



Arman Financial Services Limited

One Day At A Time

Arman Financial Services Limited
Annual Report 2019-20

The background of the page is a full-page artistic painting. It depicts a landscape at either sunrise or sunset. The sky is filled with thick, horizontal bands of color, ranging from deep, dark orange and red at the top to bright, glowing yellow and white near the horizon where the sun is partially visible. Below the sky, there are silhouettes of trees in the middle ground and rolling hills or mountains in the distance. The foreground appears to be a grassy field, rendered in darker, muted tones. The overall texture of the painting is visible, giving it a sense of depth and movement.

Contents

One Day at Time 1

About Arman 10

From the Vice Chairman's Desk 12

Key Performance Indicators 16

Conversation with the Jt. Managing Director 22

Battling the Crisis 26

Management Discussion & Analysis 28

Corporate Information 56

Notice 57

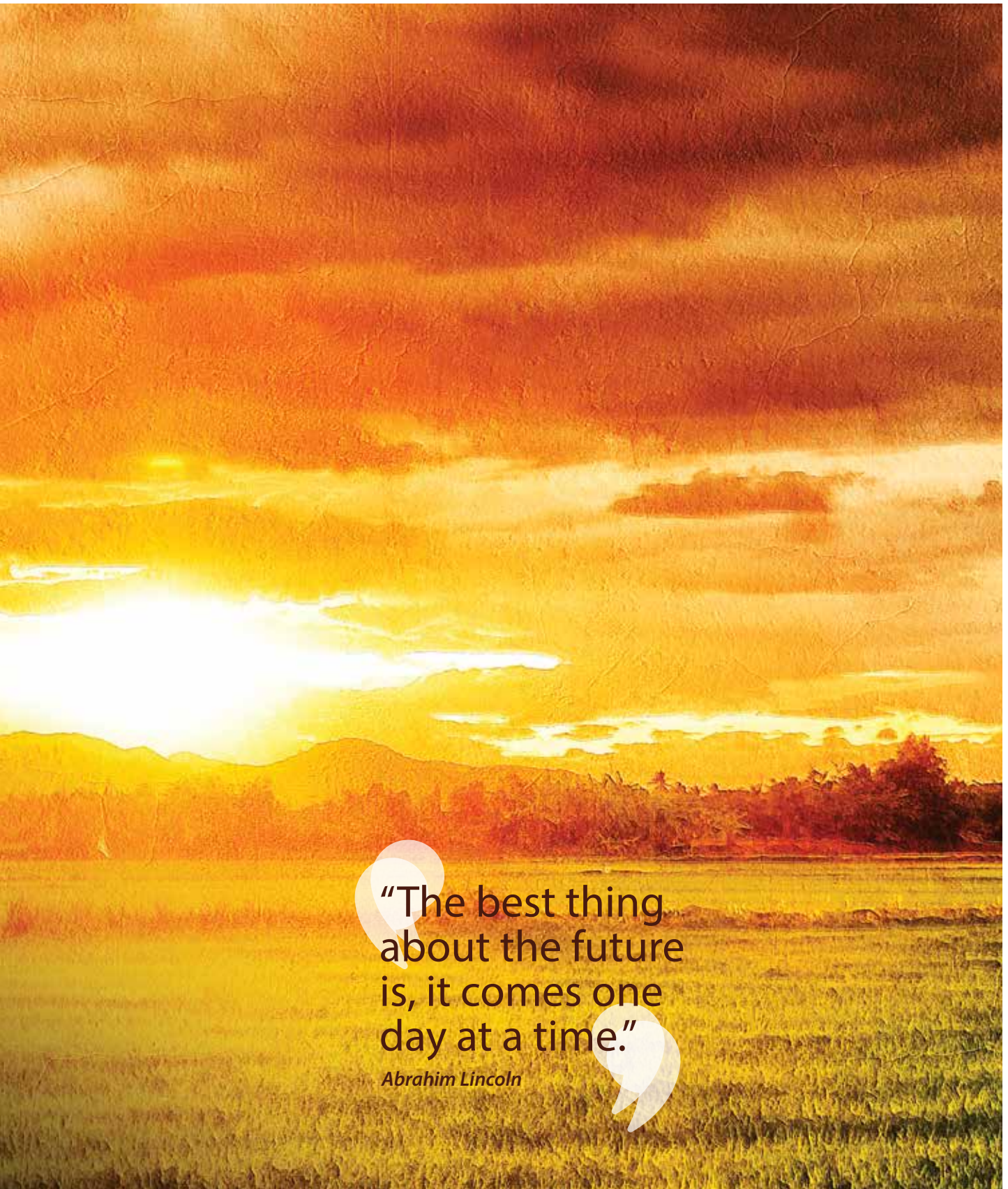
Directors' Report 74

Corporate Governance Report 97

Consolidated Financial Statements 113

Standalone Financial Statements 198

Namra Finance Limited 281



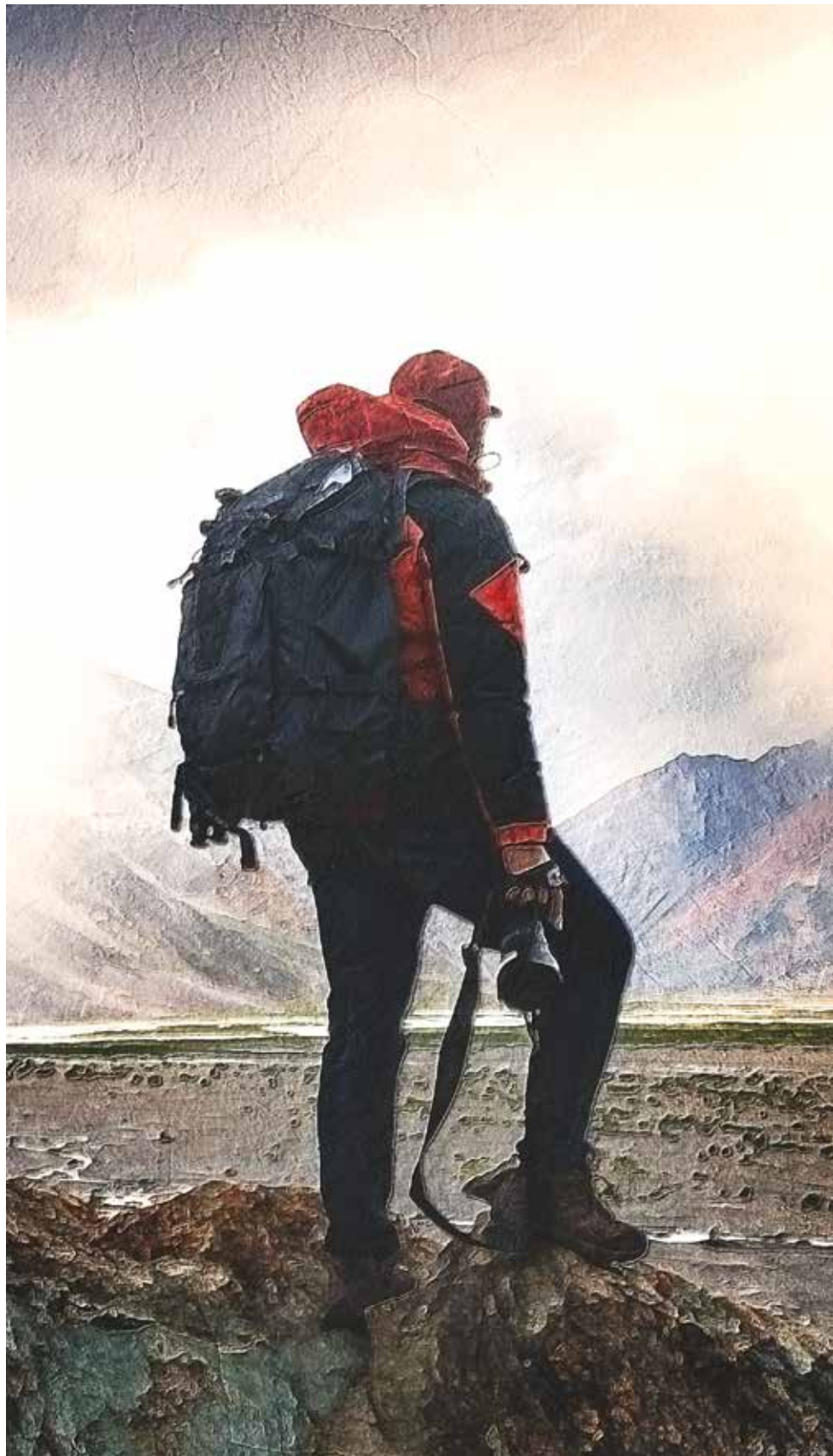
"The best thing
about the future
is, it comes one
day at a time."

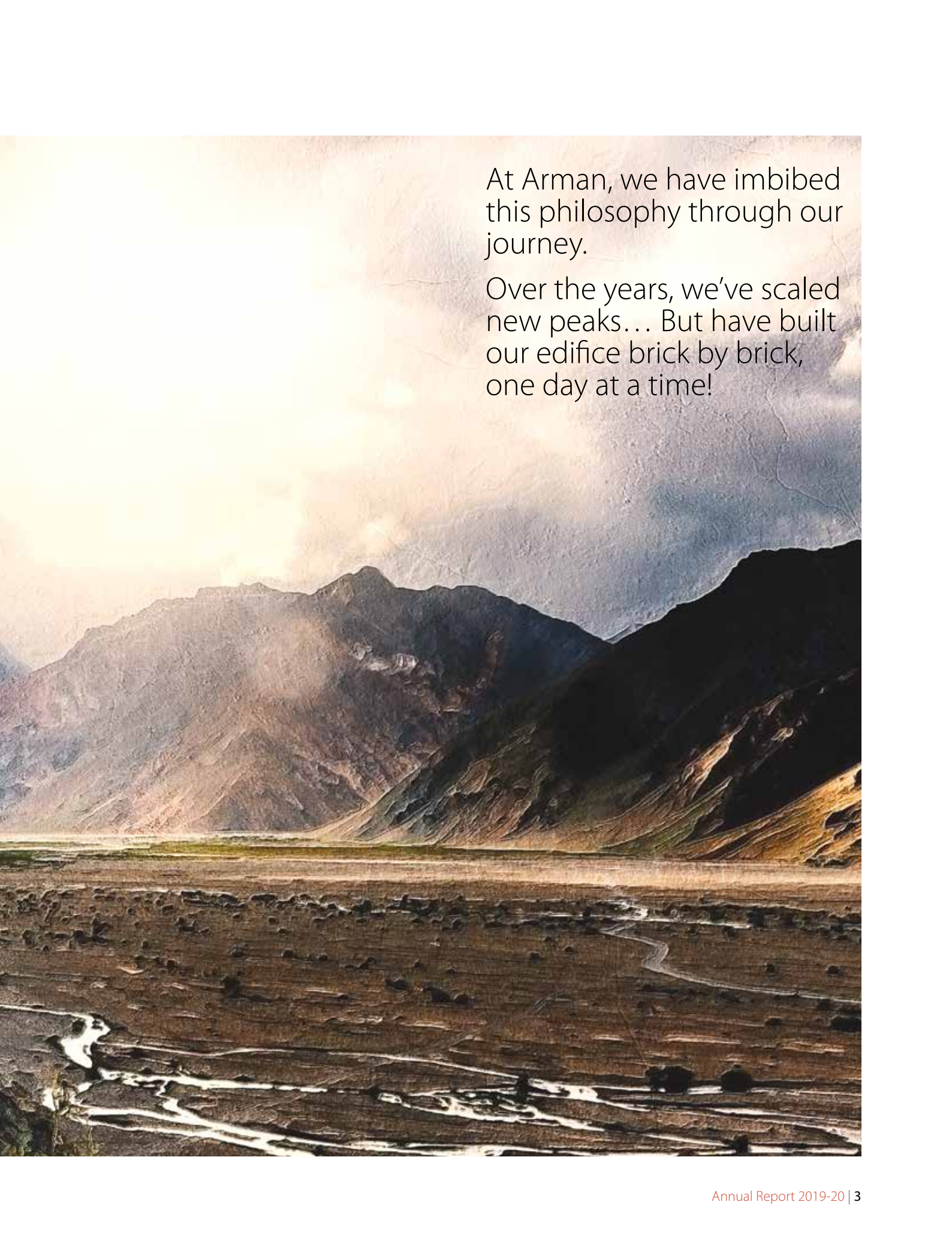
Abraham Lincoln

So, you need
to renew your
commitment...
Only for today.

Because whatever
the strife, your mind
will power you to
take one more step.

Regardless of how
you're feeling,
chances are you
can definitely push
forward for one
more day.



A dramatic landscape painting featuring a vast, rugged mountain range under a sky with soft, golden light. In the foreground, a wide, dark valley is crisscrossed by a winding, light-colored river or path. The mountains are rendered with rich, textured brushstrokes in shades of brown, grey, and blue. The overall mood is one of grandeur and resilience.

At Arman, we have imbibed
this philosophy through our
journey.

Over the years, we've scaled
new peaks... But have built
our edifice brick by brick,
one day at a time!

Corporate Overview


- One Day at Time
- About Arman
- From the Vice Chairman's Desk
- Key Performance Indicators
- Conversation with the Jt. Managing Director
- Battling the Crisis
- Management Discussion & Analysis

In 2016-17, we added an extra brick to Arman's foundation – the MSME vertical.

Our Microfinance vertical was scaling greater heights one day at time, one relation at a time. As we stepped wider and deeper into India's rural locales, we faced the reality that rural India needed much more than just micro-loans. A new brick was added to the Arman foundation with the launch of the MSME vertical.

In 2016-17, we created a financing solution for rural micro-enterprises (MSME). We moved slow, starting from a small pilot. From our home state to neighbouring states. With the aspiration to extend to contiguous states. We persevered patiently to establish a relevant high-touch operating model.





We focused on every day, only for the next 24 hours. Because that is all we had. Because that is what would push us forward. And it did.

In only three full years of operations, this vertical has emerged as the fastest growing (disbursements recorded 61% CAGR), most profitable (NIM 23.8% in 2019-20) and with superior quality assets (NNPA of 0.3% in 2019-20) segment.

This brick has transformed into a formidable pillar in Arman's widening edifice.

Corporate Overview

- One Day at Time
- About Arman
- From the Vice Chairman's Desk
- Key Performance Indicators
- Conversation with the Jt. Managing Director
- Battling the Crisis
- Management Discussion & Analysis



In 2018-19,
we built
invisible
bridges
with our
customers.

While the joy of financial inclusion was immense, the wait for funds was too long. Although they did not say it in so many words, we read their minds. We built the digital connect. We initiated our digital transformation journey.

We launched an integrated mobile interface for onboarding customers. It did a real-time credit check for all loan applications. It instantly informed prospects whether their application cleared our algorithms. The first step which would take a couple of days was collapsed to a few minutes.

Next, we initiated cashless disbursements. It was not easy. Because we needed to create their bank accounts, even when banks had hitherto shunned these very same people as unbankable. Our team made it happen. Our customers received the cash almost instantly.

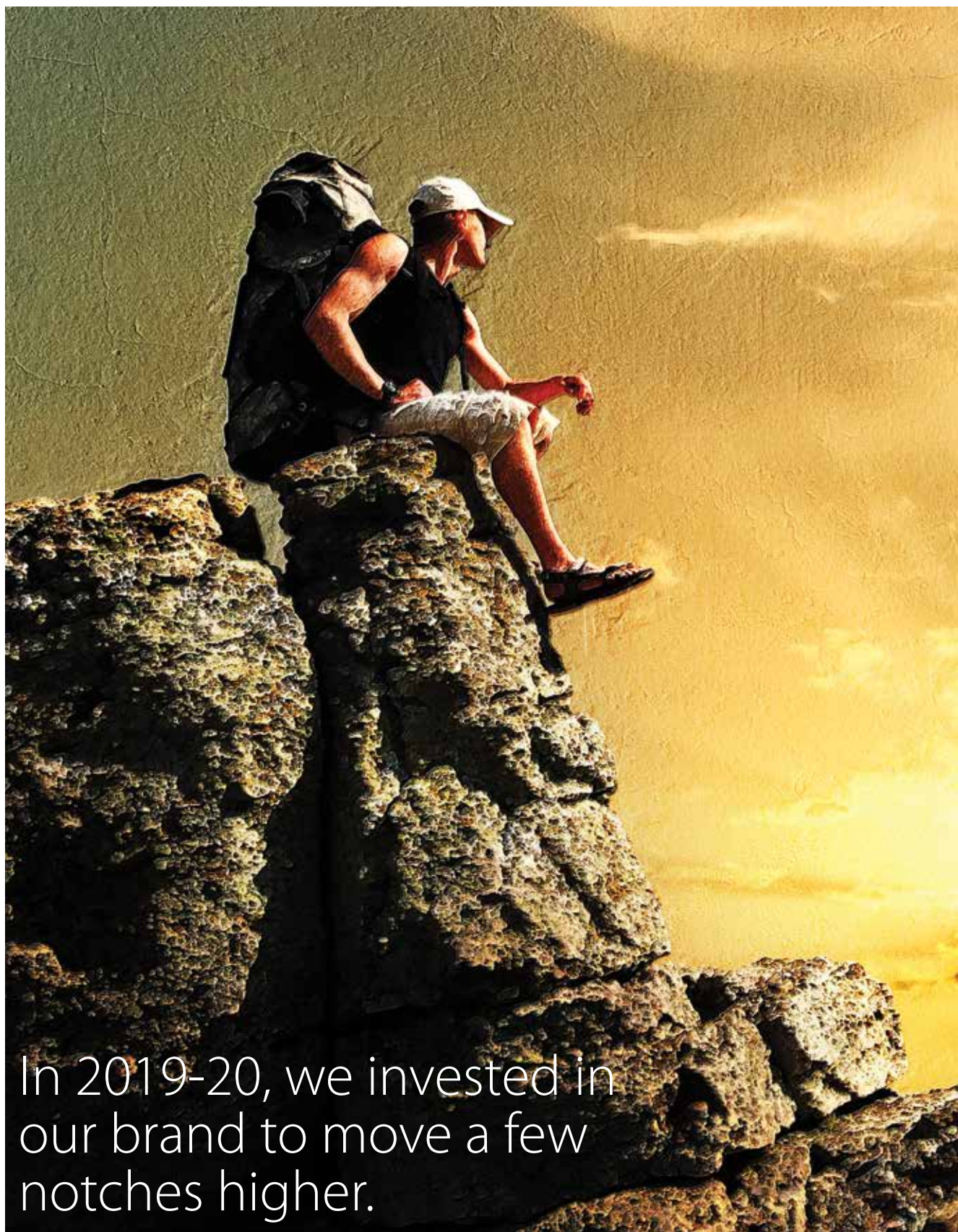


Currently, 100% of the onboarding of microfinance customers takes place through our mobile platform. Moreover, all disbursements across all verticals are cashless.

These invisible bridges have strengthened our customer connect – a few threads tighter.

Corporate Overview

- ➔ One Day at Time
- About Arman
- From the Vice Chairman's Desk
- Key Performance Indicators
- Conversation with the Jt. Managing Director
- Battling the Crisis
- Management Discussion & Analysis



In 2019-20, we invested in our brand to move a few notches higher.



It was a commitment to fellow Indians as well as the organisation. Because we realised that the strategic initiatives built upon over the years – one day at a time – had yielded positive returns. We decided to add more muscles to our legs.

We initiated the new rural two-wheeler loan product, leveraging our existing dealer relationships, but for the Tier 3 and 4 towns and below locations. We created an operating model that cumulates the positives of our existing verticals. We made considerable headway. We onboarded 2,425 customers. We disbursed ₹11.1 crore.

In our microfinance vertical, we moved the entire business operations to the digital platform. It improved people productivity, operational efficiency and data accuracy. Things which took days now happen in minutes. Data, of every kind, is available at a click. This has been a game-changer for the Company. Our ease of doing business has made it imperative to replicate this solution in other verticals – which is in progress.

We only keep moving forward one day at a time. Because, the view from the top is so worth the climb.

Corporate Overview

One Day at Time

→ About Arman

From the Vice Chairman's Desk

Key Performance Indicators

Conversation with the Jt. Managing Director

Battling the Crisis

Management Discussion & Analysis

About Arman

An RBI-registered category 'A' Non-Banking Finance Company – Asset Finance Company (NBFC-AFC), Arman Financial Services Limited (Arman), along with its wholly owned subsidiary, Namra Finance Ltd. (Namra),

also an RBI-registered Non-Banking Finance Company - Microfinance Institution (NBFC-MFI), invest in the small dreams of the unorganised sector residing in rural and semi-rural locales across six states.



873.6

Disbursement (₹ crore)

75%	15%	10%
Microfinance	MSME loans	2W loans
₹653.1 crore	₹136.2 crore	₹84.3 crore

211.5

Income from Operations (₹ crore)

68%	20%	12%
Microfinance	MSME loans	2W loans
₹144.3 crore	₹42.1 crore	₹25.1 crore



28 years

Business journey

4.48 lakh

Active customer base

1,897

Employee strength



The business verticals

	Microfinance	MSME Loans	2-Wheeler loans
Share of Total AUM	72%	17%	11%
Average Ticket Size	₹28,000	₹70,000	₹42,000
Tenure	14-24 months	24 months	12-36 month
Disbursement	100% Cashless	100% Cashless	100% Cashless to Dealer
Underwriting	CRIF / Equifax Score; JLG Model with Training, Home Visit, Life Style Appraisal, group guarantee	CIBIL & CRIF Score; Detailed Cash Flow Assessment; Home & Business Field Investigation	CIBIL Score, Field Investigation, Income Proof
Collection	Cash collection at centre meeting	Doorstep cash collection	NACH / Direct Debit

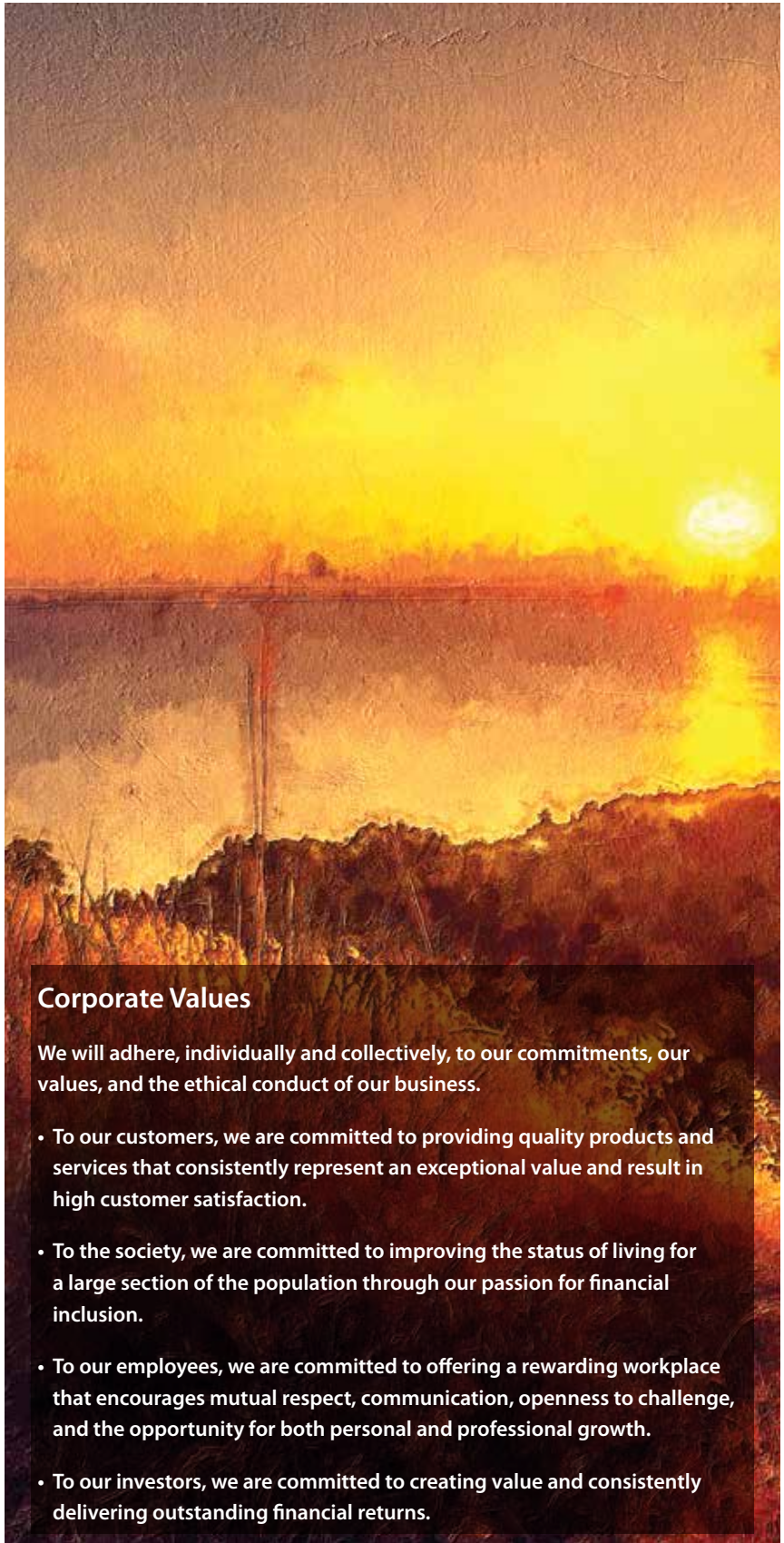


Vision

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.



