance Sheet of a Non Banking Financial Company are annexed hereto.

28. Balances are subject to confirmation.

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

Signature to Schedules "I" to "29"

As per our report of even date attached

For, J.T. Shah & Company
Chartered Accountants
FRN No. 109616W

J. J. Shah
Partner
M.No. 45669

Place : Ahmedabad
Date: 14.05.2015

For & on behalf of Board of Directors

Jayendra Patel
Managing Director

Amit Manakiwala
Director



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

for the year ended on 31st March, 2015

[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)	
Sr. No.	Particulars	Amount Outstanding	Amount Overdue
Liabilities side:			
(1)	Loan and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:		
(a)	Debtentures:		
	Secured	-	NIL
	Unsecured		
	(other than falling within the meaning of public deposits*)	NIL	NIL
(b)	Deferred Credits	NIL	NIL
(c)	Term Loans	3,314.27	NIL
(d)	Inter-Corporate loans and borrowing	87.73	NIL
(e)	Commercial Paper	NIL	NIL
(f)	Public Deposits*	NIL	NIL
(g)	Other Loans (specify nature)		NIL
	- Working capital Loans	994.45	
	- from directors and relatives	102.93	
	- Debenture Application Money	30.00	
		1,127.38	
* 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 debtentures	NIL	NIL
(b)	In the form of partly secured debtentures i.e. debtentures 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	5,736.44	3.49
(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

Financial Statements of Namra Finance Ltd.

		(₹ In lakhs)	
Sr. No.	Particulars	Amount Outstanding	Amount Overdue
(5) Break-up of Investments:			
Current Investments:			
1.	Quoted:		
	(i) Shares		
	(a) Equity	NIL	NIL
	(b) Preference	NIL	NIL
	(ii) Debentures and Bonds	NIL	NIL
	(iii) Units of mutual funds	NIL	NIL
	(iv) Government Securities	NIL	NIL
	(v) Others (please specify)	NIL	NIL
2.	Unquoted:		
	(i) Shares		
	(a) Equity	NIL	NIL
	(b) Preference	NIL	NIL
	(ii) Debentures and Bonds	NIL	NIL
	(iii) Units of mutual funds	NIL	NIL
	(iv) Government Securities	NIL	NIL
	(v) Others (please specify) FDR	320.00	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	NIL	NIL
	(iv) Government Securities	NIL	NIL
	(v) Others (please specify)	NIL	NIL

(6) Borrower group-wise classification of all leased assets, stock-on-hire and loans and advances

Please see Note 2 below

		(₹ In lakhs)		
Sr. No.	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	NIL	5,736.44	5736.44
	Total	0.00	5736.44	5736.44



(7) Investor group-wise classification of all investments (current and long-term) in shares and securities (both quoted and unquoted):

Please see note 3 below

(₹ In lakhs)

Sr. No.	Category	Market value/ Break-up or fair value or	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	-	0

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

(8) Other information

(₹ In lakhs)

Sr. No.	Category	Amount
(i)	Gross Non-performing Assets	
	(a) Related Parties	NIL
	(b) Other than related parties	6.88
(ii)	Net Non-Performing Assets	
	(a) Related Parties	NIL
	(b) Other than related parties	6.88
(iii)	Assets acquired in satisfaction of debts	NIL

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

Notes



Notes



ARMAN FINANCIAL SERVICES LIMITED

CIN: L55910GJ1992PLC018623

REGISTERED OFFICE: 502-503, SAKAR III, OPP. OLD HIGH COURT, OFF. ASHRAM ROAD, AHMEDABAD-380014, GUJARAT, INDIA

PH: +91-79-40507000, FAX: +91-79-2754366 e-mail: finance@armanindia.com Website: www.armanindia.com

ATTENDANCE SLIP

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

Joint Shareholders may obtain additional slip on request

Dp Id*: _____	Master Folio No. : _____
Client Id*: _____	

Name and Address of the Shareholder

No. of Shares held

I hereby record my presence at the **23rd Annual General Meeting** of the Company held on Tuesday the **29th** day of **September, 2015** at **3:30 pm** at Ahmedabad Textiles Mill's Association (ATMA) Hall, Opp. City Gold Cinema, Ashram Road, Ahmedabad-380009

*Application for Investors holding shares in electronic form.

*Strike out whichever is not applicable.



ARMAN FINANCIAL SERVICES LIMITED

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PH: +91-79-40507000, FAX: +91-79-2754366 e-mail: finance@armanindia.com Website: www.armanindia.com

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 read with rule 19(3) Of the Companies (Management and Administration) Rules,2014]

Name of the Members(s):	
Registered address:	
E-Mail ID:	
Folio No. /Client ID:	
DP ID:	

I/We, being the member (s) of _____, Shares of the above named Company, hereby appoint:

1	Name:	
	Address:	
	E-Mail ID:	
	Signature:	
Or failing him/her		
2	Name:	
	Address:	
	e-Mail ID:	
	Signature:	
Or failing him/her		
3	Name:	
	Address:	
	e-Mail ID:	
	Signature:	

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **23rd Annual General Meeting** of the Company, to be held on the **29th** day of **September, 2015** at **3:30 pm** at Ahmedabad Textiles Mill's 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:

Item No.	Resolution(s)	Assent	Dissent
Ordinary Business			
1	Adoption of Audited Statement		
2	Declared Dividend		
3	To appoint a Director in place of Shri Aakash J. Patel (DIN 02778878) who retires by rotation and being eligible, offers himself for reappointment.		
4	To appoint a Director in place of Shri Aditya Bhandari (DIN 03062463) who retires by rotation and being eligible, offers himself for reappointment		
5	Appointment of Auditors and fixing their remuneration		
Special business			
6	Appointment of Shri Aalok Patel (DIN 02482747) as an Executive Director & CFO		
7	Appointment of Shri R K. Nagpal (DIN 00073205) as an Independent Director		

Signed this _____ day of _____ 2015.

Signature of shareholder _____

Signature of Proxy holder(s) _____

Affixing
Revenue
Stamp

Note:

This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

A TRISYS PRODUCT
info@trisyscom.com



Arman Financial Services Limited

CIN: L55910GJ1992PLC018623

502-503, Sakar III, Opp. Old High Court
Off. Ashram Road, Ahmedabad 380014,
Gujarat

Website: www.armanindia.com