- To help those who are at the bottom of the pyramid.
- To work with vigour, dedication and innovation to achieve excellence in service, quality, reliability, safety and customer care as the ultimate goal.
- To earn the trust and confidence of all stakeholders, exceeding their expectations and making the Company a respected household name.
- To consistently achieve high growth and the highest levels of productivity.
- To be a technology-driven, efficient and financially sound organisation.
- To contribute towards community development and nation building.
- To be a responsible corporate citizen nurturing human values and concern for society, the environment and, above all, the people.
- To promote a work culture that fosters individual growth, team spirit and creativity to overcome challenges and attain goals.
- To encourage ideas, talent and value systems.
- To uphold the guiding principles of trust, integrity and transparency in all aspects of interactions and dealings.



Corporate Values

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

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

Corporate Overview

One Day at Time

About Arman

➔ From the Vice Chairman's Desk

Key Performance Indicators

Conversation with the Jt. Managing Director

Battling the Crisis

Management Discussion & Analysis

From the desk of the Vice-Chairman

I am ceased of the reality that we need to make every day count... Accomplish one difficult task or making one decision every day. And I am sure, when we sum up this daily progress, it would transform into huge accomplishments by the year end.



Dear Members,

It is my privilege to pen down this piece at a time when as the world is caught up in a pandemic, the likes of which had never been seen before; one which has not only changed our working style but has made it imperative to alter our mindset with the prevailing circumstances and align our business strategy and operating model accordingly.

As is customary, I would first reflect on the previous year before throwing

some light on how we intend to align with the vastly changed environment in our new world.

Fiscal 2019-20 was one of the better years in our journey. It was extremely satisfying because all the growth levers contributed to organisational progress. Moreover, we moved a few steps further in our digital journey. We pruned costs and tightened our processes. We enhanced our asset quality and business profitability. We

registered our highest bottomline in history, only three years after demonetisation.

The high point of 2019-20 for the microfinance industry was adoption of the Code for Responsible Lending (CRL), which brings all microfinance practitioners to a level playing field, and among other things, protects and prevents over-leveraging by the customers. Namra (our microfinance arm) was an early adopter of the

CRL and was recognised as a 'responsible lender' for adopting and adhering to the CRL. It showcases our determination and discipline to remain committed to the long-term health of the industry, risk-mitigation, self-regulation, and ethical business practices.

As we entered 2020-21, we stepped into a new world, one which is full of great uncertainty. Suddenly our annual blueprint, broken down into quarterly targets and monthly goals, simply went out of the window. All that mattered was TODAY. It's what we did in the waking 16 hours of every day that became so very critical. For the organisation. For our family. For ourselves. Life suddenly translated into a phrase One day at a time!

The challenges brought down by the Covid-19 pandemic were so overwhelming at first that the only correct strategy was dealing with one problem at a time One day at a time!

I am ceased of the reality that we need to make every day count. As an individual, we need to accomplish one

difficult task or making one decision every day. And I am sure, when we sum up this daily progress, it would transform into huge accomplishments by the year end.

At Arman, we put this philosophy into practice... moving ahead, one by one by one, building up success, very small victories, one brick at a time, focusing not only on the ultimate goal, but on the task at hand.

During the months of the lockdown, the entire team worked diligently each day to stay in touch with our customer base. The results are heartening to say the least. In July 2020, we collected more than 81% of the scheduled amount across all our verticals combined. What is even more heartening is that a larger section of our customers has not opted for the moratorium. I'm also happy to report that Arman is flush with liquidity and we are excited to continue supporting our customers through disbursements, which should return to some semblance of normalcy by the third quarter of fiscal 2020-21.

Where will we end up at the close of fiscal 2020-21, I would not hazard a guess. But I am certain about one thing that we will sail through this year and persevere as we have done so on numerous occasions in our 28-year history. Our financial numbers could be subdued, but our zeal to make each day count will be higher. And when this mayhem is over, which will take some more time, Arman will emerge even more alive and agile to sectoral realities and business opportunities.

In closing, I take the opportunity to thank my colleagues on the Board for their guidance in drawing the contours of the long-term vision of the Company. I thank our leadership team for translating our Board Room strategies into on-ground realities. I express my heartfelt gratitude to the entire Arman team, especially our field force, for their unending passion and unwavering dedication in uplifting the organisation.

I also place on record my appreciation to all our stakeholders and government agencies for believing in our vision and partnering us in our

growth. Finally, I thank you, our loyal shareholders, for placing your trust in our abilities for driving your Company ahead. I continue to solicit your faith to take your Company to the next orbit of success.

Warm Regards

Jayendrabhai Patel

India among top nations with most conducive environment for financial inclusion.

According to The Economist Intelligence Unit's 2019 Global Microscope on Financial Inclusion report, the overall environment for financial inclusion has improved globally with India, Colombia, Peru, Uruguay and Mexico having the most favourable conditions for inclusive finance. India is placed among the top nations with the most conducive environment for financial inclusion in terms of allowing non-banks to provide funds using the digital platform, proportionate customer due diligence and effective consumer protection.

Corporate Overview

One Day at Time

About Arman

➔ From the Vice Chairman's Desk

Key Performance Indicators

Conversation with the Jt. Managing Director

Battling the Crisis

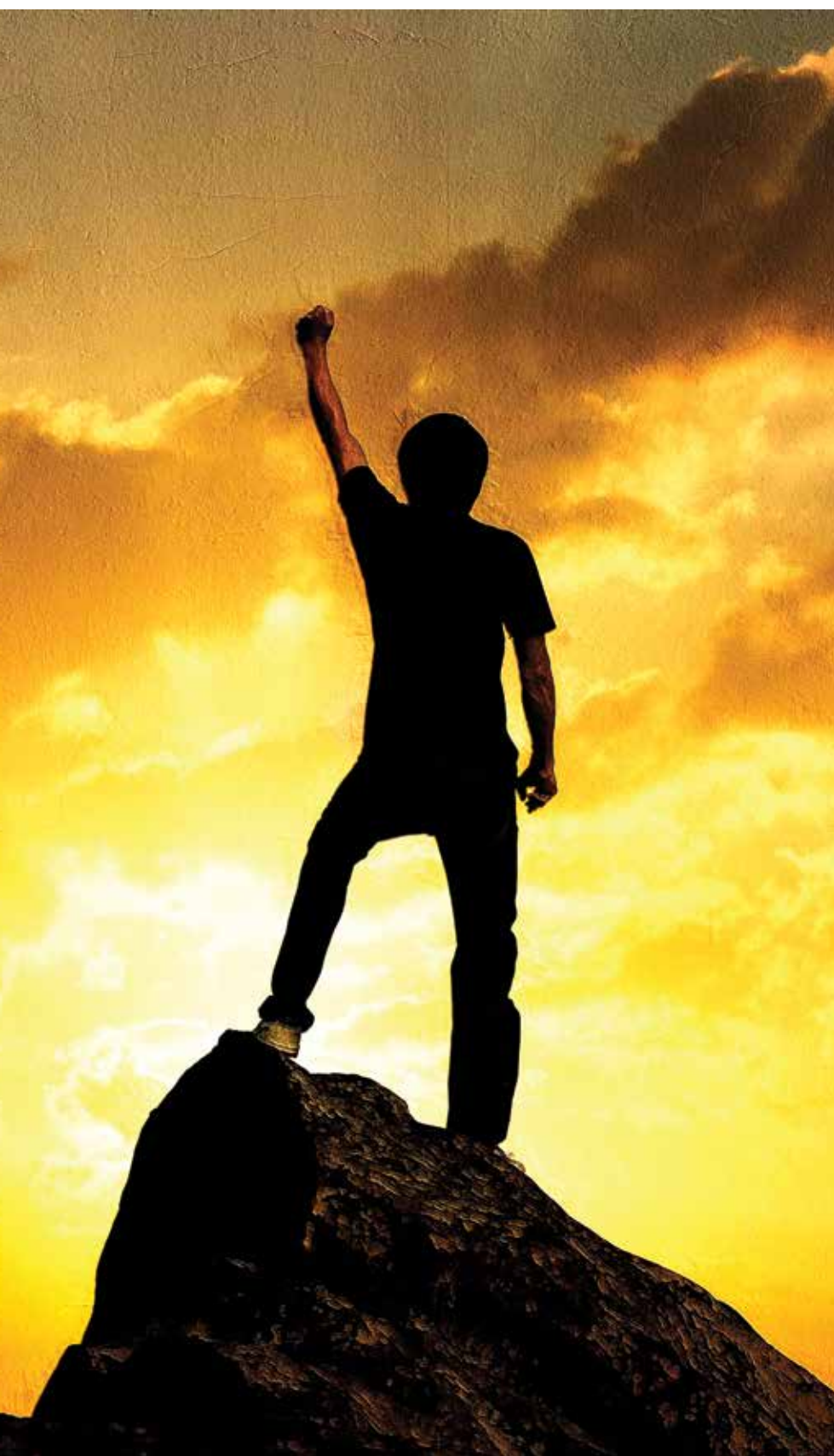
Management Discussion & Analysis

A heartening recognition for our policies and practices – practised day-in and day-out.



Namra (our Microfinance arm) occupied a high position among 111 players (Source: MFIN) in the micro lending space who have signed the new Code of Responsible Lending (CRL) out of a total of 170 microfinance practitioners in India (Source: Equifax). Namra was an early adopter of CRL and this was the first rating of the signees under this Code. Lenders who have a CRL score for the quarter of $\geq 90\%$ are certified as a 'Responsible Lender'. The industry aims for the CRL code to become the highest standard for customer protection, mainly to avoid over-leveraging, and is a big step towards self-regulation.





What is Code of Responsible Lending (CRL)?

Lenders engaged in micro lending such as large banks and MFIs have come together to safeguard their loan assets by preventing over-leveraging of micro borrowers.

A common 'Code for Responsible Lending (CRL)' was unveiled in 2019-20 to bar more than three lenders offering loans to a single borrower and cap the size of total lending to ₹1.25 lakh per borrower. The code also bars lending to a borrower whose loan has turned non-performing. No lending will also be allowed without an updated credit bureau report. Adoption of the CRL would also entail quarterly independent audits.

The code is aimed at keeping indebtedness of poor borrowers under check, which would in turn also improve the quality of loan assets for lenders.

Introduction of the Code for Responsible Lending in microcredit is momentous for the sector. This is probably the first time globally where different entities of different structures are coming together to self-regulate in a voluntary fashion. As of July 31, 2020, 111 entities have signed on to CRL. These entities include NBFC-MFIs, NBFCs, PSUs and private banks, SFBs, non-for-profits, and all other microfinance practitioners in the Country.

Corporate Overview

One Day at Time

About Arman

From the Vice
Chairman's Desk

→ Key Performance
Indicators

Conversation with
the Jt. Managing
Director

Battling the Crisis

Management
Discussion &
Analysis

Being better – one quarter at a time!

Moving forward – one quarter at a time

Q1	
ASSETS UNDER MANAGEMENT (₹ in crore)	
57%	
GROWTH	
Q1 FY20	Q1 FY19
722.5	460.3
TOTAL DISBURSEMENT (₹ in crore)	
24%	
GROWTH	
Q1 FY20	Q1 FY19
191.5	154.8
GROSS TOTAL INCOME (₹ in crore)	
69%	
GROWTH	
Q1 FY20	Q1 FY19
48.2	28.5
PROFIT AFTER TAX (₹ in crore)	
138%	
GROWTH	
Q1 FY20	Q1 FY19
12.1	5.1
OTHER ACHIEVEMENTS	
<ul style="list-style-type: none"> Cost-to-Income Ratio improved to 35.5% for Q1 FY20 as against 43.5% Consolidated Debt-Equity Ratio (on a fully diluted basis) as of 30 June 2019 stood at 4.58 	

Q2	
ASSETS UNDER MANAGEMENT (₹ in crore)	
46%	
GROWTH	
Q2 FY20	Q2 FY19
753.1	514.7
TOTAL DISBURSEMENT (₹ in crore)	
15%	
GROWTH	
Q2 FY20	Q2 FY19
231.5	200.5
GROSS TOTAL INCOME (₹ in crore)	
70%	
GROWTH	
Q2 FY20	Q2 FY19
54.4	31.9
PROFIT AFTER TAX (₹ in crore)	
73%	
GROWTH	
Q2 FY20	Q2 FY19
12.0	7.0
OTHER ACHIEVEMENTS	
<ul style="list-style-type: none"> Cost-to-Income Ratio improved to 40.8% for Q2 FY20 as against 43.5% in Q2 FY19 MSME book witnessed strong traction – growing by 70% YoY to ₹125.8 crore; MFI AUM stood at ₹555.3 crore in Q2 FY20, recording a growth of 57% YoY 	

Q3**ASSETS UNDER MANAGEMENT (₹ in crore)**

41%

GROWTH

Q3 FY20

Q3 FY19

814.2

579.6

TOTAL DISBURSEMENT (₹ in crore)

6%

GROWTH

Q3 FY20

Q3 FY19

224.1

211.2

GROSS TOTAL INCOME (₹ in crore)

51%

GROWTH

Q3 FY20

Q3 FY19

57.0

37.8

PROFIT AFTER TAX (₹ in crore)

88%

GROWTH

Q3 FY20

Q3 FY19

13.6

7.2

OTHER ACHIEVEMENTS

- Cost-to-Income Ratio improved to 37.1% (lower by 780 bps YoY)
- As a prudent measure, from Q3 FY20 onwards, the Company has raised standard provisioning on the MSME book to 1.0% compared to 0.4% earlier (which resulted in a one-time higher impact of ₹0.8 crore in Q3 FY20)

Q4**ASSETS UNDER MANAGEMENT (₹ in crore)**

26%

GROWTH

Q4 FY20

Q4 FY19

859.9

684.8

TOTAL DISBURSEMENT (₹ in crore)

4%

GROWTH

Q4 FY20

Q4 FY19

229.2

220.5

GROSS TOTAL INCOME (₹ in crore)

34%

GROWTH

Q4 FY20

Q4 FY19

55.5

41.3

PROFIT AFTER TAX (₹ in crore)

(47)%*

GROWTH

Q4 FY20

Q4 FY19

3.8

7.2

OTHER ACHIEVEMENTS

- Debt-Equity Ratio as on 31 March 2020 was 4.1x (excludes direct assignment)
- Adjusting for the Covid-19-related disruption, a non-Covid-19 scenario would have resulted in a March 31st AUM of ~₹940 crore, Q4 PAT of ~₹10.5 crore and a full-year PAT of ~₹48.2 crore.

* Provisions during the quarter increased to ₹11.9 crore, as the Company prudently created

1) contingency provision of ₹6.7 crore on account of Covid-19

2) took aggressive write-offs of ₹3.9 crore for pre-Covid-19 NPAs

Corporate Overview

One Day at Time

About Arman

From the Vice
Chairman's Desk

➔ Key Performance
Indicators

Conversation with
the Jt. Managing
Director

Battling the Crisis

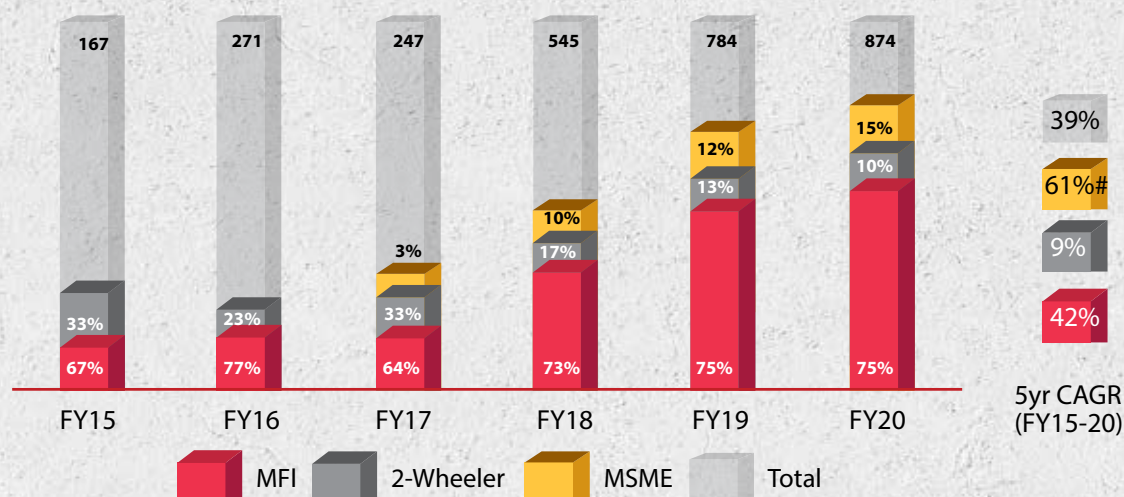
Management
Discussion &
Analysis

One year
at a time

We have
only scaled
new heights

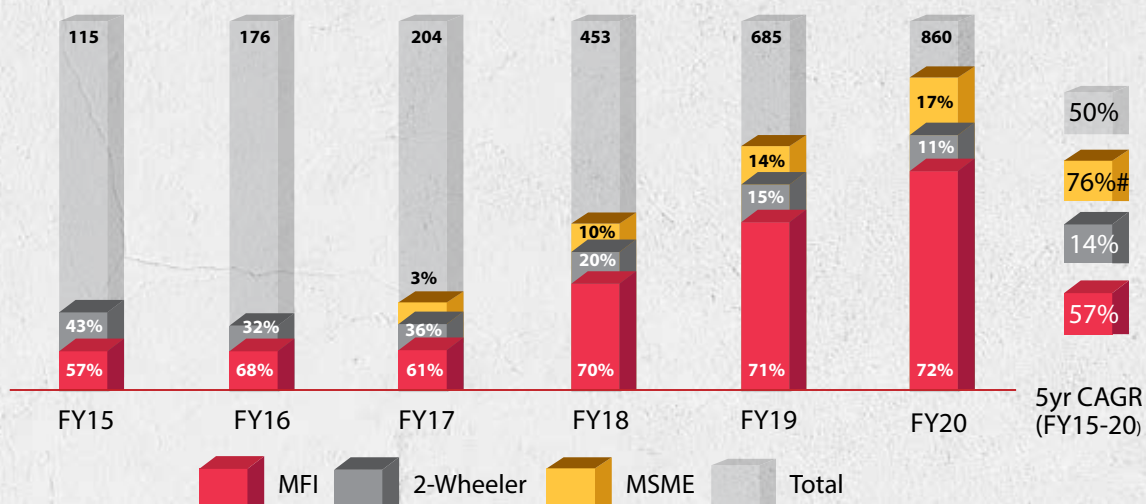
CAGR: 39%

TOTAL DISBURSMENTS (₹ CRORE)



TOTAL AUM (₹ crore)

CAGR: 50%

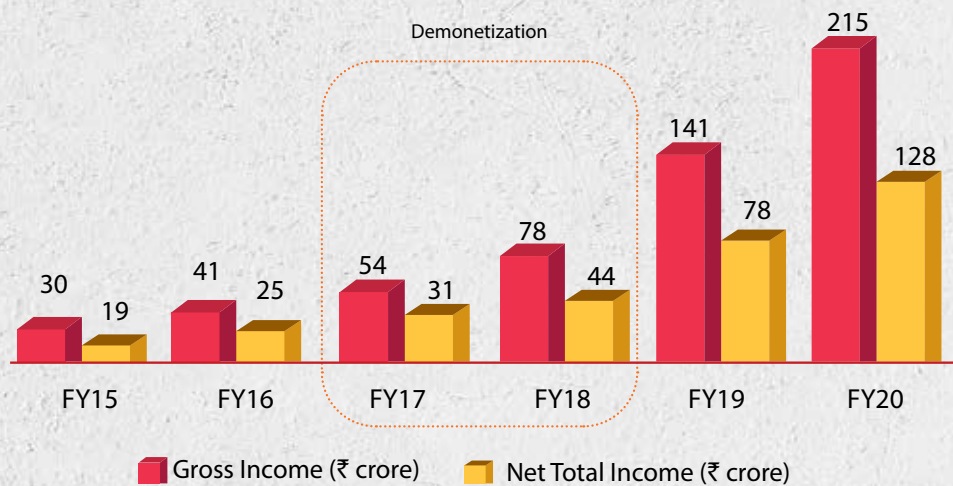


#MSME started in FY17; MSME CAGR is 2yr CAGR (FY18-20)

GROSS INCOME AND NET TOTAL INCOME (₹ crore)

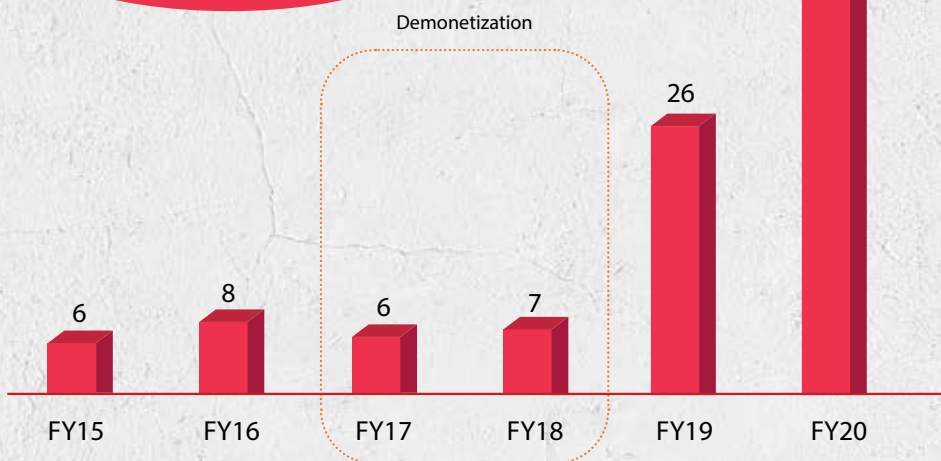
CAGR: 49%

CAGR: 47%



PAT (₹ crore)

CAGR: 46%



Adjusted for the Covid Provisioning of ₹6.68 crore, PAT would have stood at ₹48.2 crore in FY20; and ROE would have been 32.6%



Corporate Overview

One Day at Time

About Arman

From the Vice
Chairman's Desk

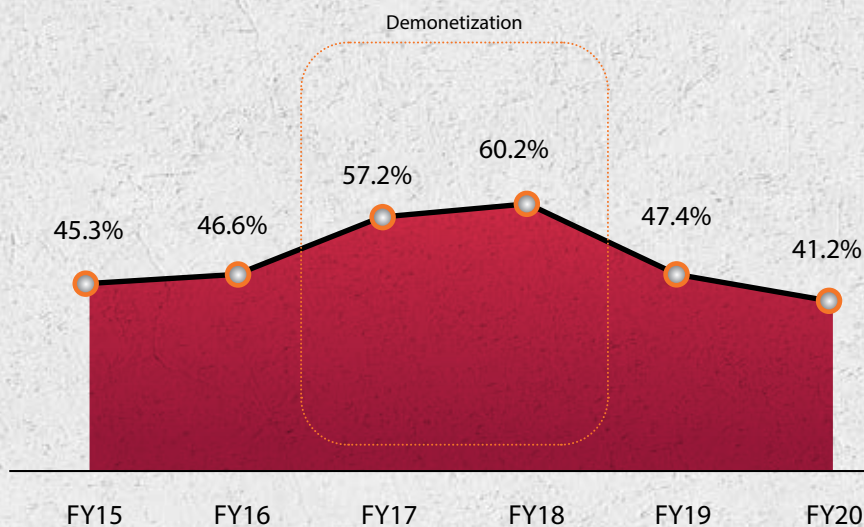
➔ Key Performance
Indicators

Conversation with
the Jt. Managing
Director

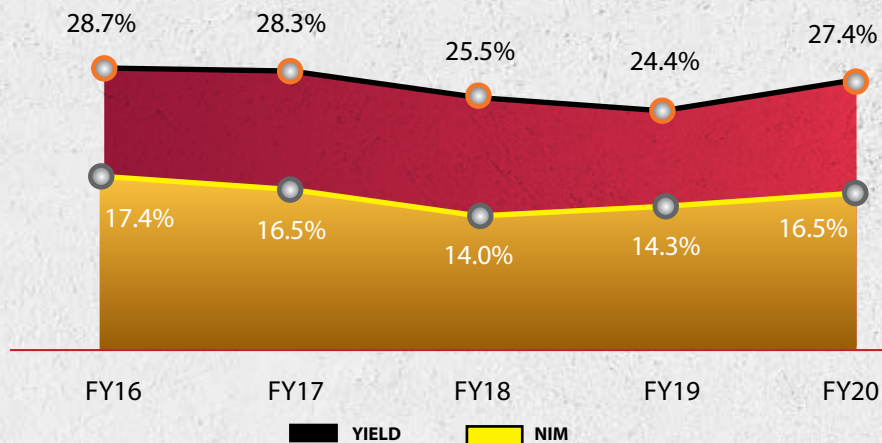
Battling the Crisis

Management
Discussion &
Analysis

COST TO INCOME RATIO (%)



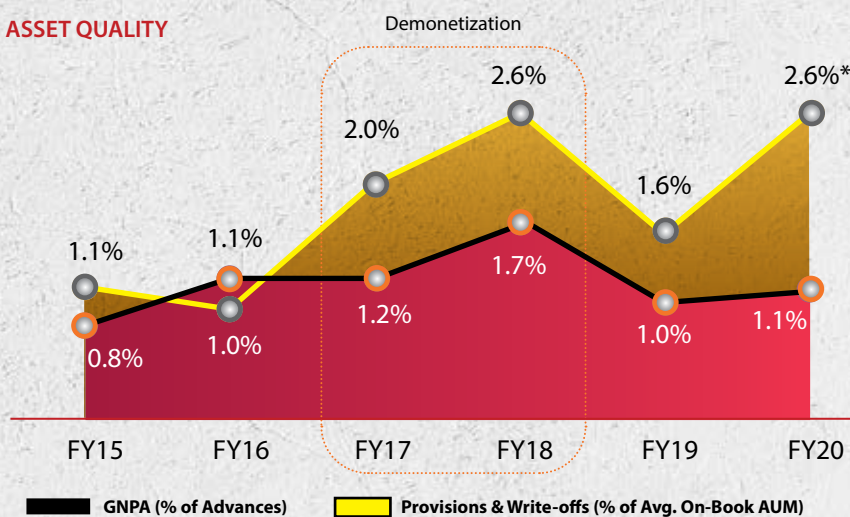
YIELD (%) AND NIM (%)



NOTE: FY20 & FY19 figures are as per IND-AS, all the figures prior to FY19 are as per I-GAAP. NIM = NII / Average AUM (On + Off-Book); Yields = Gross Income / Average AUM

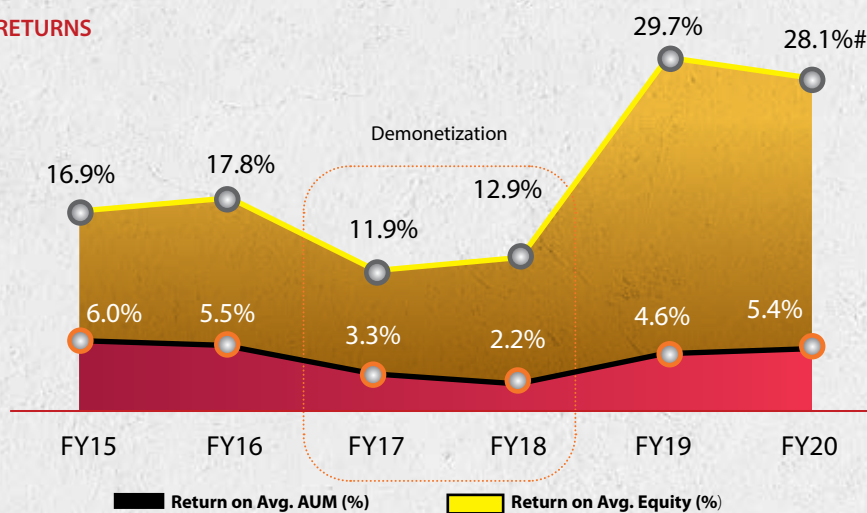


ASSET QUALITY



* Includes Covid Specific provisioning of ₹6.68 crore

RETURNS



Adjusted for the Covid Provisioning of ₹6.68 crore ROE would have been 32.6%

NOTE: FY20 & FY19 figures are as per IND-AS, all the figures prior to FY19 are as per I-GAAP. NIM = NII / Average AUM (On + Off-Book); Yields = Gross Income / Average AUM



Corporate Overview

One Day at Time

About Arman

From the Vice
Chairman's Desk

Key Performance
Indicators

→ Conversation with
the Jt. Managing
Director

Battling the Crisis

Management
Discussion &
Analysis

In conversation with Aalok Patel,
Joint Managing Director

Every day brings
with it the chance of
something new to
unfold. So, we must
move cautiously,
one day at a time!

Q Your Company performed fairly well in FY20.

A Indeed. We reported the highest bottomline and scaled new highs in FY2019-20. We outgrew our annual targets. We succeeded in making our operations leaner and made the organisation more liquid. Had it not been for the lockdowns, our financial performance would have been a lot better. We built considerable provisions and did write-offs to provide for any kind of eventuality in future.

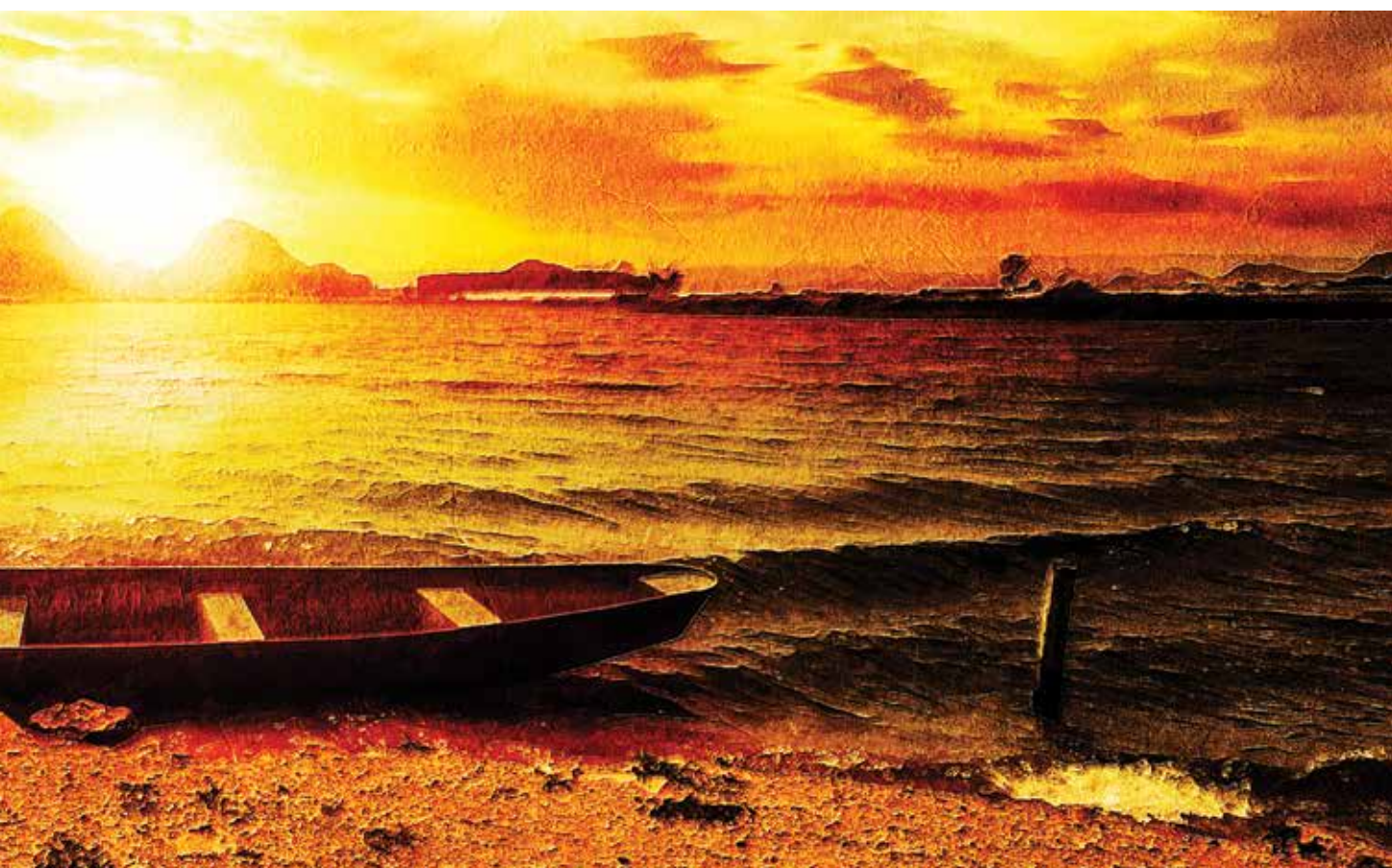
Q How did you manage to fund this growth, given the liquidity issues in the system?

A Well, it was a tough task, no doubt. The liquidity crisis continued to weigh on us through the year, but we could wade through the choppy waters by virtue of the confidence that we had built in our lenders and garnered requisite funding from the existing lender base. Despite a fragile financial ecosystem, we had diversified our funding sources. For the first time in our journey, we raised external commercial

borrowings (ECB) and reached out to MUDRA for very competitive rates. Given the liquidity crisis throughout the year and the uncertainty of raising timely funds, we had formulated a policy to maintain at least two months of liquid reserves. This worked out to be extremely useful entering into the Covid-19 lockdowns in late March 2020, as we had liquid cash of approximately ₹100 crore in our war chest to ensure business continuity. This liquidity improved further after Q1 FY21, thanks to decent recoveries and our positive ALM.

Q How would you sum up the business high points for FY20?

A Particularly one. We have transformed our business processes from physical to digital. Our 'Jayam' initiative has been rolled out across the organisation. This integrated LOS/LMS system is hosted on the Cloud and will manage and track originations and recoveries on a real-time basis through mobile or a Web-based application. While at the ground level, it will significantly reduce the TAT, enhance people productivity, and



increase controls. At the leadership level, we will get a bird's eye view of business operations at the click of a button on a real-time basis. This will enable superior monitoring and immediate course correction. As we spread wider geographically, this technology will bind us into a cohesive and agile organisation. This project was for the microfinance operations. We will replicate this in the MSME and two-wheeler verticals as well, for which we have identified a world-class vendor. The project will start once some normalcy returns to the operations after the Covid-19-related disruptions.

Q Your MFI vertical performed well during the year.

A It was a year of high performance for our microfinance vertical. The numbers succinctly articulate the growth. A number of new branches were opened in Rajasthan where we expanded our coverage. The portfolio also grew primarily in the branches we opened in fiscal 2018-19. We increased our net branch network by 32 branches and each of them contributed in a healthy way to the division's growth. We also merged or closed a few branches, as required, to gain efficiencies, increase

productivity, and consolidate our operations in certain regions.

Q And, so did the MSME vertical.

A MSME was the star performer for the Company from the perspective of profitability. The business was only three years old and it gave me a pleasant surprise with the traction it gained. While we expect the demand from the MSME sector to remain healthy, we will adopt a more pragmatic approach of cautious aggression in growing this space. It would ensure that our profitability is maintained and our asset quality is retained. In the

past year, we expanded our operations by opening 11 new branches, while we continued our expansion into Madhya Pradesh and forayed into Maharashtra. We have a lot of good data from our MFI operations on ideal locations to open MSME branches, so we do take advantage of both hard data and field feedback.

Q What about the two-wheeler financing vertical?

A Well, let me put it this way, the business was stable. From October 2018, the sale of two-wheelers has been slowing down and it continued through 2019-20. Against this backdrop, I feel, we have done decently well. I must add

Corporate Overview

One Day at Time

About Arman

From the Vice
Chairman's Desk

Key Performance
Indicators

→ Conversation with
the Jt. Managing
Director

Battling the Crisis

Management
Discussion &
Analysis

that we started, on a pilot basis, two-wheeler loans for the rural market which combines the positive aspects of the MSME vertical and of the existing two-wheeler models. The initial progress has been satisfying. We hope to build on this platform as we move forward.

Q Despite the overall growth, you had to bear the brunt of the Covid-19 pandemic. How did it impact your numbers?

A We are no exception to the fact that it was one of the worst nightmares. But our business model hedged us to a great extent. As I mentioned, we had a lot of cash liquidity available, which helped a great deal in giving us confidence to sustain the business until the strict lockdowns ended. From the collections standpoint, they largely happen in the first 12 days of the month and were mostly completed for March by

the time the lockdowns were announced. April 2020 onwards, it was not possible for us to collect until strict lockdowns ended as our business model is high-touch and requires door-step collections. Our disbursements were greatly impacted for the month of March – we were short by about ₹75 crore. Disbursement was stopped throughout Q1FY21. Few days before the lockdown was announced, we had spent a lot of time developing a written business continuity plan in expectation of lockdown scenarios, among others, and took steps well in advance. This is not to say it was not challenging; many of our people had to unlearn and relearn their jobs, but it protected us from the brunt of the ordeal to some extent at least. Besides losing disbursements for a month and increased write-offs and provisions during the

last quarter, the financials were relatively unscathed for fiscal 2019-20. The losses to lives, lifestyle, businesses and the economy as a whole will be incalculable. However, we have to make peace with the fact that although rare, such disasters do tend to happen from time-to-time and all we can do is to keep our head above water and deal with the challenges one day at a time.

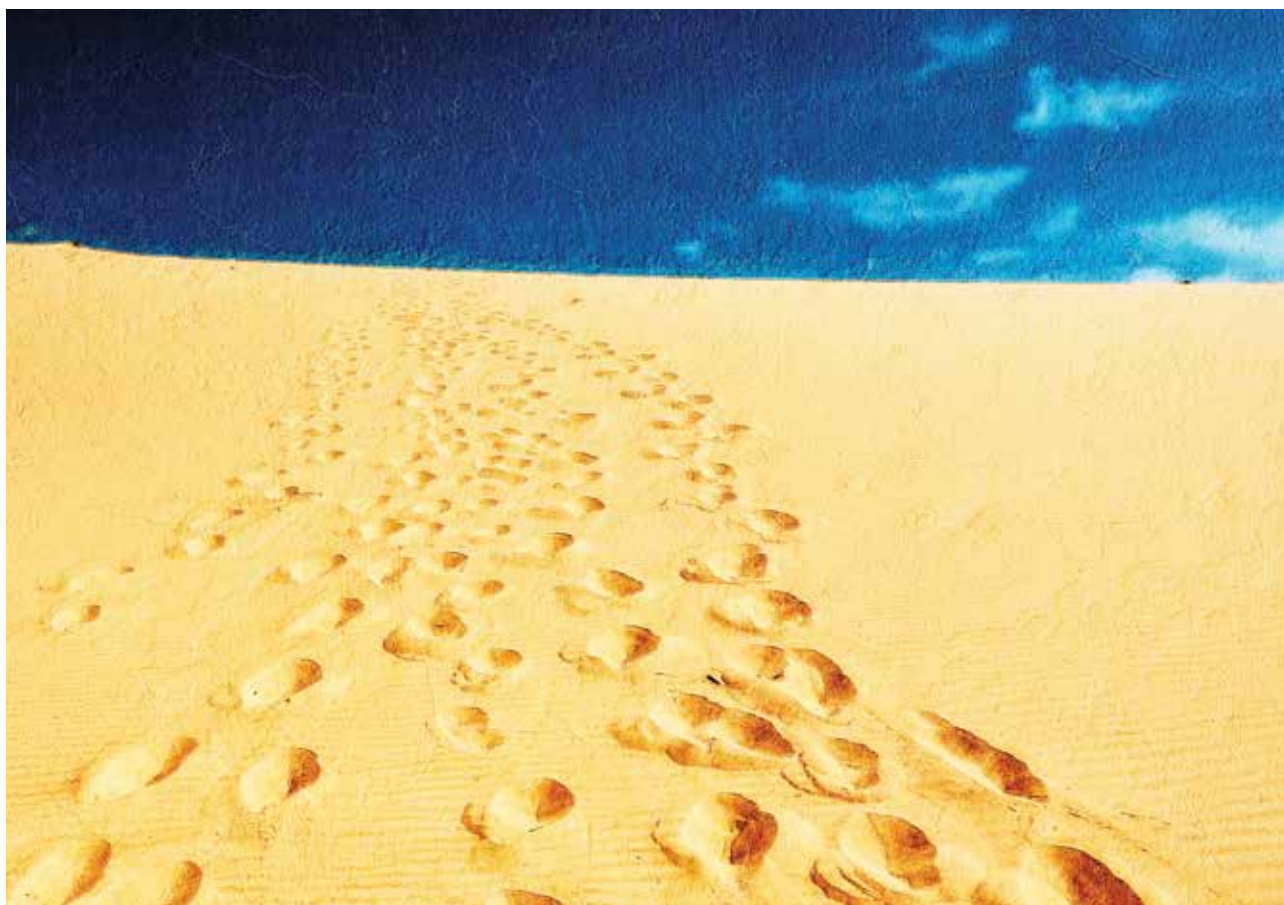
Q The Corona crisis has forced some changes. What will be the one big change in your business process?

A I honestly believe that every adversity has a flip side. It throws open several opportunities to be better. After demonetisation, we focused on cashless disbursements. I am happy to state that today all our disbursements are cashless. After this pandemic, I feel, we need to focus on cashless collections. But here there is a catch. Our superior repayment

record has been primarily due to the high-touch model of collection at the door-step. It will be hard to make an overnight change in the process and, we might adopt a hybrid model where we can enjoy the benefits of remote collections while retaining the high touch with our customers.

Q The lockdowns are being lifted in phases. Where does Arman stand in terms of business resumption?

A We stepped into FY21 with hardly anything to do because of the lockdown. Business started only around close of May. In the interim, we touched base with our customers, seeking their wellbeing and also explaining to them about the moratorium given by the government. Also, we worked closely with our lenders to avail of the moratorium for our scheduled repayments to balance our cash flow. We are very grateful to most of them for acceding



to our request. When we commenced collections in June, to my sheer surprise, the receipts were far higher than what we had predicted. In July, this improved further, even though the RBI-announced moratorium does not end until August 31, 2020. There are also early signs of recovery in the rural sector which, I'm happy to report, is impacted far lesser than the urban areas. As about 80% of our consolidated portfolio is in rural areas, this is good for our business.

From the disbursement perspective, we disbursed meagre amounts in July and August, and it will take time to reach the optimum levels because of the looming uncertainties. Our focus today

is largely to normalise the repayment rate. Although people are optimistic that the worst is over and India has successfully flattened the pandemic curve, I think it's too early to conclude with conviction. There is so much uncertainty in air that anything can happen any time. In fact, every day brings with it the chance of something new to unfold.

Rising operating costs and declining AUM remain a real cause for concern. So, we must move cautiously, one day at a time!

Q How do you see the urban and rural markets playing out in this pandemic period?

A I would like to get in the reference to 'life' and 'lifestyle'. While lot of the urban markets concentrate on lifestyle, the rural markets are focused on the life. The rural consumers are focused on agri products, dairy products and so on – the basics of life – and that need will always be there. Also, the rural infrastructure is not ready for a massive spread of the infection. Thankfully, that has not happened as of now. This helped the rural markets bounce back. Urban markets, on the other hand, is more apprehensive because of the rapid spread of the disease.

The consumer sentiment, too, has started showing signs of revival with the staggered lifting of lockdowns.

Q Any guesstimate for FY21..

A All I am sure about is a huge pile of loan loss – how much remains anyone's guess at this point. Having said that, I am a lot more confident about our ability to resume normal operations and profitability in the medium term despite the pandemic likely being a long-drawn battle for India and the world. I am optimistic that Arman will manage to weather this storm.

Corporate Overview

One Day at Time

About Arman

From the Vice
Chairman's Desk

Key Performance
Indicators

Conversation with
the Jt. Managing
Director

→ Battling the Crisis

Management
Discussion &
Analysis



Battling the Crisis – one day at a time!

The world woke up to its worst nightmare as it entered the new year 2020. The outbreak of the Covid-19 pandemic took the most dreaded toll on life and livelihood in the last few decades. And, the dance of destruction continued across large parts of the world, bringing in a complete change in the way people live and carry out various activities.

A world grappling with a prolonged slowdown collapsed in the onslaught of the ravager. By March

2020, authorities across the world slapped a blanket ban on all activities to arrest the spread of the contagion, pushing economies to the edge. The Indian government declared a nationwide lockdown – one of the strictest and longest in the world – from March 25 and began lifting it systemically from May-June.

The containment measure dealt a massive damage to businesses across sectors.

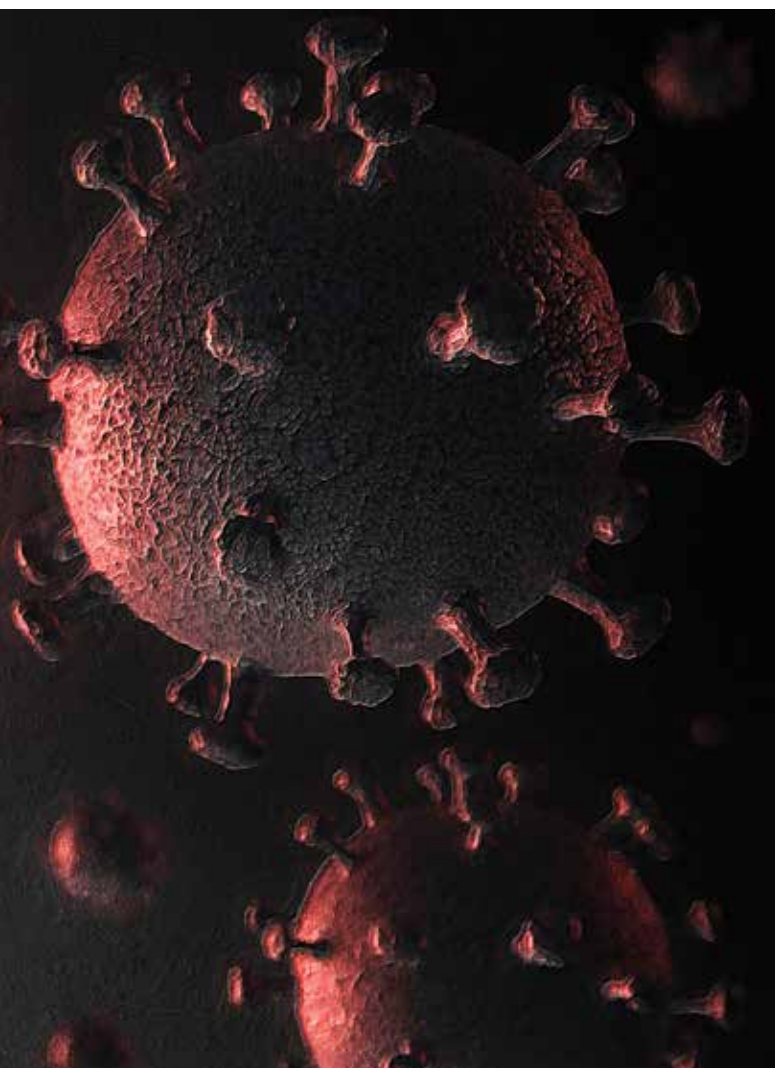
Impact on Arman's business

In the last fortnight of March 2020, most of the disbursement and collection got impacted, leading to a 3% decline in AUM during the month versus an expected increase of 6%. There was a lower booking in AUM of around ₹75 crore. The overdue recovery across all segments was also impacted but its minor amount moderated the loss.

Proactive response to crisis

Robust policies and flawless strategies helped Arman fight the crisis. Even with a ₹6.7 crore extra Covid-19-related provisioning, we achieved a record profit of ₹41.5 crore for 2019-20.

The Company was ready with its contingent 'Business Continuity Plan (BCP)' two weeks before the shutdown and that safeguarded its position against the rough tides. It prioritised the health



and safety of its employees and closed all the branches and suspended business operations, followed by the suspension of centre meetings and door-step collections.

The Company as a policy didn't go for lay-offs and ensured full salary for March and the entire lock-down period. Its strong IT support helped enable smooth working from home through the lockdown days for all essential business activities. All the LOS/LMS systems were cloud-based and were easily accessible remotely or on smartphones. Other facilities

such as treasury were also made accessible remotely through VPN as a part of its BCP.

The Arman field officers did not lose touch with the customers. They served them throughout the period over the phone. The management constantly evaluated and monitored the business performance complying with the government guidelines.

Supportive factors

Various other factors worked in favour of Arman during the crisis. As the majority

of its customers in the microfinance and the MSME divisions is based in rural areas, comprising more than 80% of the AUM, the impact was not so major.

The benefits of the recently announced food security and economic relief measures by the government also started trickling in by enhancing the repayment ability of borrowers in rural India.

Customers with occupations based on essential items such as cattle loans, which comprise a large portion of the portfolio, were not so much impacted by the crisis and hence didn't affect the customer repayment profile of the Company. Despite the crisis, Arman could raise ₹160 crore of debt capital in Q4FY20, ₹104 crore in March 2020 alone.

The Company possesses enough liquidity to cover the essential operational expenses

for the next six months and other immediate liabilities. Its credit rating remained stable at BBB+ (CARE Ratings), reaffirming its position in the turmoil.

The unlocking action plan

The Company has geared up for a challenging year ahead with a slowdown in consumer spending, worker migration and delayed normalisation of operations. It has laid down a few strategic initiatives to get the operations on track.

- The collection process resumed after the lockdown (from last week of May) as many customers were anxious about repayment to avoid accrued moratorium interest burden.
- Field officers and branch managers worked with a high focus on collections.
- The Company imparted knowledge on the additional interest burden for customers seeking for a moratorium along with a revised payment schedule and tenure.

It continues to maintain strict focus on operating expenses and has taken steps towards protecting asset quality.

Corporate Overview

One Day at Time

About Arman

From the Vice
Chairman's Desk

Key Performance
Indicators

Conversation with
the Jt. Managing
Director

Battling the Crisis



Management Discussion & Analysis

The Economy at a Glance

The year 2019-20 saw most of the major global economies sliding into a slowdown that intensified with the outbreak of the Covid-19 pandemic at the beginning of the new financial year and the world economy seems to have slipped into a state of deep recession of indefinite duration.

During the year under review, the global slowdown weighed heavy on the Indian economy which had been grappling with a general slump in demand and sluggish growth in business since last two years. India's gross

domestic product (GDP) growth rate slowed to an 11-year low of 4.2%, as against 6.1% a year ago.

Even before the Indian economy could overcome the woes inflicted by the demonetisation of 2016 and poor implementation of the goods and services Tax (GST) since 2017, the economy ran downhill with the automobile sector – one of the largest employment generators – running into the red since 2018, and the core sector growth staying flat because of a sustained decline in investment into construction.

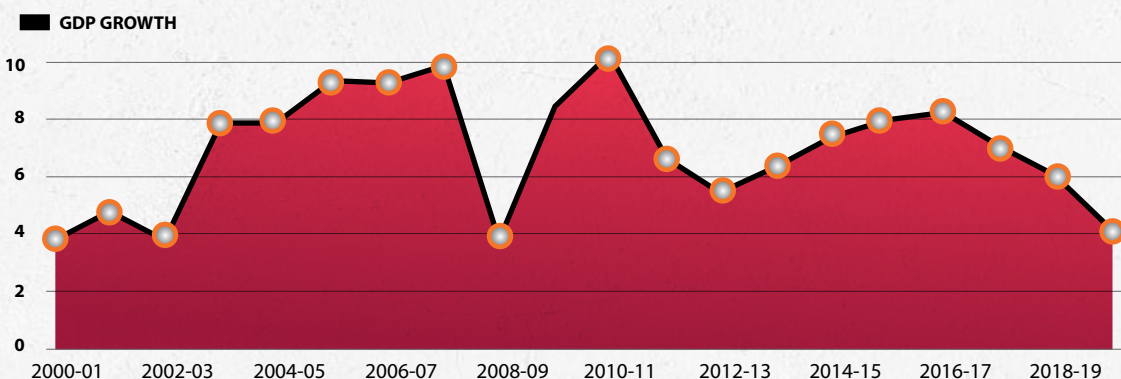
A synchronised global slowdown dampened the consumer sentiment and the regional slump triggered large-scale downsizing and pay cut. These factors together led to a massive drop in consumer spending during the year under review. Domestic demand grew by only 0.7% year-on-year in 2019-20, the weakest since the global financial crisis, and the expenditure side depicted a broad-based slowdown. As consumer confidence ebbed, growth in private consumption dipped to 5.3% from 7.15% a year ago.

India's fiscal infrastructure crumbled as leading public sector banks continued to grapple with their burden of bad debt. It led to a freeze in lending and banks rushed to make provisions for their non-performing assets and seek deposits. The NBFC crisis spanning across the last two years weakened the financial health of the economy further.

Despite the overwhelming gloom, the year 2019-20 threw up some surprises and received some aids that instilled hopes of revival in the economy. Agriculture and mining

INDIA'S GDP GROWTH FALLS TO 4.2% IN FY20

Annual GDP Growth Falls To The Lowest since 2000-01 (In %)



stayed in the black even when most other sectors teetered. While the farm sector growth almost doubled to 4% over the previous year, public administration, defence and other services saw a double-digit growth of 10% – up from 9.4% in 2018-19.

The year also saw a record surge in India-bound funds flow with the foreign direct investment (FDI) receipts growing 13% to \$49.97 billion

from \$44.36 in 2018-19. This was possible on the back of the country's 14-place jump to the 63rd position on the World Bank's Ease of Doing Business ranking for 2020.

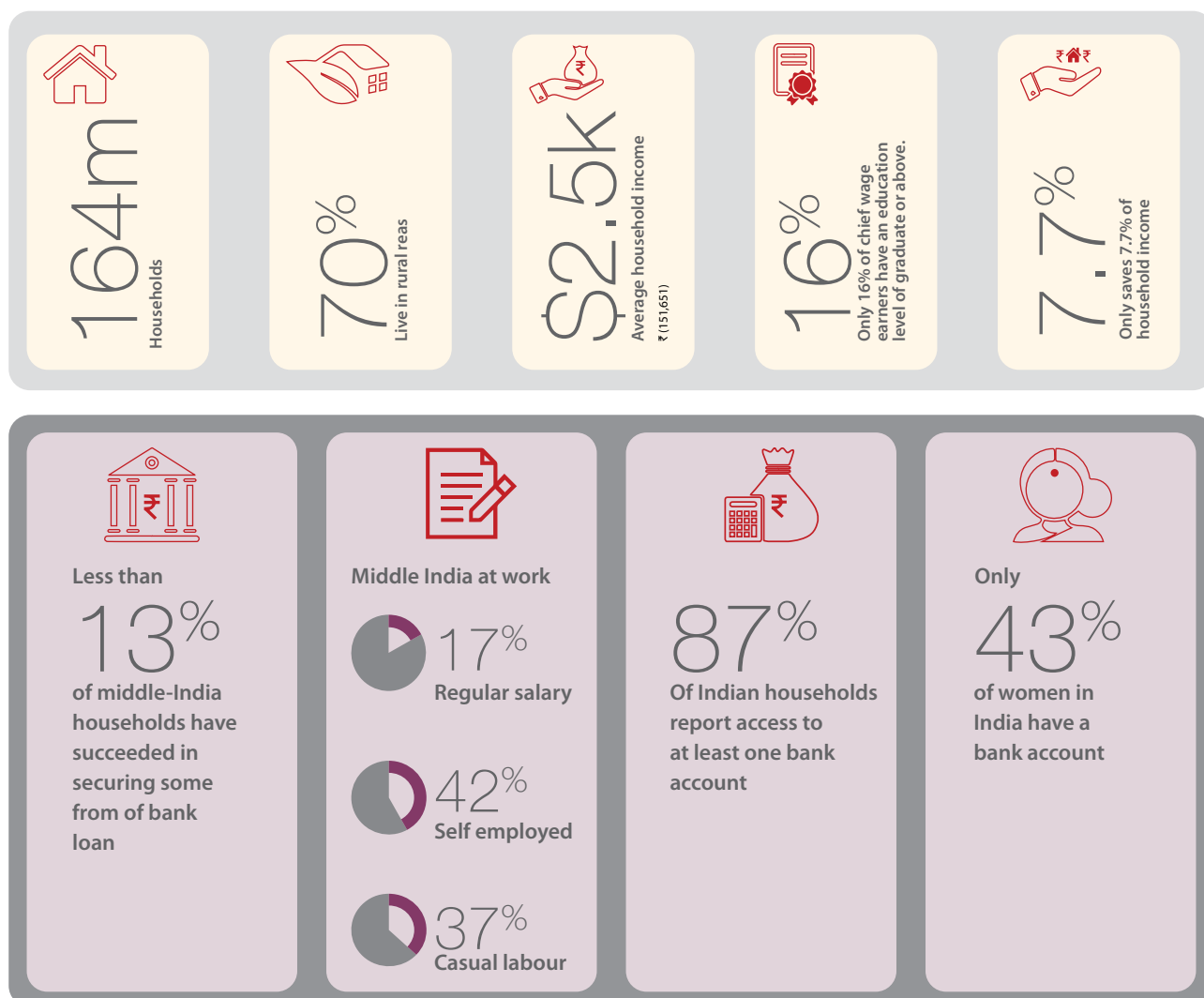
The government continued to make steady progress in GST collections through the year under review. In the last four months from November 2019 to February 2020, GST collections surpassed the ₹1-lakh-crore mark, but

it slipped in March 2020. For FY20, GST for domestic transactions grew 8% over the previous year. GST from import of goods reduced by 8% from the last year's level. Overall, the gross GST revenues grew 4% over the previous year.

When the economy spotted its first green shoots of revival towards the close of fiscal 2019-20, the Covid-19 outbreak came like a brutal onslaught. Containment

measures like nationwide lockdown brought all economic activities to a standstill at the end of the financial year. The government announced a ₹1.7-trillion relief package to help stabilise the wobbly economy, in addition to a slew of measures like direct cash transfer to farmers, increased wages under the MGNREGA and utilisation of welfare funds for construction workers.

Middle india at a glance



(Source: Report titled From Middle India to the Middle Class of India: Inclusive Growth as the Path to Success)

Corporate Overview

One Day at Time

About Arman

From the Vice
Chairman's Desk

Key Performance
Indicators

Conversation with
the Jt. Managing
Director

Battling the Crisis

➔ Management
Discussion &
Analysis

'She' is the Catalyst

In India, women play a pivotal role in a family, but various socio-cultural factors, lack of educational qualifications, digital literacy and vocational skills restrict jobs for them.

Women, constituting more than 48% of the 138-crore Indian populace, are potent enough to be a catalyst in transformational economic, environmental, and social changes required for sustainable development. But, limited access to credit, healthcare and education continued to remain a major hurdle for unleashing the women power in the best possible way.

Although women account for almost a third of the Indian labour force, the Labour Force Participation

Rate (LFPR) is skewed towards men. The employment figure slowed down to 471.3 million in 2017-18 from 472.5 million in 2011-12. The female workforce slumped 24.7 million in rural India, while in cities, it was up by 4.1 million over the last few years. The changing economic conditions and a tilt towards manufacturing from the farm sector largely led to this shift in LFPR. Increasing mechanisation in agriculture and commercialisation in poultry are also replacing the women workforce.

Increasing per-capita disposable incomes have enabled men to secure better-paying jobs and subsequently led to women dropping out of jobs.

According to the government's Periodic Labour Force Survey (PLFS), the Workforce Participation Rate (WPR) for women increased to 17.6% in 2018-19 from 16.5% a year ago. A surge in self-employment led to a remarkable 3-percentage-point rise in the proportion of Own Account Employment (OAE), or job without any hired worker, among rural women. This, in turn, encouraged financial institutions to lend them money to support their families.

A recent McKinsey Global study said that an equal participation of men and women in economic activities could have propelled India's GDP 60% higher by 2025. Although it comes with

a host of assumptions, it clearly highlights the fact that women have huge potential to contribute to the GDP.

Unfortunately, absence of suitable budgetary allocations for women-oriented programmes blocks the way for the state to untap this potential. An important focus could be smarter policy and gender-intentional implementation. A key example comes from the MGNREGA. The job scheme is designed to pay individual workers in their own bank accounts. But, 15% of the more than 13 lakh women with MGNREGA-linked accounts still receive their wages in a joint account instead of their individual accounts. There's an obvious need for options beyond MGNREGA.

Aggregate change in employment (million)

	Rural male worker	Rural female worker	Urban male worker	Urban female worker	Total worker
2017-18	239.0	77.0	123.8	31.5	471.3
2011-12	234.4	101.6	109.1	27.4	472.5
Net change	4.6	-24.7	14.7	4.1	-1.2

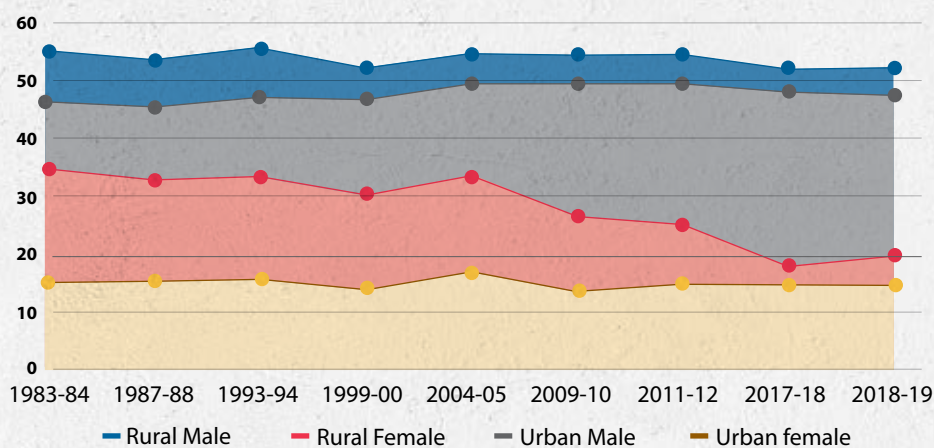
Worker-population ratio from NSS and population projections from Census 2011
Source: PFLS 2017-18



Welcome, microfinance!

Almost 85% of MFI borrowers are women as they offer hassle-free and tailor-made access to credit for small entrepreneurial ventures. The MFIs realise the importance of building a strong bond with women entrepreneurs, helping them to be financially independent and contribute to their families more effectively.

WPR (IN %) IN USUAL STATUS (PS+SS) DURING 1983 (38TH ROUND NSS) to 2018-19 (PLFS)



[Source: Calculated from NSS-EUS and PLFS data]

Improved gender diversity can add \$12 trillion to the world GDP by 2025 and India can contribute an incremental \$700 billion to it, says McKinsey Global Institute.

Corporate Overview

One Day at Time

About Arman

From the Vice
Chairman's Desk

Key Performance
Indicators

Conversation with
the Jt. Managing
Director

Battling the Crisis

➔ Management
Discussion &
Analysis

Microfinance in India

Access to finance is essential for sustaining livelihoods and raising the standard of living. This is especially true for bottom-of-the-pyramid families, who have traditionally been averted by the more formal sector. The requirement for women

in this stratum is small, as is their capacities to repay, and they need a personalised touch in the deal, for life is different for them from their more enlightened counterparts living in cities.

Microfinance bridges this gap by providing access to small-ticket loans and other financial services at

the doorstep to encourage women entrepreneurship and raise their living standards.

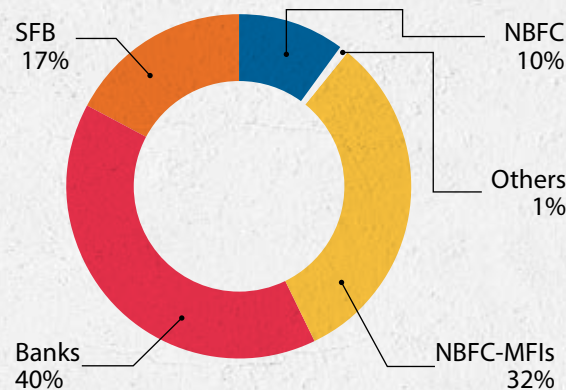
Non-Banking Financial Companies (NBFCs) and MFIs primarily work in areas where either banking penetration is poor or steep lending criteria of banks and exorbitant rates charged by unorganised money lenders keep villagers and low-income communities like farmers

and labourers away. For this 'unmerited' section of the society, microfinance offers the invaluable lifeline. Besides lending, MFIs offer services like micro-insurance, savings accounts, and financial and business education.

Microfinance helps the economically active low-income group increase its income generation capabilities. The enormous success of the model in the underserved market is reflected in the fact that

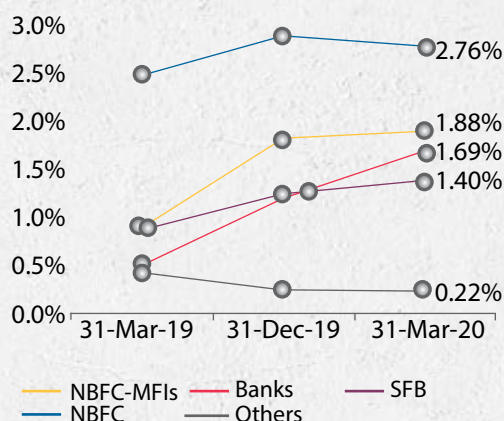
The Microfinance Universe

MICRO-CREDIT LOAN OUTSTANDING ACROSS LENDERS AS ON 31 MARCH 2020



Source: Micrometer, March 2020

PAR>30 OF THE VARIOUS ENTITIES



microfinance reaches around 60 million people across India. The figure shines brighter when pitted against the figure for Scheduled Commercial Banks (SCBs) in India which together service 36.5 million loan accounts with credit facilities below ₹25,000.

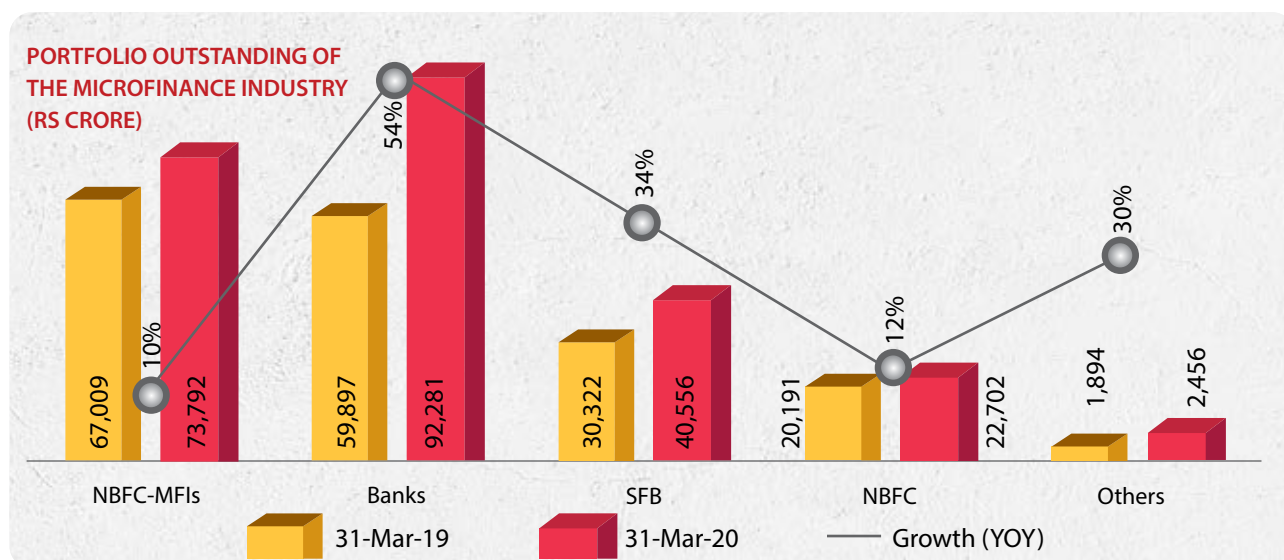
Not only has the sector become a major source of financial services to the low-income group, it remained resilient through various crises and adapted to the needs of the segment by keeping clients at the core.

There are two approaches implemented in India for microfinance lending: (1) Joint Liability Model and (2) Self-Help Group Model. According to data published by the micro-lending industry, which comprises MFIs, banks and NBFCs, the sector has seen robust growth across all the constituents. There are about 56 NBFC-MFI members in the Micro-Finance Institutions Network (MFIN), while the country has over 200 micro-

lenders, including large SFBs, and small and non-profit MFIs.

There was no dearth of apprehension of defaults when MFIs began their journey but the bottom-of-the-pyramid borrowers have shown flawless repayment – in a stark contrast to corporate loans that have saddled big banks with huge burden of bad debt. The reliability of

these borrowers is based on the premise that they will continue to have access to small-scale financial services if they service their debt timely. Client centricity is evident from the microlenders' ability to offer diversified services, lowering the cost of credit, despite doorstep delivery, and adapting to the digital world.



Corporate Overview

One Day at Time

About Arman

From the Vice
Chairman's Desk

Key Performance
Indicators

Conversation with
the Jt. Managing
Director

Battling the Crisis

➔ Management
Discussion &
Analysis

Performance in 2019-20:

The gross loan portfolio of MFIs registered a growth of 31% to ₹74,371 crore at the end of March 2020 from ₹56,683 crore in 2018-19. The average loan amount disbursed per account in FY20 was ₹27,754 – an increase of

around 6% over 2018-19. At the end of March 2020, the microfinance sector served 5.89 crore unique borrowers through 10.54 crore loan accounts.

Banks hold the largest share of portfolio in micro-credit in 2019-20 with the total loan outstanding of

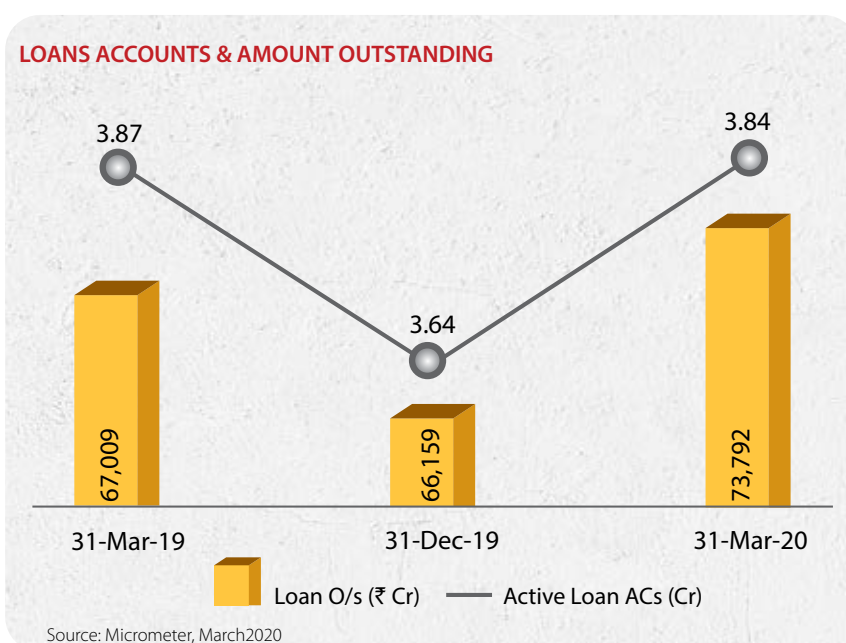
₹92,281 crore, which is 39.8% of the micro-credit pie (this includes loans serviced by MFI as Banks' Business Correspondents). NBFC-MFIs come a close second with an outstanding of ₹73,792 crore, or 31.8% of the total industry portfolio.

As on 31 March 2020, the on-balance-sheet portfolio of 84 NBFC-MFIs stood at ₹73,792 crore, spread across 599 districts in 36 states and Union Territories. The data shows a growth

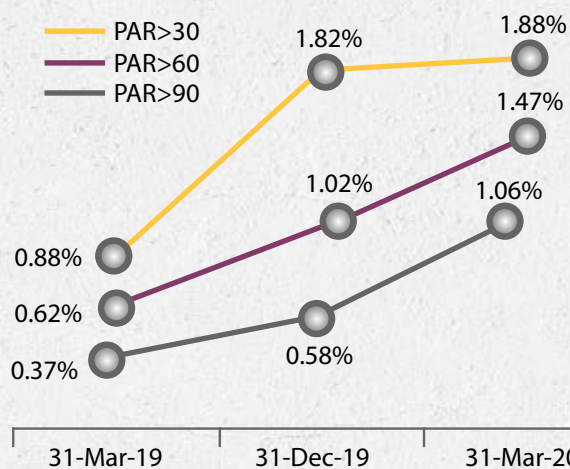
of around 10% over the last year which is lower than usual for NBFC-MFIs because of merger of BFIL with IndusInd Bank in Q1 2019-20 and also the disruption caused by the Covid-19 pandemic towards the tail-end of the fiscal. The overall asset quality of the portfolio has deteriorated in comparison with the previous year as reflected by PAR>30 of 1.88% as on 31 March 2020, in comparison to 0.88% as on 31 March 2019.

During 2019-20, the MFIN member NBFC-MFIs received a total of ₹42,150 crore in debt funding from banks and other financial institutions, clocking a growth of 33% over ₹31,688 crore received in 2018-19.

NBFC-MFIs: Reviewing the performance



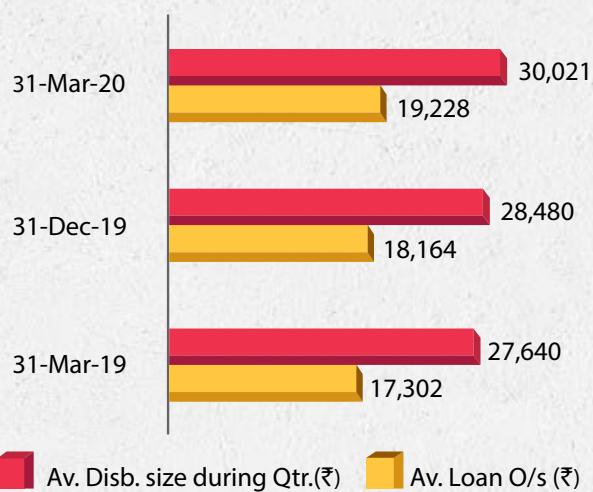
PORTFOLIO QUALITY OF NBFC-MFIS



Note: For PAR analysis, delinquencies above 180 days have been removed to reflect a true picture of the portfolio quality.



AVERAGE DISBURSEMENT SIZE & LOAN OUTSTANDING (RS)



5.89

Unique borrowers served by MFIs (crore)

10.54

Loan accounts (crore)

2,31,788

Total loan portfolio as on March 31 2020 (₹ crore)

77,072

Loan disbursed by MFIs in FY20 (₹ crore)

90%

Disbursements in cashless mode

Corporate Overview

One Day at Time

About Arman

From the Vice
Chairman's Desk

Key Performance
Indicators

Conversation with
the Jt. Managing
Director

Battling the Crisis

➔ Management
Discussion &
Analysis

Along the MFI Speed Lane

Microfinance institutions have scripted a success story in driving sustainable business growth. There are several factors that have driven the sector in the fast lane of the Indian economy.

Promising potential:

With 67% of the Indian populace living in rural areas and a majority of the population being in the low-income group, microfinance enjoys a significant headroom.

Extended reach: With a large proportion of Indians still being out of the banking ambit, people do not have adequate lending channels to fund their requirements. The sheer reach of MFIs has helped them tap this unbanked mass.

Customer-centric

approach: Microfinance institutions help improve the lives of the low-income group in rural and semi-urban markets. The lenders have structured their products in sync with the evolving needs of the borrowers, which has translated in sustainable growth.

Alternative funding:

MFIs and NBFCs get their funding from banks and other financial institutions but the increasing fragility in the Indian financial sector has driven them towards foreign investments and other alternative sources of funding. The external commercial borrowings (ECB) of India stood at \$51 billion in 2019-20, out of which NBFCs, HCFs and MFIs raised around \$21 billion.

Adequate checks and

balances: The central bank has brought about a series of regulations to counter the increasing risks of fraud, credit, security and liquidity. These regulations have been driving the industry towards a more sustainable growth.

Supportive technology:

An increasing use of technology has helped MFIs reach out to a larger cross-section of the





populace in a shorter time span with higher customer satisfaction by lowering the turnaround time and improving the underwriting process.

Robust risk management framework: The microfinance industry deals with people with a limited or no documented credit history, which leads to a challenge in collection. A robust risk management framework facilitates in superior

asset quality and business sustainability.

Curated services: MFIs providing curated service at the doorstep of customers also results in increasing popularity among the consumers and taps the potential under-penetrated market for future growth.

60%

Borrowers prefer MFIs to banks & other financial institutions

30%

Borrowers prefer MFIs & NBFCs for instant access to credit

(Source: PwC's Microfinance Borrowers Survey 2019)

Corporate Overview

One Day at Time

About Arman

From the Vice
Chairman's Desk

Key Performance
Indicators

Conversation with
the Jt. Managing
Director

Battling the Crisis

➔ Management
Discussion &
Analysis

MFI Sector through the Covid Days

Indian MFIs have the lowest operational cost globally. Their lending practices are more efficient than their global peers. In the wake of the Covid-19 crisis, the sector has once again demonstrated its sensitivity to the needs of its clients by suspending almost all recovery of loans and field activities by providing a blanket moratorium till 31 May 2020 based on the relief package announced by the RBI and proportionately extending the loan tenure. This moratorium has been further extended until 31st August 2020 on client preference. Based on ground reports, the clients have been highly appreciative of this.

The available policy support though has not been adequate for sustaining and strengthening the microfinance sector

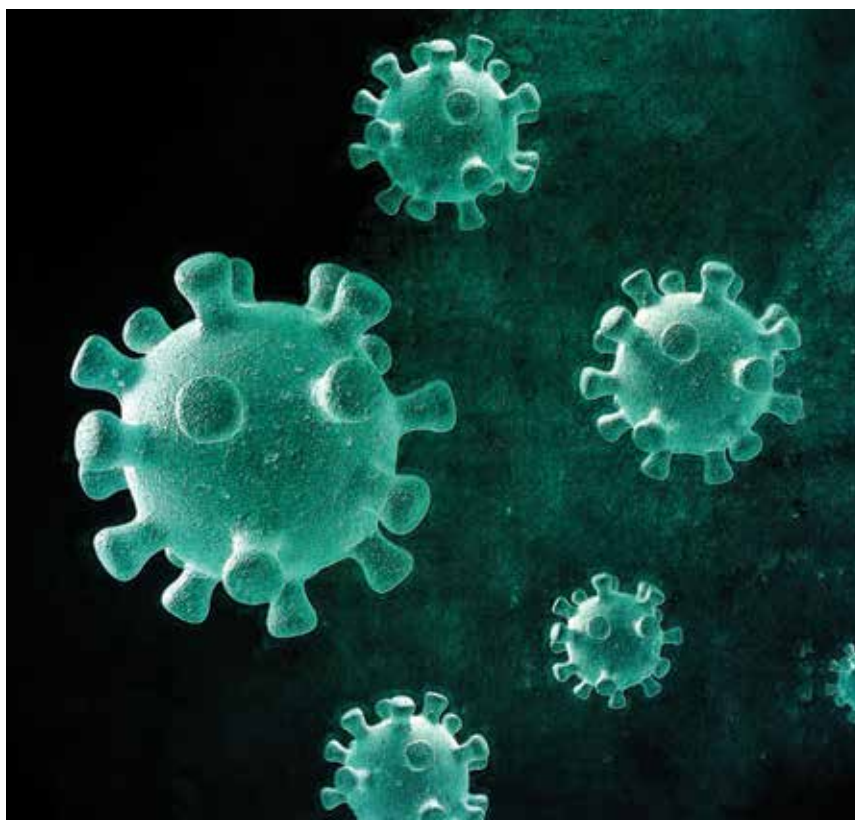
and hence can severely dent the livelihood of 60 million clients. As the MFIs suspended recovery to give relief to their beleaguered clients, their cash inflows dried up.

It was expected that banks and NBFCs, which provide funds to MFIs, will also match it with the moratorium from their side, but it did not happen in reality. Many lenders, citing the RBI's Covid-19 Regulatory Package Guidelines of 27 March 2020, indicated that a moratorium was applicable for retail borrowers and not for financial intermediaries. However, a silver lining

here was that the firms that had a strong performance track record were able to obtain a partial moratorium from their lending partners. The RBI announced TLTRO and TLTRO 2.0 schemes to help NBFCs and MFIs but was ineffective to help smaller and lower-rated companies. Many such NBFCs and MFIs did however receive liquidity from DFIs such as NABARD, SIDBI and MUDRA

The Covid-19 pandemic dragged the MFIs in dire straits and two aspects of the MFI sector suddenly became most significant. First, MFIs have no source of funds other than wholesale borrowings and equity and, second,

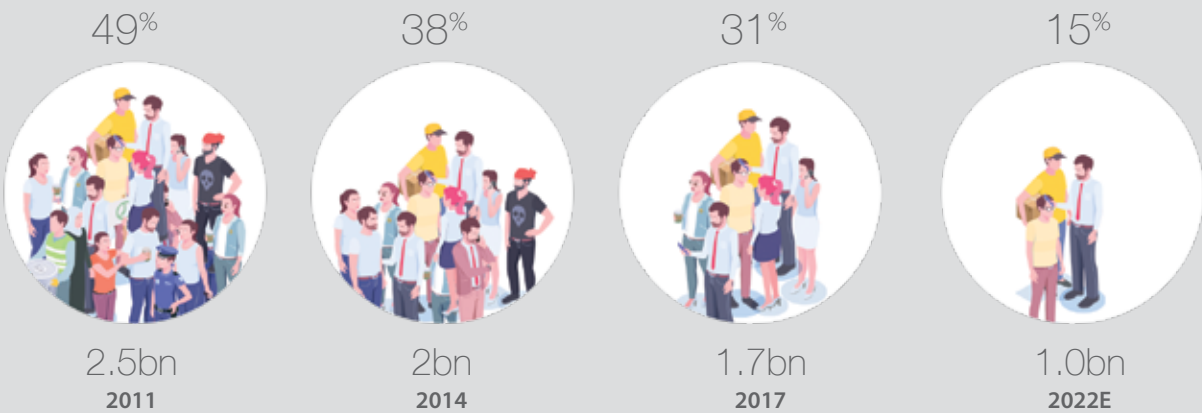
typically around 90% of their assets are deployed in loans. However, most MFIs have a positive ALM (they borrow for long terms and lend for short terms), so even a partial repayment recovery from their clients will allow them to service their debt in the immediate future. Their long-term survival will depend on their recovery rates after the moratorium, as their rural customers may have been habituated to not pay their EMIs.



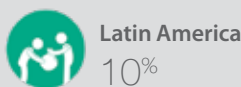
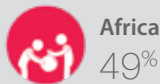
Financial Inclusion is here to stay

Digital Initiatives help drive inclusion

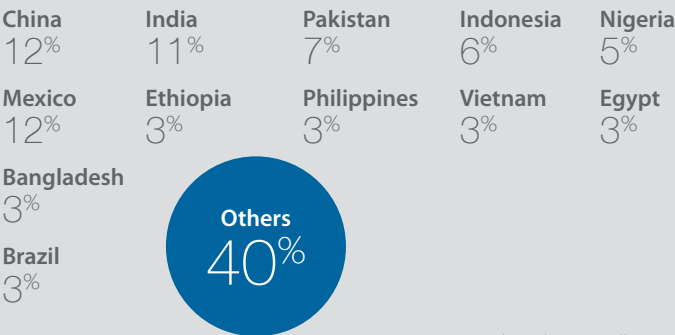
Despite recent advances 31% of the world’s adults remain unbanked but with continued investment in financial inclusion we believe the number of global unbanked population could fall to 15% of global adults by 2022



The world’s most unbanked
About the global unbanked adults reside in Asia, followed by Africa but by percentage of population, Africa and Latin America are the most unbanked regions globally



Country split of global unbanked adults



(Source: Banking the Next Billion, a report by Citi)

Corporate Overview

One Day at Time

About Arman

From the Vice
Chairman's Desk

Key Performance
Indicators

Conversation with
the Jt. Managing
Director

Battling the Crisis

➔ Management
Discussion &
Analysis

Arman Financials: A Snapshot

Arman Financial Services Limited is a Category-A Non-Banking Finance Company (NBFC-AFC), registered with the Reserve Bank of India (RBI), with rural and semi-rural financing as its core business elements.

Headquartered in Ahmedabad, the group operates in Gujarat, Madhya Pradesh, Uttar Pradesh, Maharashtra, Uttarakhand and Rajasthan through its 211 branches and 55 dealer touch-points, serving close to 4,50,000 customers.

With more than a decade of domain experience, the Company caters to the low-income group. It provides its flagship

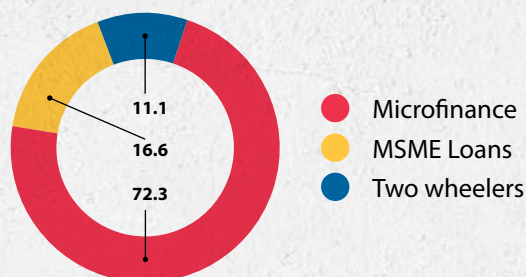
offering in microfinance division through Namra Finance Ltd (NBFC-MFI), a wholly owned subsidiary, while the standalone Arman Financial Services entity provides the two-wheeler and MSME loans.

Arman Group operates in three major business segments – two-wheeler financing, JLG Microfinance and micro-enterprise

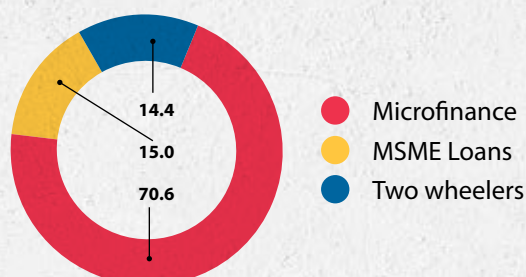
(MSME) loans. It has successfully enhanced its market presence by extending value from employees to customers, environment, community and shareholders. Its customised offerings and efficient last-mile credit delivery differentiate it from other financial institutions.

Arman has a skilled and efficient team of 1,700 employees to serve the underprivileged.

AUM BREAK OF FY 2019-20 (%)



AUM BREAK OF FY 2018-19 (%)



Value Dashboard for FY20

6

States of presence

78

Districts of presence

211

Total number of branches

~4.5 lakh

Total number of
customers

859.90

Assets Under
Management (AUM) (₹
crore)

873.60

Total disbursement (₹
crore)

41.51

Profit after Tax (₹ crore)

Business Segment 1

Microfinance

The microfinancing business is the biggest revenue generator for the group. This division operates through Namra Finance Ltd, a wholly owned subsidiary of the Company. Namra provides loans exclusively to women for income-generating activities such as livestock, dairy, agri and allied ventures, kirana stores, and a plethora of other rural activities. Over the last 8 years, the Company has established its presence in six contiguous states with 170 branches that cater to about 3.73 lakh customers.



Corporate Overview

One Day at Time

About Arman

From the Vice
Chairman's Desk

Key Performance
Indicators

Conversation with
the Jt. Managing
Director

Battling the Crisis

➔ Management
Discussion &
Analysis



Business in 2019-20

In 2019-20, the Company's MFI vertical registered a stellar performance. It went past its planned goals for the year with relative ease, surpassed its previous-year benchmark on all parameters within the first three quarters of 2019-20, and was poised to overshoot its target of 40% AUM growth compared to 2018-19. But the momentum was thwarted by the outbreak of the Covid-19 pandemic at the

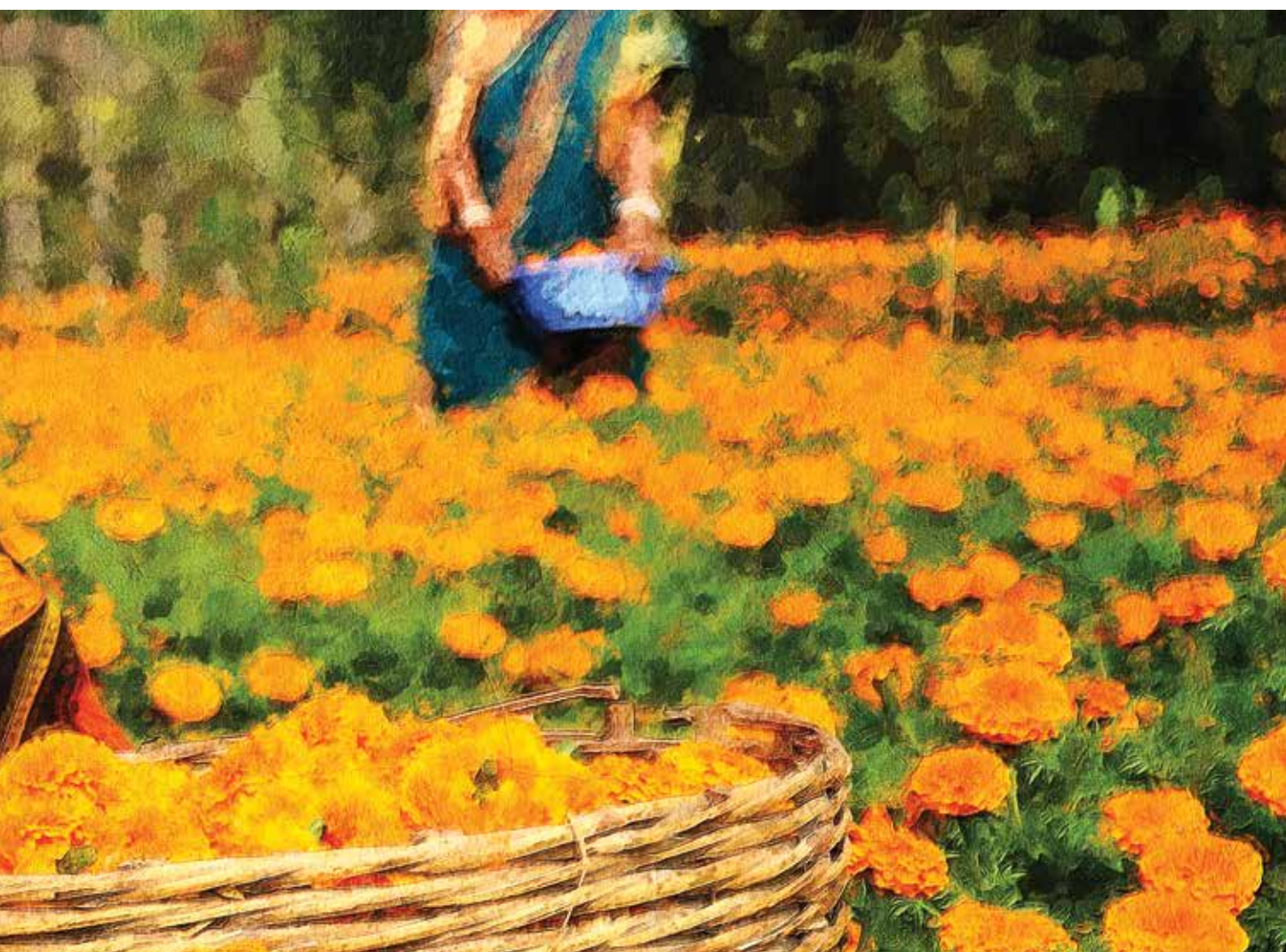
end of the fiscal.

The Company strengthened its presence in Rajasthan, where it had ventured towards the close of 2018-19 by adding 11 branches during the year. It launched 32 branches in the states of its presence. It also consolidated its existing network by merging many smaller branches with their larger peers. This optimised the branch network to 170 units.

Namra embraced the digital revolution sweeping the Indian landscape and upgraded its business operations by leveraging the latest technology to be in touch with its clients across the year, facilitate superior collection efficiency, and gain important insights on ground realities.

As Covid-19 struck the Indian shores, business operations were hit in the

last two weeks of March 2020, an important period for disbursements. As a result, disbursements to the tune of ₹55 crore were impacted.



Operating Model

- Rural concentration: Around 85% rural and semi-urban portfolio (43% for MFI industry).
- JLG groups formed by customers themselves.
- Conservative risk framework.
- 100% cashless disbursement.
- Controlled growth targets driven by bottom-up projections.
- No DSA, brokers, or agents for sourcing.
- High-touch monthly and fortnightly collection model.
- Static groups/centres with no addition of members until loan is completed.
- No top-up/mid-tenor loans.
- Low ticket sizes compared to industry.
- Growth primarily through client acquisition

622

AUM (₹ crore)

653

Disbursement (₹ crore)

148

Total Income
(₹ crore)

25

PAT (₹ crore)

28,000

Avg. Ticket
Size (₹)

FY20-Key Metrics(%)

0.9%

GNPA

0.01%

MNPA

26.2%

ROE

Corporate Overview

One Day at Time

About Arman

From the Vice
Chairman's Desk

Key Performance
Indicators

Conversation with
the Jt. Managing
Director

Battling the Crisis

➔ Management
Discussion &
Analysis

The Road Ahead

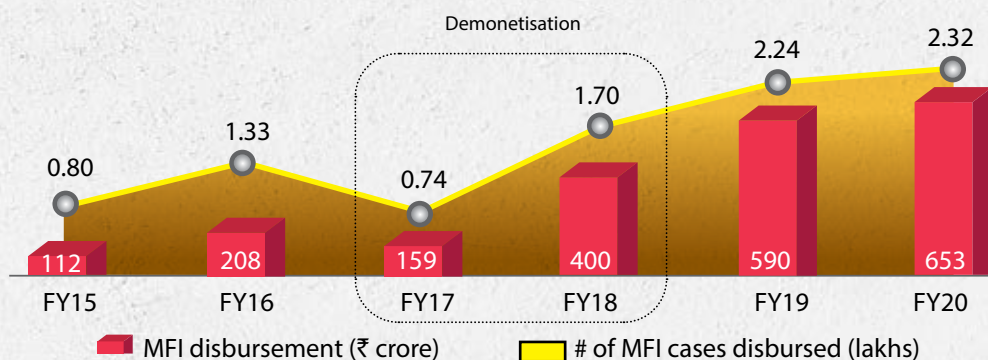
Even as Namra registered robust growth, the management maintained cautious aggression to ensure that its success is sustained over the medium term. While the Company would continue to scout for and capitalise on growth opportunities, cost optimisation would be a

high priority. As part of this strategy, even as Namra widens its presence into underpenetrated areas, it would sharpen its focus on strengthening returns from every branch. As part of the digital drive, the Company would also evaluate possibilities of initiating cashless collection without compromising its high-touch customer connect.



Surging Forward

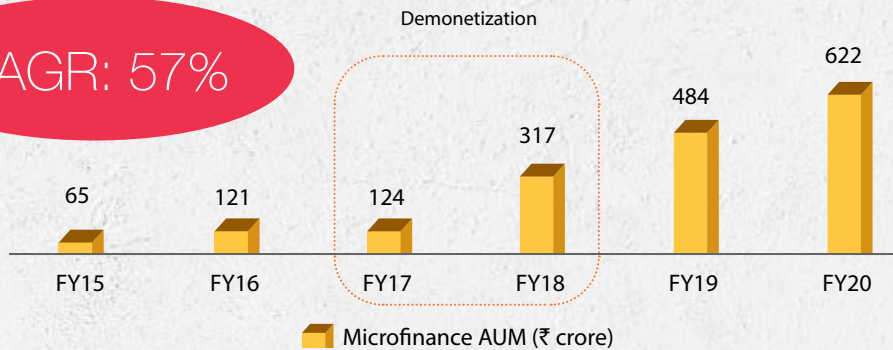
DISBURSEMENT GROWTH IS DRIVEN BY CUSTOMER & BRANCH ADDITION



	FY15	FY16	FY17	FY18	FY19	FY20
MFI Branches	39	55	80	107	138	170
Avg. Ticket size (₹)	13,937	15,583	21,477	23,517	26,358	28,133
	Disbursement		Customers		Ticket size	
FY 15-20 CAGR (%)	42%		26%		16%	

AUM GROWTH EXCEEDED MFI INDUSTRY GROWTH RATES

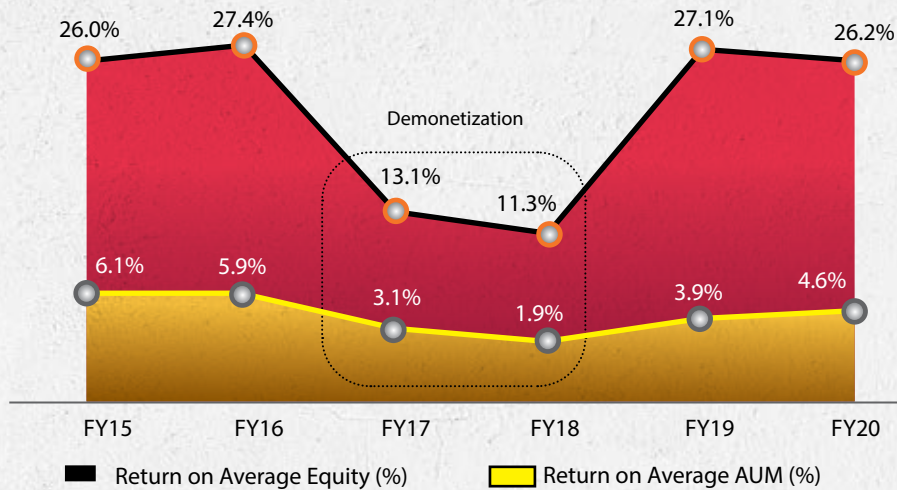
CAGR: 57%



	5yr AUM CAGR (%)	FY20 AUM Growth (%)
MFI Industry	23%	18%
Namra (MFI Operations)	57%	29%

*MFI Industry= NBFC-MFIs + SFBs only. Source- MFIN Micrometer Q4FY20

SUSTAINING STRONG ROA (%) & ROE (%)



Adjusted for Covid-19 Provisioning, ROE stood at 30.9% in FY20

Corporate Overview

One Day at Time

About Arman

From the Vice
Chairman's Desk

Key Performance
Indicators

Conversation with
the Jt. Managing
Director

Battling the Crisis

➔ Management
Discussion &
Analysis

Business Segment 2

MSME Loans

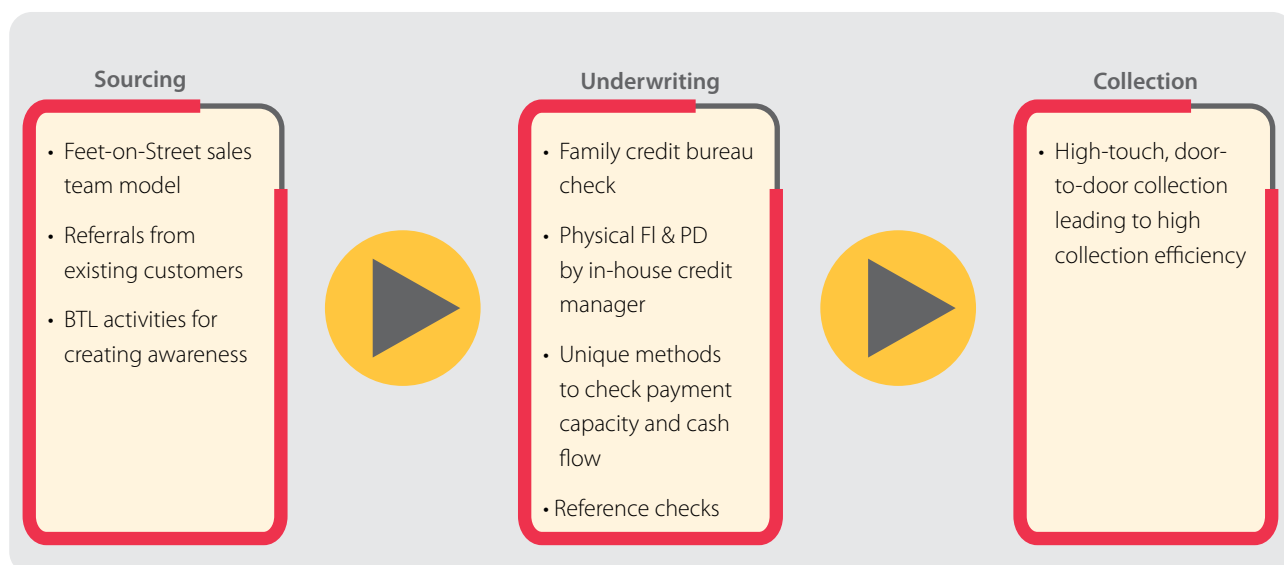
Micro, Small and Medium Enterprise (MSME) is a relatively new business division, working in the under-served non-group, micro-business segment of the Indian market.

Arman provides loans to individual enterprises and working capital loans to

small rural businesses in low competition areas. This is typically a high-touch, relationship-driven business. The Company operates in three states – Gujarat, Maharashtra and Madhya Pradesh – through its 35 branches.



Process of Operation



Operating Model

- Locally drawn field force with personal knowledge of the market.
- In-house teams for pre-lending field investigations and appraisals, with centralised final credit approval.
- Dual credit bureau check for both customer and spouse on CRIF (for MFI loans) and CIBIL (for non-MFI loans).
- Cash flow assessment using tailored appraisal techniques.
- High-touch monthly cash collection model.

FY20-Key Metrics (%)

143

AUM (₹ in crore)

42

Total Income (₹ in crore)

136

Disbursement (₹ in crore)

70,000

Avg. Ticket Size (₹)

FY20-Key Metrics(%)

34.7%

Yield

0.5%

GNPA

23.8%

NIM

0.3%

NNPA

Corporate Overview

One Day at Time

About Arman

From the Vice
Chairman's Desk

Key Performance
Indicators

Conversation with
the Jt. Managing
Director

Battling the Crisis

➔ Management
Discussion &
Analysis

Business in 2019-20

In only three years of operation, the MSME vertical has emerged as an important business and profitability driver for the Company. The Arman management's stringent focus on quality underwriting and rigorous collections have positioned this vertical as the highest RoA (Return on Asset) product for the Company. The primary purpose for creating the MSME division was to service the 'missing-middle' customers. These would be the customers who are in a more advanced life-stage, where the low-ticket size for MFI loans

would not be adequate, but not advance enough to approach the banks or main-stream financial institutions for a business loan. The model is a blend of the best practices of microfinance (high-touch door-step collections) and traditional (stringent evidence/support based underwriting) financing.

Business continued to gain momentum through the year as the Company continued to add customers. It added 11 branches and 138 people for the on-field job during the year.

As a proactive and responsible organisation,

Arman had raised the standard provisioning on the MSME book to 1.0% from the statutorily required 0.4% during the 3rd quarter, which was further increased in Q4 as a future Covid-19 response strategy. It leveraged technology to enhance its service quotient without compromising on the high-touch aspect with its customers.

The Road Ahead

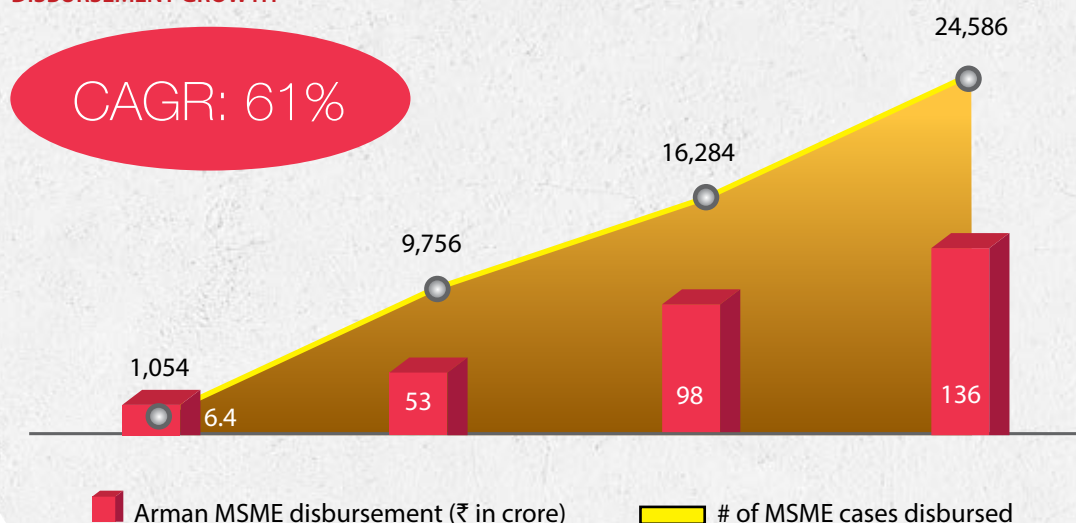
As Indian enterprises, small and large, get back to commercial initiatives, business should pick up in the second half of the current year. The Company will maintain

a conservative and cautious approach while making incremental disbursements. It plans to disburse loans selectively and focus only on rural areas, where people are engaged in occupations that are less-impacted by the pandemic.

The team also intends to introduce a hybrid model, a blend of doorstep collection and digital collection, which will help optimise the cost of collection even as it strengthens relations with customers.

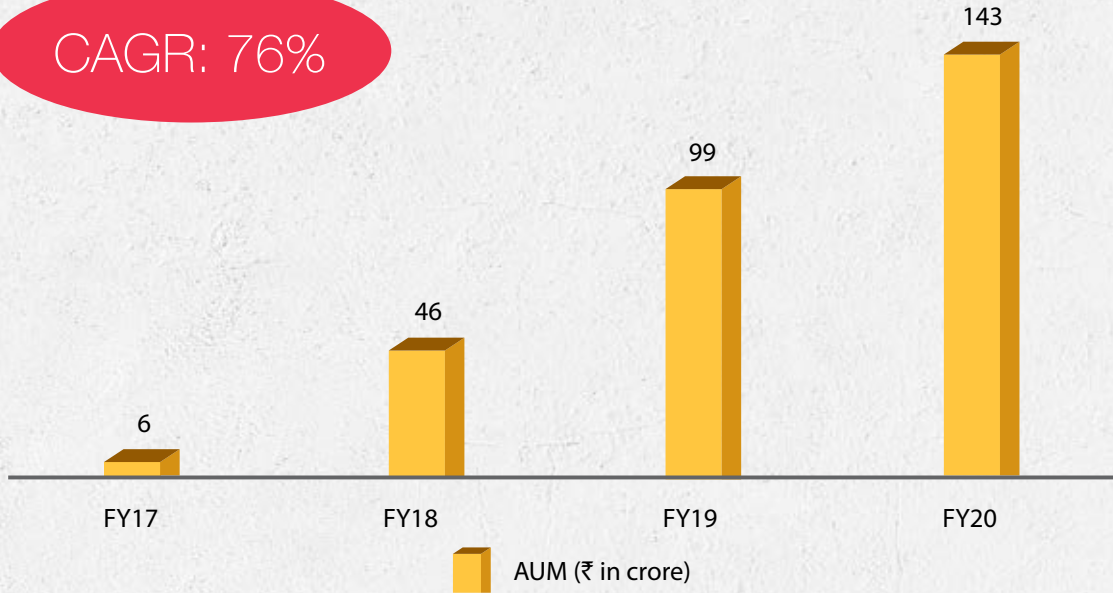
A solid start to a promising opportunity

DISBURSEMENT GROWTH

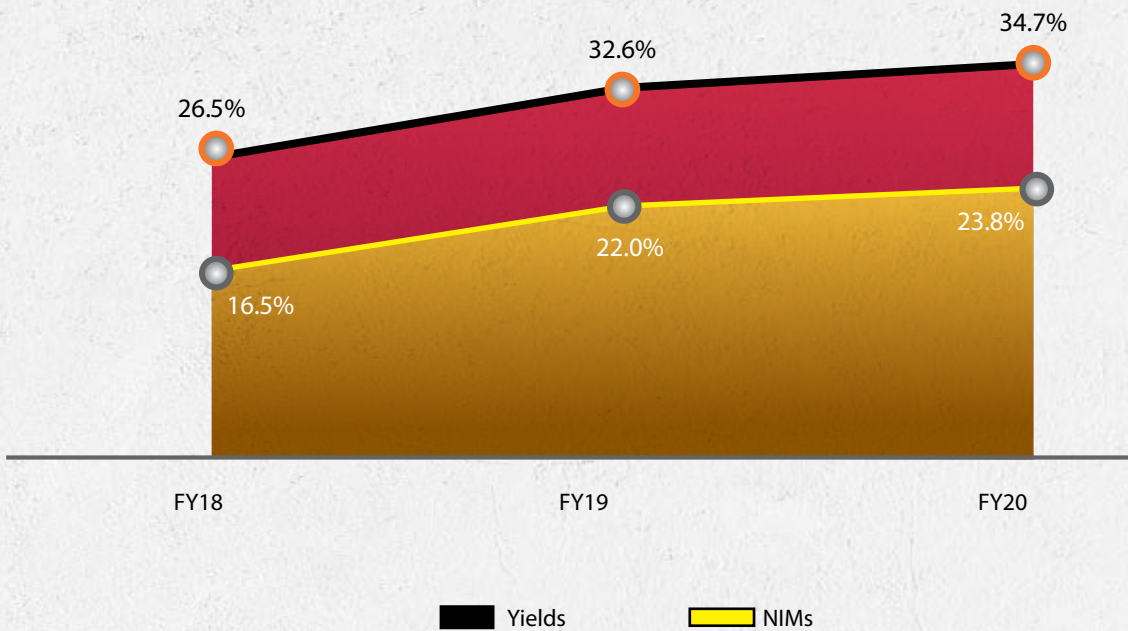


AUM GROWTH

CAGR: 76%



YIELDS (%) & NIM (%) TREND



Corporate Overview

One Day at Time

About Arman

From the Vice
Chairman's Desk

Key Performance
Indicators

Conversation with
the Jt. Managing
Director

Battling the Crisis

➔ Management
Discussion &
Analysis

Business Segment 3

Two-wheeler Loans

Leveraging the knowledge of its home state, the Company provides secured loans to self-employed / salaried customers in the informal segment in semi-urban / rural areas. Arman operates only in Gujarat by leveraging its relations with two-wheeler dealers.

Operating Model

- Tie-ups with over 70 showrooms.
- Loan availability on almost all models of two-wheelers.
- Paper work is easy; lucrative interest rates compared to peers.
- Flexible and multiple repayment options

FY20-Key Metrics (Mn)

95	84
AUM (₹ in crore)	Disbursement (₹ in crore)
25	42,000
Total Income (₹ in crore)	Avg. Ticket Size (₹)

FY20-Key Metrics (%)

25.5%	16.5%
Yield	NIM
3.0%	1.4%
GNPA	NNPA





Corporate Overview

One Day at Time

About Arman

From the Vice
Chairman's Desk

Key Performance
Indicators

Conversation with
the Jt. Managing
Director

Battling the Crisis

➔ Management
Discussion &
Analysis

Business in 2019-20

The two-wheeler segment slowed down considerably during the year as the automotive market slump continued unabated. The market suffered a steady drop because of reasons like increased cost of ownership of the vehicle, tepid economic environment and the NBFC crisis. These factors tarnished the customer confidence, which was

further shattered by the Covid-19 pandemic.

Arman, however, managed to register a stable performance which largely mirrored the previous year even as the two-wheeler sector contracted. It launched a new product within this vertical – rural two-wheeler loans – on a pilot basis.

Arman will leverage its dealer relationship and

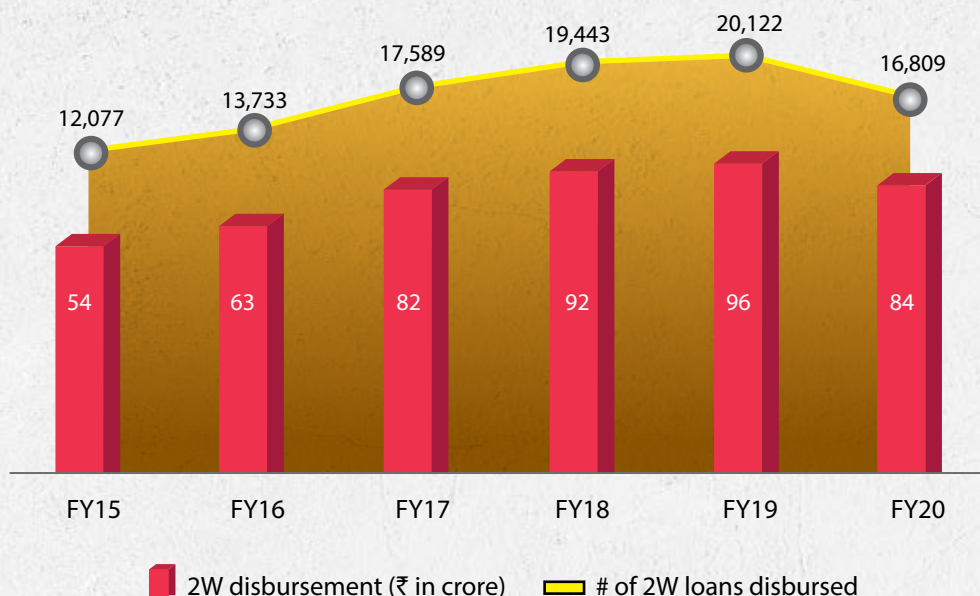
its feet-on-street format to establish its presence in Tier 3 and 4 locations. Over the coming years, this initiative should help the two-wheeler vertical gather momentum.

The Road Ahead

The Company plans to disburse loans to selected occupation holders mainly in rural regions and intends to tighten credit checks by increasing down payments on two-wheelers in the

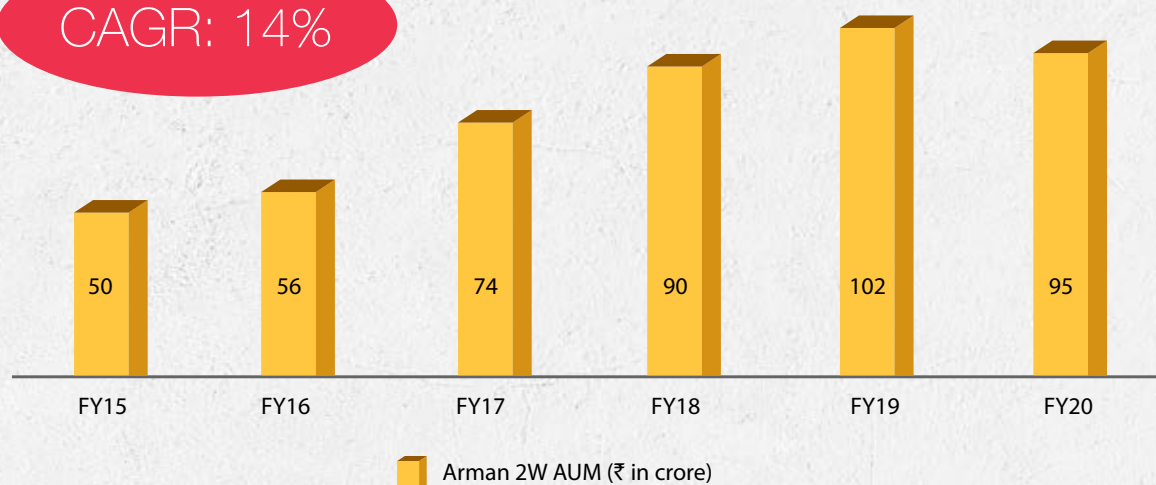
foreseeable future. While growth in the urban segment is expected to be muted this year as well, owing to the Covid-19 pandemic, some growth in the rural segment can be expected

DISBURSEMENT GROWTH IS DRIVEN BY INCREASE IN TWO-WHEELER VOLUMES

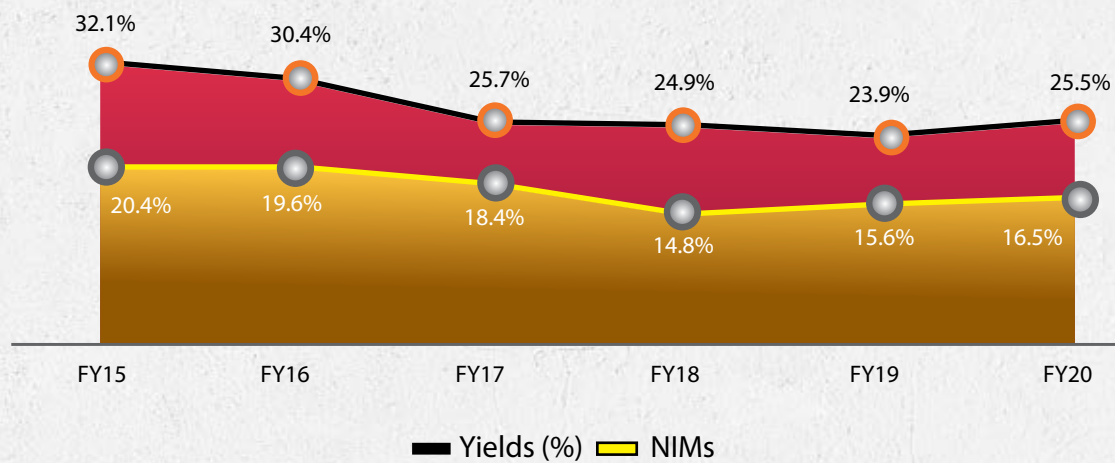


ARMAN 2W AUM/ HAS SEEN STEADY GROWTH OVER FY15-20

CAGR: 14%



YIELDS (%) & NIM (%) TREND



Corporate Overview

One Day at Time

About Arman

From the Vice
Chairman's Desk

Key Performance
Indicators

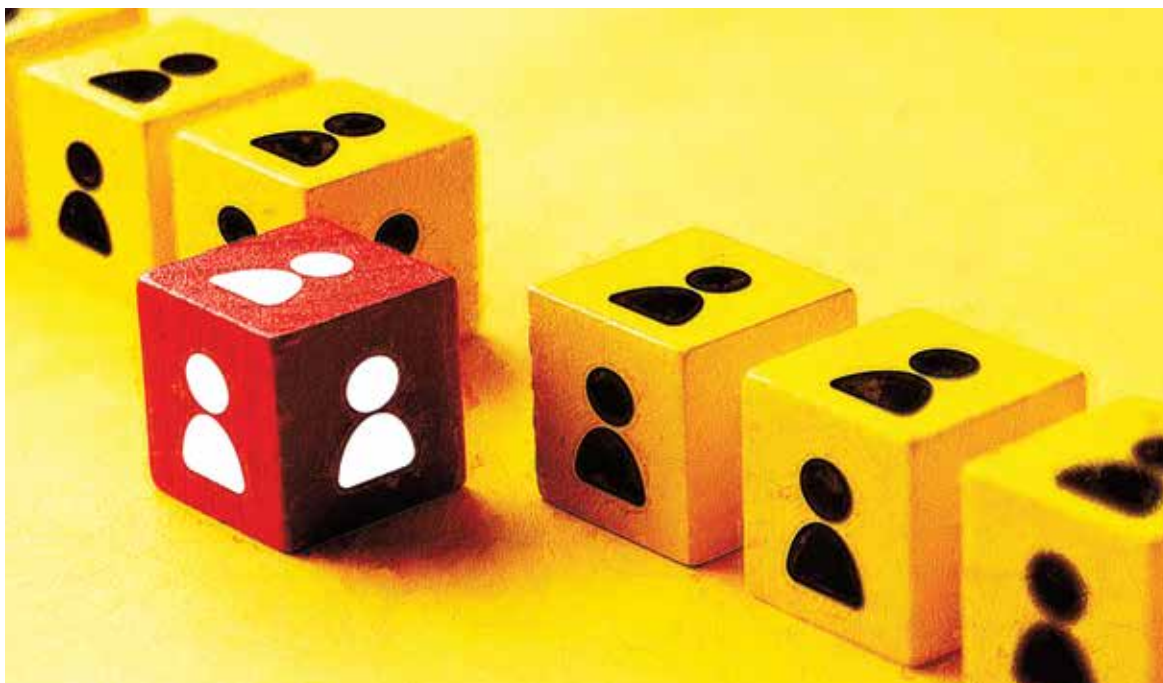
Conversation with
the Jt. Managing
Director

Battling the Crisis

➔ Management
Discussion &
Analysis

Risk Management

Managing the Business Better



Arman realises the importance of the changing business environment and framing the blueprint with growth, profitability and delivery at its centrepiece. Any company's performance and profitability are impacted largely by changes in economic conditions, consumer preferences and other macro and micro factors. To fight the challenging environment and counter the risks associated

with it, Arman has devised an efficient risk management framework which incorporates periodic evaluation and management of the existing and possible risks to the business.

The framework implements a comprehensive and systematic approach to identify and counter them on one hand and maximise opportunities on the other. This mechanism is equipped to identify,

monitor, evaluate and review the existing and possible risks on a continuous basis.

Sustaining growth risk

Where will the future growth come from?

India's huge rural and financially underserved population provides a mammoth opportunity for sustaining growth in all business verticals. The momentum achieved so far has been because of

the Company's geographic footprint spanning across six states. As Arman widens its India footprint and deepens its presence in existing geographies, growth becomes a natural corollary.

Funding growth risk

How will it fund this growth?

Funding has never been an issue for the Company even during the demonetisation days, or more recently, the NBFC liquidity crisis after the IL&FS debacle. This is because Arman, through its sustained on-time payment history for the past 28 years, has earned the respect as a responsible and reliable client in the financial world. In 2019-20, the Company widened its funding sources further, even raising foreign ECBs for the first time. During the Covid-19 phase, Arman requested for a moratorium only for two months from its lender as ample precaution to maintain cash liquidity. In June 2020, it repaid all its April-May moratorium instalments. This move has helped reaffirm the lenders' faith in the Company and build considerable credibility for it. These factors should help Arman fund its growth aspiration with ease.

Managing growth risk

How will it retain its control over the growth?

Arman adopted a two-way approach to manage its growth momentum with complete control over it to make the growth sustainable. In 2019-20, while beefing up its intellectual capital with the addition of 384 members to the family, it made considerable investments to enhance its digital capabilities. The significant investment in IT solutions enable faster and more accurate business processing and knowledge-based decision-making. This will go a long way in seamlessly managing the growing volumes. These initiatives will make the organisation more cohesive even as it widens its reach.

Profitable growth risk

How will growth become profitable?

Arman has adopted a multi-dimensional strategy to grow business profitability on a consolidated basis.

- Microfinance vertical: Expanding customer base and investing in technology would lead to economies of scale.

- MSME vertical: Increased disbursements and upgraded technology in a calibrated manner to sustain profitability as this business space provides the highest return on assets.

- Two-wheeler vertical: Introduced a new product on a pilot basis. When this product is scaled up over the coming years, it would enhance the overall business profitability.

Quality growth risk

How will it retain the asset quality?

Even as the Company is driving the business momentum, it remains focused on ensuring credit discipline. Its determined efforts to retain the high-touch operating model despite going the digital way bears testimony to its focus on strengthening the asset quality. Further, the multi-level credit filters, independent credit teams and aiming at relationship-based growth for all business verticals, has played a pivotal role in maintaining robust asset quality over the years. Throughout the company's history, quality has always trumped quantity, and this has been engrained into the culture.

Cautionary statement

This statement made in this section describes the Company's objectives, projections, expectation and estimations which may be 'forward looking statements' within the meaning of applicable Securities Laws and Regulations. Forward looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realised by the Company. Actual results could differ materially from those expressed in the statements or implied due to the influence of external factors which are beyond the control of the Company. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements on the basis of any subsequent development, information or events.

CORPORATE INFORMATION

BOARD OF DIRECTORS

1. Mr. Alok N. Prasad Chairman	4. Mr. Kaushikbhai D. Shah Independent Director	7. Mr. Ramakant Nagpal Independent Director
2. Mr. Jayendrabhai B. Patel Vice Chairman & Managing Director	5. Mrs. Ritaben J. Patel Director	8. Mr. Mridul Arora Nominee Director
3. Mr. Aalok J. Patel Joint Managing Director (w.e.f. 21.08.2019)	6. Mr. Aakash J. Patel Director	9. Ms. Geeta Haresh Solanki Independent Director (w.e.f. 01.04.2020)

BOARD COMMITTEES

▶ Audit Committee

Mr. Kaushikbhai D. Shah
Chairman
Mrs. Ritaben J. Patel
Member
Mr. Alok N. Prasad
Member
Mr. Ramakant Nagpal
Member

▶ Stakeholders Relationship Committee

Mr. Alok N. Prasad
Chairman
Mr. Kaushikbhai D. Shah
Member
Mr. Jayendrabhai B. Patel
Member

▶ Nomination and Remuneration Committee

Mr. Ramakant Nagpal
Chairman
Mr. Kaushikbhai D. Shah
Member
Mr. Alok N. Prasad
Member

▶ Corporate Social Responsibility Committee

Mr. Jayendrabhai B. Patel
Chairman
Mr. Alok N. Prasad
Member
Mr. Aalok J. Patel
Member

CHIEF EXECUTIVE OFFICER

Mr. Jayendrabhai B. Patel

CHIEF FINANCIAL OFFICER

Mr. Vivek A. Modi

COMPANY SECRETARY

Mr. Jaimish G. Patel

STATUTORY AUDITOR

M/s Samir M. Shah & Associates

INTERNAL AUDITOR

M/s Dharmesh Parikh & Co.

SECRETARIAL AUDITOR

M/s Pinakin Shah & Co.

REGISTERED OFFICE

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

REGISTRAR & SHARE TRANSFER AGENT

Bigshare Services Private Limited
A/802 Samudra Complex,
Nr. Klassic Gold Hotel,
Girish Cold Drink, Off. C. G. Road,
Ahmedabad-380009, Gujarat
Ph.: 079-40024135; 40392570
Email: bssahd@bigshareonline.com

BANKERS

State Bank of India
IDBI Bank Ltd
Bank of Baroda
HDFC Bank Limited
The Federal Bank Limited
AU Small Finance Bank Limited

DEBENTURE TRUSTEE

Catalyst Trusteeship Limited

NOTICE

Notice is hereby given that the 28th (Twenty Eighth) Annual General Meeting (AGM) of Arman Financial Services Limited will be held on Tuesday, September 29, 2020 at 12.00 noon through Video Conferencing (VC) / Other Audio-Visual Means (OAVM), to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt:
 - a. the audited financial statement of the Company for the financial year ended March 31, 2020, the reports of the Board of Directors and Auditors thereon; and
 - b. the audited consolidated financial statement of the Company for the financial year ended March 31, 2020.
2. To appoint a Director in place of Mrs. Ritaben Patel [DIN- 00011818] who retires by rotation and being eligible, offers herself for reappointment.
3. To appoint a Director in place of Mr. Aalok Patel [DIN- 02482747] who retires by rotation and being eligible, offers himself for reappointment.

SPECIAL BUSINESS:

4. Appointment of Ms. Geeta Haresh Solanki as an Independent Director

To consider and if thought fit to pass, with or without modification, the following Resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, and 152 read with Schedule IV and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR / Listing Regulations), including any statutory modifications or re-enactment(s) thereof and any rules made thereunder, for the time being in force, Ms. Geeta Haresh Solanki (DIN: 08212773), who was appointed as an Additional & Independent Director of the Company with effect from April 01, 2020, and whose term expires at this AGM, not liable to retire by rotation, be and is hereby appointed as an Independent Director of the Company to hold office for a period of 5 years with effect from April 01, 2020."

5. Re-appointment of Mr. Ramakant Nagpal as an Independent Director for second term

To consider and if thought fit to pass, with or without modification, the following Resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 read with Schedule IV and other applicable provisions, if any of the Companies Act, 2013 ("the Act") and rules made thereunder (including any statutory modification or re-enactment thereof, from time to time), the relevant provisions of the Articles of Association and all applicable regulations or guidelines issued by the governmental authorities from time to time and subject to such regulatory approvals as may be necessary and as recommended by Nomination and Remuneration Committee and Board of Directors of the Company, the consent of the Members be and is hereby accorded to re-appoint Mr. Ramakant Nagpal (DIN: 00073205), who has submitted a declaration confirming the criteria of Independence under Section 149(6) of the Act read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), as amended from time to time and who is eligible for re-appointment for a second term under the provisions of the Act, rules made thereunder and Listing Regulations as Non-Executive Independent Director of the Company, whose term shall not be liable to retire by rotation and to hold office upto the period he attains the age of 75 on July 02, 2024."

6. Private Placement of Non-Convertible Debentures

To consider and if thought fit to pass, with or without modification, the following Resolution as a Special Resolution:

"RESOLVED THAT in supersession of the resolution passed by the shareholders of the Company on September 23, 2019 and pursuant to the provisions of Section 42 and other applicable provisions, if any, of the Companies Act, 2013 (the "Act") read together with the Companies (Prospectus and Allotment of Securities) Rules, 2014, including any modification, amendment, substitution or re-enactment thereof, for the time being in force and the provisions of the memorandum of association and the articles of association of the Company, the approval and

consent of the members of the Company, be and is hereby accorded to the board of directors of the Company (the "Board") to issue, and to make offer(s) and/or invitation(s) to eligible persons to subscribe to, non-convertible debentures ((a) listed or unlisted, (b) senior secured, (c) senior unsecured, (d) unsecured, (e) subordinated, (f) any others (as may be determined)) ("NCDs"), on a private placement basis, in one or more tranches, within a period of one year from the date of passing of this resolution, provided that the outstanding amounts of all such NCDs at any time during the period shall not exceed INR 300,00,00,000 (Indian Rupees Three Hundred Crore)."

"RESOLVED FURTHER THAT the Board be and is hereby authorized and empowered to arrange, settle and determine the terms and conditions (including without limitation, interest, repayment, security or otherwise) as it may think fit of such NCDs, and to do all such acts, deeds, and things, and to execute all such documents, instruments and writings as may be required to give effect to these resolutions."

7. Issuance of securities through Qualified Institutions Placement for an aggregate amount not exceeding ₹125 Crores (Rupees One Hundred and Twenty Five Crores only)

To consider and if thought fit to pass, with or without modification, the following Resolution as a Special Resolution:

"RESOLVED THAT in supersession of the resolution passed by the shareholders of the Company by way of postal ballot on February 24, 2020 and pursuant to Section 23, 42, 62 and other applicable provisions of the Companies Act, 2013, and the Companies (Prospectus and Allotment of Securities) Rules, 2014, the Companies (Share Capital and Debentures) Rules, 2014, and such others rules and regulations made thereunder (including any amendments, statutory modification(s) and / or re-enactment thereof for the time being in force) (together the "Companies Act"), and in accordance with the relevant provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, (including any amendments, statutory modification(s) and/or re-enactment thereof for the time being in force) (the "ICDR Regulations"), and subject to all applicable statutory and regulatory requirements (including inter alia the relevant date on the basis of which price of the Securities or the resultant shares are determined

being in compliance with applicable statutory and/or regulatory parameters), the relevant provisions of the Memorandum and Articles of Association of the Company, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and to the extent applicable, the provisions of the Foreign Exchange Management Act, 1999, (including any amendments, statutory modification(s) and / or re-enactment thereof for the time being in force) ("FEMA"), the Consolidated FDI Policy issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India and the Foreign Exchange Management (Non-debt Instruments) Rules, 2019 (including any amendments, statutory modification(s) and / or re-enactment thereof for the time being in force), and all other statutes, rules, regulations, guidelines, notifications, circulars and clarifications as may be applicable, as amended from time to time, issued by the Government of India, ("GOI"), the Ministry of Corporate Affairs, ("MCA"), the Reserve Bank of India, ("RBI"), the Securities and Exchange Board of India, ("SEBI"), BSE Limited, and, the National Stock Exchange of India Limited, (the "Stock Exchanges"), and/or any other applicable regulatory/statutory authorities, and subject to the necessary approval and/or consent of any statutory and/or regulatory authorities, and the conditions as may be prescribed by any of them while granting any such approval and/or consent, as may be agreed to by the Board of Directors of the Company, (hereinafter referred to as the "Board", which term shall be deemed to include any committee constituted by the Board or any person(s) authorized by the Board to exercise its powers including the powers conferred by this Resolution to the extent permitted by law), the consent, approval and sanction of the Board, subject to the approval of the members of the Company, be and is hereby granted to create, issue, offer and allot securities including inter alia ordinary equity shares of the face value of Rs.10 each (Rupees Ten Only) ("Equity Shares"), and/or warrants with an option exercisable by the warrant holder to subscribe for Equity Shares and/or any instruments or securities representing either Equity Shares and/or convertible securities linked to Equity Shares, or any combination of securities convertible into or exchangeable for Equity Shares and/or convertible preference shares and/or convertible debentures (compulsorily and/or optionally, fully and/ or partly) and/or warrants with a right exercisable by the warrant holder to exchange or convert such warrants with the Equity Shares of the Company at a later date

simultaneously with the issue of non-convertible debentures and/or any other permitted fully and/or partly paid securities/ instruments/ warrants, convertible into or exchangeable for Equity Shares at the option of the Company and/or holder(s) of the security (ies) and/ or securities linked to Equity Shares, in registered or bearer form, secured or unsecured, listed on a recognized stock exchange in India (all of which are hereinafter collectively referred to as "Securities") or by any one or more or a combination of the above or otherwise, upto an aggregate amount of ₹125 Crores (One Hundred and Twenty Five Crores Only), as may be decided by the Board, at an appropriate time (including with provisions for reservation on firm and/or competitive basis, of such part of issue and for such categories of persons as may be permitted), in the course of one or more private offerings, in the form of Qualified Institutions Placement ("QIP"), or any other method and by way of a placement document ("Offering Document/Disclosure Document / Information Memorandum"), to eligible investors (whether or not such investors are Indian or foreign, including, without limitation, financial institutions, commercial banks, mutual funds, foreign portfolio investors, multilateral and bilateral development financial institutions, venture capital funds, foreign venture capital investors, insurance companies and other qualified institutional buyers as permitted by applicable statutes and regulations from time to time), at such time/times, in one or more tranches, for cash, at such price or prices, including at a permissible discount (including but not limited to any discount as may be permitted under Chapter VI of ICDR Regulations) / premium to the market price, in such manner and on such terms and conditions including security, rate of interest etc., considering the then prevailing market conditions and other relevant factors wherever necessary, in consultation with the merchant bankers and/or other advisors or otherwise, on such terms and conditions as the Board, may, in its absolute discretion, decide at the time of issue or allotment of Securities"

"RESOLVED FURTHER THAT without prejudice to the generality of the above, the aforesaid issue of the Securities may have all or any terms or conditions or combination of terms in accordance with applicable regulations, prevalent market practices, etc."

"RESOLVED FURTHER THAT, if the Company proposes to allot any Securities pursuant to a qualified institutions placement ("QIP"):

- i. the allotment of Securities shall be completed within 12 months from the date of passing of the Special Resolution or such other time as may be allowed under the ICDR Regulations from time to time;
- ii. the relevant date shall be the date of the meeting in which the Board or the committee of directors duly authorised by the Board decides to open the issue of such any Securities;
- iii. the QIP shall be made at such price not less than the price determined in accordance with the pricing formula provided under the ICDR Regulations ("QIP Floor Price"), and the price determined for a QIP shall be subject to appropriate adjustments as per the provisions of Regulation 176(4) of the ICDR Regulations, as may be applicable; and
- iv. the Board, at its absolute discretion, may offer a discount of not more than 5% (five percent) or such other percentage as may be permitted under applicable law on the QIP Floor Price."

"RESOLVED FURTHER THAT, the Equity Shares as may be required to be issued and allotted in accordance with the terms of the offer shall rank pari passu inter-se and with the then existing Equity Shares of the Company in all respects including dividend, which shall be subject to relevant provisions on that behalf contained in the Articles of Association of the Company."

"RESOLVED FURTHER THAT the issue to the holders of the Securities, which are convertible into or exchangeable with Equity Shares at a later date shall be, inter alia, subject to the following terms and conditions:

- a) in the event of the Company making a bonus issue by way of capitalisation of its profits or reserves prior to the allotment of the Equity Shares, the number of Equity Shares to be allotted shall stand augmented in the same proportion in which the equity share capital increases as a consequence of such bonus issue and the premium, if any, shall stand reduced pro tanto;
- b) in the event of the Company making a rights offer by issue of Equity Shares prior to the allotment of the Equity Shares, the entitlement to the Equity Shares will stand increased in the same proportion as that of the rights offer and such additional Equity Shares shall be offered to the holders of the Securities at the same

price at which the same are offered to the existing shareholders;

- c) in the event of merger, amalgamation, takeover or any other re-organization or restructuring or any such corporate action, the number of Equity Shares and the price as aforesaid shall be suitably adjusted; and
- d) in the event of consolidation and/or division of outstanding Equity Shares into smaller number of Equity Shares (including by way of stock split) or reclassification of the Securities into other securities and/ or involvement in such other event or circumstances which in the opinion of concerned stock exchange requires such adjustments, necessary adjustments will be made."

"RESOLVED FURTHER THAT, without prejudice to the generality of the above, the Board be and is hereby authorized to do such acts, deeds and things as the Board in its absolute discretion deems necessary or desirable in connection with offering, issuing and allotting the Securities, and to give effect to these resolutions, including, without limitation, the following:

- i. offer, issue and allot the Securities or any/all of them, subject to such terms and conditions, as the Board may deem fit and proper in its absolute discretion, including inter alia, (a) terms for issue of additional Securities, (b) terms as are provided in domestic offerings of this nature, and, (c) terms and conditions in connection with payment of interest, dividend, voting rights, premium and redemption or early redemption, conversion into Equity Shares, pricing, variation of the price or period of conversion, and/or finalizing the objects of the issue/s and the monitoring of the same;
- ii. approve, finalise and execute any preliminary as well as final offer document, (including inter alia any draft offer document, offering circular, registration statement or placement document or private placement offer letter and/or other letter or circular ("Offering Document/Disclosure Document/ Information Memorandum"), and to approve and finalise any term sheets in this regard;
- iii. issue and allot such number of Equity Shares as may be required to be issued and allotted upon conversion of any Securities or as may be necessary in accordance with the terms of the offering, all such Equity Shares ranking pari

passu with the existing Equity Shares of the Company in all respects;

- iv. approve, finalise and execute any number of powers of attorney;
- v. taking decision to open the issue, and in this regard, to decide the opening and closing dates;
- vi. approve, finalise and execute agreements and documents, including lock-up letters, agreements in connection with the creation of any security, and agreements in connection with the appointment of any intermediaries and/or advisors, (including for underwriting, marketing, listing, trading, appointment of lead manager(s)/merchant banker(s), legal counsel, depository(ies), banker(s), advisor(s), registrar(s), trustee(s), and other intermediaries as required), and to pay any fees, commission, costs, charges and other outgoings in connection therewith;
- vii. to provide such declarations, affidavits, certificates, consents and/or authorities as required from time to time, to amend or modify any of the above agreements powers or documents, as required;
- viii. seek any consents and approvals, including, inter alia, the consent from the Company's lenders, customers, vendors, parties with whom the Company has entered into agreements with, and from concerned statutory and regulatory authorities;
- ix. file requisite documents with the SEBI, BSE Limited / National Stock Exchange of India Limited, the Reserve Bank of India, and any other statutory and/or regulatory authorities, and any amendments, supplements or additional documents in relation thereto, as may be required;
- x. seeking the listing of the Securities on any stock exchange/s, submitting the listing application to such stock exchange/s and taking all actions that may be necessary in connection with obtaining such listing approvals, (both in principle and final listing and trading approvals);
- xi. open one or more bank accounts in the name of the Company in Indian currency, in relation to the Issue, and the director/s and/or officer/s of the Company as authorized by the Board who shall be authorized to sign and execute

the application form and other documents required for opening the said account/s, to operate the said account/s, and to give such instructions including closure thereof as may be required and deemed appropriate by the said signatories, and that the said bank/s be and is/are hereby authorized to honor all cheques and other negotiable instruments drawn, accepted or endorsed and instructions given by the aforesaid signatories on behalf of the Company;

- xii. do all such incidental and ancillary acts and things as may be deemed necessary, and to give such directions that may be necessary or arise in regard to or in connection with any such offer, issue or allotment of Securities and utilization of the issue proceeds as it may in its absolute discretion deem fit without being required to seek any further consent or approval of the members and the members shall be deemed to have given their approval thereto expressly by the authority of this resolution and all actions taken by the Board or any duly authorised committee constituted by the Board to exercise its powers, in connection with any matter(s) referred to or contemplated in any of the foregoing resolutions be and are hereby approved, ratified and confirmed in all respects;
- xiii. settle any issues, questions, difficulties or doubts that may arise;
- xiv. approving the issue price, finalize the basis of allotment of the Securities on the basis of the bids/applications and over-subscription thereof as received, where applicable;
- xv. acceptance and appropriation of the proceeds of the issue of the Securities; and
- xvi. further authorise any committee and/or director/s and/or officer/s of the Company to seek the aforementioned consents and approvals, and/or to execute and/or file the above documents and/or to carry out any/all of the aforesaid actions.

8. Ratification of compliance certificate issued by the M/s Samir M. Shah & Associates, Statutory Auditors

To consider and if thought fit to pass, with or without modification, the following Resolution as a Special Resolution:

"RESOLVED THAT a compliance certificate dated

March 01, 2018, in accordance with Regulation 163(2) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (Erstwhile Regulation 73(2) of SEBI (ICDR) Regulation 2009) in respect of 16,66,667 CCDs issued by M/s Samir M. Shah & Associates, Statutory Auditor, and revised compliance certificate dated November 01, 2019 to give effect of accrued interest and thereby conversion into 18,90,417 equity shares and that the revised compliance certificate dated November 01, 2019 issued by M/s Samir M. Shah & Associates, Statutory Auditor be and is hereby ratified pursuant to an undertaking given by the Company to BSE Limited dated November 4, 2019."

NOTES:

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Businesses at the meeting, is annexed hereto.
2. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as "MCA Circulars") permitted the holding of the Annual General Meeting ("AGM") through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and MCA Circulars, the AGM of the Company is being held through VC / OAVM. The detailed procedure for participation in the meeting through VC / OAVM is as per Note no. 25.
3. Pursuant to MCA Circular No. 14/2020 dated April 8, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, the Body Corporates are entitled to appoint Authorised Representatives to attend the AGM through VC/ OAVM and participate thereat and cast their votes through e-voting.
4. The attendance of the members attending the AGM through VC / OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
5. Members of the Company under the category of Institutional Investors are encouraged to attend and vote at the AGM through VC / OAVM. Corporate members intending to authorise their representatives to participate and vote at the AGM

Statutory Section

Corporate Information

→ Notice

Directors' Report

Corporate Governance Report

are requested to send a duly certified copy of the board resolution authorizing their representatives to attend and vote on their behalf at the AGM.

6. The Members can join the AGM through VC / OAVM mode 15 minutes before and after the scheduled time of the commencement of the AGM by following the procedure mentioned in the Notice.
7. The Register of Directors and Key Managerial Personnel of the Company and their shareholding maintained under Section 170 of the Act, the Register of Contracts and Arrangements in which Directors are interested maintained under Section 189 of the Act and all other documents referred to in the Notice will be available for inspection in the electronic mode upto the date of AGM of the Company and will also be available electronically for inspection by the Members during the AGM. Members seeking to inspect such documents can send the e-mail to secretarial@armanindia.com.
8. The Register of Members and the Share Transfer Books in respect of the Equity Shares will remain closed from Wednesday, September 23, 2020 to Tuesday, September 29, 2020 (both days inclusive) for the purpose of AGM.
9. In compliance with the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of the Listing Regulations, and the MCA Circulars, the Company is providing facility of remote e-voting to its Members through Central Depository Services (India) Limited ("CDSL") in respect of the business to be transacted at AGM. The facility of casting votes by a member using remote e-voting as well as e-voting system on the date of the AGM will be provided by CDSL. Members of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. September 22, 2020, may cast their vote either by remote e-voting as well as e-voting system as on date of AGM. A person who is not a member as on the cut-off date should treat this Notice for information purpose only. The information with respect to voting process and other instructions regarding e-voting are detailed in Note no. 23.
10. The Notice of 28th AGM and the Annual Report of the Company for the year ended March 31, 2020 is uploaded on the Company's website www.armanindia.com and may be accessed by the members and will also be available on the website of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and on the website of CDSL.
11. Mr. Ishan P. Shah, Advocate, has been appointed as the scrutinizer to scrutinize the remote e-voting and e-voting process on the date of AGM in a fair and transparent manner.
12. The Scrutinizer shall submit a consolidated Scrutinizer's Report (votes casted during the AGM and votes casted through remote e-voting) of the total votes cast in favour of or against, if any, not later than three days after the conclusion of the AGM to the Chairman of the Company. The Chairman, or any other person authorised by the Chairman, shall declare the result of the voting. The result declared along with the consolidated Scrutinizer's Report shall be simultaneously placed on the Company's website www.armanindia.com and on the website of CDSL and communicated to the BSE Limited and National Stock Exchange of India Limited.
13. The resolution shall be deemed to be passed on the date of AGM, subject to the receipt of sufficient votes.
14. Members seeking any information or clarification on the accounts or any other matter to be placed at AGM are requested to send written queries to the Company on secretarial@armanindia.com atleast 10 days before the date of the meeting to enable the management to respond quickly.
15. SEBI vide its circular dated June 8, 2018 amended Regulation 40 of the Listing Regulation pursuant to which requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialized form. Members holding the shares in physical form are requested to dematerialize their holdings at the earliest as it will not be possible to transfer shares held in physical mode.
16. SEBI vide its circular dated April 20, 2018, directed all the listed companies to record the Income Tax PAN and bank account details of all their shareholders holding shares in physical form. All those shareholders who are yet to update their details with the Company are requested to do so at the earliest.

17. Members wishing to claim dividends for previous financial years, which remain unclaimed, are requested to correspond with the Company's Registrars and Transfer Agent (RTA). In case any unclaimed Dividend Warrant is lying with any member, the same should be forwarded to RTA for revalidation.

During the year, the Company has requested those members, whose dividends for previous financial years remaining unclaimed / unpaid, for claiming said dividend amount before transfer thereof to Investor Education and Protection Fund (IEPF).

Members are requested to note that dividends not encashed or claimed within seven years from the thirty days of declaration of dividend, will, as per Section 124 of the Companies Act, 2013, be transferred to the IEPF.

Further, provisions of Section 124 of the Companies Act, 2013 read with Rule 6 of IEPF Rules as amended, inter alia, mandates the Company to transfer all such shares, in respect of which dividend have not been paid or claimed for seven consecutive years or more, to the demat account of IEPF Authority.

18. Pursuant to Section 72 of the Companies Act, 2013, members holding shares in physical form may file nomination in the prescribed Form SH-13 and for cancellation / variation in nomination in the prescribed Form SH-14 with the Company's RTA. In respect of shares held in demat form, the nomination form may be filed with the respective Depository Participant.
19. SEBI has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participant with whom they are maintaining their demat accounts and members holding shares in physical form to the Company / RTA.
20. With a view to conserve natural resources, we request Members to update and register their email addresses with their Depository Participants (DPs) or with the Company, as the case may be, to enable the Company to send communications including Annual Report, Notices, Circulars, etc. electronically. Members holding shares in Physical mode may register their email id by providing necessary details like Folio No., Name of Member(s) and self attested scanned copy of PAN card or

Aadhar Card by email to secretarial@armanindia.com.

21. Since the AGM will be held through VC / OAVM in accordance with the MCA Circulars, the route map, proxy form and attendance slip are not attached to the Notice.
22. The helpline number regarding any query / assistance for participation in the AGM through VC / OAVM are 022-23058738 or 022-23058543 or 022-23058542.
23. Voting process and instruction regarding remote e-voting:

Section A: Voting Process

Members should follow the following steps to cast their votes electronically

Step 1: Open the web browser during the voting period and log on to the e-voting website www.evotingindia.com.

Step 2: Click on "Shareholders" to cast your vote(s).

Step 3: Please enter User ID

- i. For account holders in CDSL: Your 16 digits beneficiary ID.
- ii. For account holders in NSDL: Your 8 Character DP ID followed by 8 digits Client ID.
- iii. Members holding shares in Physical Form should enter Folio Number registered with the Company.

Step 4: Enter the Image Verification as displayed and Click on "Login".

Step 5: If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used. If you have forgotten the password, then enter the User ID and the image verification code and click on "FORGOT PASSWORD" and enter the details as prompted by the system.

Step 6: Follow the steps given below if you are first time user:

- i. holding shares in physical form
- ii. holding shares in demat 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> <p>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 in the PAN Field. The sequence number is printed on the Address sticker in case of the dispatch of the Annual Report through physical mode and mentioned in the covering e-mail in case of dispatch of soft copy.</p>
DOB	<p>Enter the Date of Birth ("DOB") as recorded in your demat account or in the Company records in dd/mm/yyyy format.</p>
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 no.</p> <p>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 DP ID and Client ID / folio number in the Dividend Bank details field as mentioned in Step 3.</p>

Step 7: After entering these details appropriately, click on "SUBMIT" tab.

Step 8: Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

Step 9: For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

Step 10: Click on the EVSN for the ARMAN FINANCIAL SERVICES LIMITED on which you choose to vote.

Step 11: 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.

Step 12: Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

Step 13: 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.

Step 14: Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote. You can also take out print of the voting done by you by clicking on "Click here to print" option on the voting page.

Section B: Other instruction regarding remote e-voting:

a) The voting period begins on September 26, 2020 from 09:00 A.M. and ends on September 28, 2020 upto 05:00 P.M. During this period Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. September 22, 2020, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

b) Non – Individual Shareholders and Custodians (i.e. other than Individuals, HUF, NRI etc.) are additionally required to note and follow the instructions mentioned below:

- They are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details, user would be able to link the account(s) for which they wish to vote on.

- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts, they would be able to cast their vote.
- c) Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to upload the following in PDF Format in the system for the scrutinizer to verify the same
- Copy of Board resolution (where institution itself is voting)
 - Power of Attorney issued in favour of the Custodian as well as the Board resolution of the Custodian
- d) Members holding multiple folios / demat accounts shall choose the voting process separately for each folio / demat account.
- e) 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 contact Mr. Rakesh Dalvi, Manager, CDSL, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mills Compounds, N. M. Joshi Marg, Lower Parel (East), Mumbai - 400013 or write an email to helpdesk.evoting@cdslindia.com or calling on 022-23058738 or 022-23058543 or 022-23058542 during working hours on all working days.
24. Voting process and instruction regarding e-voting at AGM are as under:
- The procedure for e-voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
 - Only those Members, who will be present in the AGM through VC / OAVM facility and have not casted their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system available in the AGM.
 - Members who have voted through remote e-voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
25. Instruction for members for attending the AGM through VC / OAVM are as under:
- Member will be provided with a facility to attend the AGM through VC/ OAVM through the CDSL e-voting system. Members may access the same at <https://www.evotingindia.com> under shareholders/ members login by using the remote e-voting credentials. The link for VC/ OAVM will be available in shareholder/ members login where the EVSN of Company will be displayed.
 - Members are encouraged to join the Meeting through Laptops / IPads for better experience. Please note that Participants connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/ Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.
 - For ease of conduct, Members who would like to express their views/ ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast 10 days prior to meeting mentioning their name, demat account number/ folio number, email id, mobile number at secretarial@armanindia.com.
 - The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 10 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at secretarial@armanindia.com. These queries will be replied to by the company suitably by email.
 - Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ ask questions during the meeting. Further the shareholders will be required to allow the camera for participation in the meeting as speaker.
26. Details of the Directors seeking appointment / re-appointment at the 28th (Twenty Eighth) Annual General Meeting Pursuant to Regulation 36 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and as per Secretarial Standard -2 are provided below:

Statutory Section

Corporate Information

→ Notice

Directors' Report

Corporate Governance Report

Particulars	Retire by rotation
Name of Director	Mrs. Ritaben Patel
DIN	00011818
Date of Birth (Age)	August 27, 1950 (70 Years)
Relationships with other Directors	Wife of Mr. Jayendra Patel and Mother of Mr. Aakash Patel & Mr. Aalok Patel
Date of first appointment	November 26, 1992
Expertise / Brief Resume	<p>Expertise: Banking & Finance</p> <p>Brief Profile: Mrs. Patel, is a Graduate in Economics. She also holds Banking qualifications from First National Bank of Chicago, USA. She has worked with various US banks like First National Bank of Chicago, Golf Mill Bank, Morton Grove Bank in various capacities for more than a decade.</p>
Remuneration	Sitting fee is paid to her for attending the Board / Committee Meeting
Qualification	B. A. in Economics
No. of Equity Shares held	421139
Terms and conditions of appointment/re-appointment	She was appointed as a Non-Executive Director of the Company since November 26, 1992.
No. of Board meetings attended during FY 2019-20	6
List of other Companies in which directorship are held	Namra Finance Limited
Chairmanship / Membership of Committees (includes only Audit and Stakeholder Relationship Committee)	<p>Arman Financial Services Limited Member - Audit Committee</p> <p>Namra Finance Limited Member - Audit Committee</p>

Particulars	Retire by rotation
Name of Director	Mr. Aalok Patel
DIN	02482747
Date of Birth (Age)	August 02, 1984 (36 Years)
Relationships with other Directors	Son of Mr. Jayendra Patel & Mrs. Ritaben Patel; and Brother of Mr. Aakash Patel
Date of first appointment	January 01, 2007
Expertise / Brief Resume	<p>Expertise: Accounts & Finance</p> <p>Brief resume: Mr. Aalok Patel brings a vast array of innovative knowledge to the Company. In India, he completed his schooling in Lawrence School, Sanawar and continued his higher education in the U.S. at Drake University. At Drake, Mr. Patel graduated with High Honors with a Bachelors and a Master's Degree in Accountancy & Finance. He is a licensed Certified Public Accountant (CPA) in the U.S. Mr. Patel worked as an independent auditor for KPMG for almost 4 years, where many of his clients were included in the Fortune 100 list. He also brings experience from John Deere Credit, the equipment financing arm of John Deere & Co.</p> <p>Furthermore, Mr. Patel excels to equity analysis and valuation as well; his research has been quoted in reputable business journals. He currently works for Arman full-time as an Executive Director since 2010.</p>
Remuneration	As per the resolution passed by the shareholders at the 27th AGM held on September 23, 2019.
Qualification	B.S. Accounting & Finance; M.S. Accountancy, Certified Public Accountant (USA)
No. of Equity Shares held	2,47,809

Terms and conditions of appointment/re-appointment	Mr. Aalok Patel was appointed as a Joint Managing Director of the Company for the period of 5 years by way of the resolution passed by the shareholders of the Company at the 27th Annual General Meeting held on September 23, 2019.
No. of Board meetings attended during FY 2019-20	6
List of other Companies in which directorship are held	Namra Finance Limited
Chairmanship / Membership of Committees (includes only Audit and Stakeholder Relationship Committee)	Namra Finance Limited Member - Audit Committee

Particulars	Appointment
Name of Director	Geeta Haresh Solanki
DIN	08212773
Date of Birth (Age)	August 13, 1984 (36 years)
Relationships with other Directors	Nil
Date of first appointment	April 01, 2020
Expertise / Brief Resume	<p>Expertise: Women's health & hygiene</p> <p>Brief Profile: Ms. Geeta is a serial social entrepreneur in Women's health, hygiene, and social development. Post her career as a marketing professional, she was involved in improving women's health during pregnancy by providing guidance on exercise, diet and medication for 6 years. As a woman with family roots in rural agriculture, she was acutely aware of the issues and taboo surrounding menstrual hygiene in rural areas. This led her to establish a company with unique products tailored towards educating and providing women hygiene care to bottom of the pyramid customers; and creating a supply chain to empower rural women to find financial independence in the same areas. In the last three years, she has helped 1.2 million women. She received the 'Bharat Ki Laxmi' award from The Ministry of Women and Child Development, and also serves as an expert on numerous panels and summits on Women's hygiene. She holds a Postgraduate degree in Management.</p>
Remuneration	Sitting fee is paid to her for attending the Board / Committee Meeting
Qualification	M.B.A.
No. of Equity Shares held	Nil
Terms and conditions of appointment/re-appointment	Ms. Geeta Haresh Solanki is getting appointed as an Independent Director w.e.f. April 01, 2020 for a period of 5 years subject to approval of Shareholders in the ensuing Annual General Meeting.
No. of Board meetings attended during FY 2019-20	N.A.
List of other Companies in which directorship are held	Unipads India Private Limited
Chairmanship / Membership of Committees (includes only Audit and Stakeholder Relationship Committee)	Nil

Statutory Section

Corporate Information

→ Notice

Directors' Report

Corporate Governance Report

Particulars	Re-appointment
Name of Director	Mr. Ramakant Nagpal
DIN	00073205
Date of Birth (Age)	July 02, 1949 (71 years)
Relationships with other Directors	Nil
Date of first appointment	August 24, 2015
Expertise / Brief Resume	<p>Expertise: Banking & Finance</p> <p>Brief Profile: Mr. Nagpal is a performance driven professional having over 3 decades of experience in Banking & NBFC sector. He has worked as Vice President of Centurion Bank Ltd. for 7 years and on various senior positions with Central Bank of India for 21 years. Last Position held in Central Bank as AGM-Mumbai Main Branch. He is also founder MD/Chief Executive of Central Bank Home Finance Ltd, A Subsidiary of Central Bank based at Bhopal, Jointly promoted with NHB, HUDCO & UTI.</p> <p>In his long and vast career in Banking, Mr. Nagpal acted among other positions as Senior Internal auditor of Central Bank of India and played a crucial role in unearthing scams and frauds. He has also carried out large number of special audit assignments involving inspection of large borrower accounts for reporting of diversion of funds and unearthed Maritime Import/Export LC frauds.</p> <p>Mr. Nagpal has also carried out Statutory Audit of Urban Cooperative Bank, Ahmedabad, and Audit of various Toll Plaza units of National Highway Authority of India, Concurrent Audit of State Bank of Saurashtra, Information System Audit (ISA) of 40 branches of District Cooperative Bank in Gujarat.</p> <p>He has also 5 years + experience of Heading Finance Department of Leading Central Government Pharma Company (August 2007 to May 2013) post his banking tenure & is handling BIFR Matters on behalf of Creditors against defaulting companies.</p>
Remuneration	Sitting fee is paid to him for attending the Board / Committee Meeting
Qualification	B.Com., FCA, CAIIB, CPA (Ireland)
No. of Equity Shares held	Nil
Terms and conditions of appointment/re-appointment	Mr. Nagpal is getting re-appointed as an Independent Director w.e.f. August 24, 2020 upto the period he attains the age of 75 on July 02, 2024.
No. of Board meetings attended during FY 2019-20	5
List of other Companies in which directorship are held	Namra Finance Limited Fincred Investments Limited Good Earth Technologies Private Limited
Chairmanship / Membership of Committees (includes only Audit and Stakeholder Relationship Committee)	<p>Arman Financial Services Limited Member – Audit Committee</p> <p>Namra Finance Limited Chairman – Audit Committee</p>

Place: Ahmedabad
Date: August 29, 2020

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

By Order of the Board

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

Explanatory Statement pursuant to Section 102 of the Companies Act, 2013

Item No: 4

The Board of Directors, by way of circular resolution dated March 31, 2020, approved the appointment of Ms. Geeta Hareesh Solanki (DIN-08212773) (w.e.f. April 01, 2020) as an Additional Director (Independent) of the Company to hold office for a period of five consecutive years, not liable to retire by rotation, subject to consent by the Members of the Company at the ensuing Annual General Meeting ("AGM").

As an Additional Director, Ms. Geeta holds office till the date of the AGM and is eligible for being appointed as an Independent Director. The Company has received a declaration from her confirming that she meets the criteria of independence as prescribed under the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). She is also not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given her consent to act as a Director of the Company. In the opinion of the Board, Ms. Geeta fulfills the conditions for her appointment as an Independent Director as specified in the Act and the Listing Regulations and she is independent of the management.

Ms. Geeta Solanki is a serial social entrepreneur in Women's health, hygiene, and social development. Post her career as a marketing professional, she was involved in improving women's health during pregnancy by providing guidance on exercise, diet and medication for 6 years. As a woman with family roots in rural agriculture, she was acutely aware of the issues and taboo surrounding menstrual hygiene in rural areas. This led her to establish a company with unique products tailored towards educating and providing women hygiene care to bottom of the pyramid customers; and creating a supply chain to empower rural women to find financial independence in the same areas. In the last three years, she has helped 1.2 million women. She received the 'Bharat Ki Laxmi' award from The Ministry of Women and Child Development, and also serves as an expert on numerous panels and summits on Women's hygiene. She holds a Postgraduate degree in Management.

None of the Directors or Key Managerial Personnel or their respective relatives, except Ms. Geeta Solanki, to whom the resolution relates, is in any way concerned or interested, financially or otherwise in this resolution. The Board recommends the resolution set forth in the Item No. 4 of the Notice for approval of the Members.

Item No: 5

Mr. Ramakant Nagpal, aged 71 years, is currently an Independent Director ('IDs') of the Company. He was appointed as IDs for a period of upto 5 years w.e.f. August 24, 2015 at the 23rd Annual General Meeting held on September 29, 2015 ("first term") and as per section 149(10) of the Company Act, 2013 ('Act'), an ID shall hold office for a term of upto five consecutive years but shall be eligible for re-appointment on passing a special resolution by the Company for another (second) term of upto five consecutive years on the Board of the Company.

Based on recommendation made by the Nomination and Remuneration Committee ("NRC"), the Board of Directors of the Company, on August 07, 2020, by way of circular resolution, has re-appointed him as an Independent Director of the Company w.e.f. August 24, 2020 pursuant of provisions of Section 149, 150, 152, Schedule IV and other applicable provisions of the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), for second term of upto the period he attains the age of 75 on July 02, 2024, subject to approval of members.

The Company has also received declarations from him that he meets the criteria of independence as prescribed both, under sub-section (6) of Section 149 of the Act and under Listing Regulations and he is independent from the management.

None of the Directors or Key Managerial Personnel or their respective relatives, except Mr. Ramakant Nagpal, to whom the resolution relates, is in any way concerned or interested, financially or otherwise in this resolution. The Board recommends the resolution set forth in the Item No. 5 of the Notice for approval of the Members.

Item No: 6

Section 42 of the Companies Act, 2013 read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 ("Prospectus and Allotment Rules") deals with private placement of securities by a company. Rule 14(1) of the Prospectus and Allotment Rules prescribes that in case of an offer or invitation to subscribe to securities, the Company shall obtain previous approval of its shareholders/members ("Members") by means of a special resolution. Rule 14(1) of the Prospectus and Allotment Rules further prescribes that in case of the issue of non-convertible debentures ("NCDs") exceeding the limits prescribed therein, it shall be sufficient to obtain such previous approval only once

Statutory Section

Corporate Information

→ Notice

Directors' Report

Corporate Governance Report

in a year for all the offers or invitations for such NCDs issued during a period of 1 (one) year from the date of passing of the aforementioned special resolution.

In order to augment resources for on-lending by the Company, repayment/refinance of existing debt, working capital requirement, purchase of assets, investments, general corporate purposes etc. the Company may invite subscription to non-convertible debentures ((a) listed or unlisted, (b) senior secured, (c) senior unsecured, (d) unsecured, (e) subordinated, (f) any others (as may be determined)), in one or more series/tranches on a private placement basis. The NCDs proposed to be issued, may be issued either at par or at premium or at a discount to face value and the issue price (including premium, if any) shall be decided by

the board of directors of the Company ("Board") on the basis of various factors including the interest rate/effective yield determined, based on market conditions prevailing at the time of the issue(s).

Pursuant to Rule 14(1) of the Prospectus and Allotment Rules, the following disclosures are being made by the Company to the Members:

PARTICULARS OF THE OFFER INCLUDING DATE OF PASSING BOARD RESOLUTION	<p>Rule 14(1) of the Prospectus and Allotment Rules prescribes that where the amount to be raised through offer or invitation of NCDs (as defined above) exceeds the limit prescribed, it shall be sufficient if the company passes a previous special resolution only once in a year for all the offers or invitations for such NCDs during the year.</p> <p>In view of this, pursuant to the resolution under Section 42 of the Companies Act, 2013, the specific terms of each offer/issue of NCDs (whether secured/unsecured/subordinated/senior, rated/unrated, listed/unlisted, redeemable (including market linked debentures) NCDs) shall be decided from time to time, within the period of 1 (one) year from the date of the aforementioned resolution. In line with Rule 14(1) of the Prospectus and Allotment Rules, the date of the relevant board resolution shall be mentioned/disclosed in the private placement offer and application letter for each offer/issue of NCDs.</p>
KINDS OF SECURITIES OFFERED AND THE PRICE AT WHICH THE SECURITY IS BEING OFFERED	<p>Non-convertible debt securities/NCDs.</p> <p>The NCDs will be offered/issued either at par or at premium or at a discount to face value, which will be decided by the Board for each specific issue, on the basis of the interest rate/effective yield determined, based on market conditions prevailing at the time of the respective issue.</p>
BASIS OR JUSTIFICATION FOR THE PRICE (INCLUDING PREMIUM, IF ANY) AT WHICH THE OFFER OR INVITATION IS BEING MADE	<p>Not applicable, as the securities proposed to be issued (in multiple issues/tranches) are non-convertible debt instruments which will be issued either at par or at premium or at a discount to face value in accordance with terms to be decided by the Board, in discussions with the relevant investor(s).</p>
NAME AND ADDRESS OF VALUER WHO PERFORMED VALUATION	<p>Not applicable as the securities proposed to be issued (in multiple issues/tranches) are non-convertible debt instruments.</p>
AMOUNT WHICH THE COMPANY INTENDS TO RAISE BY WAY OF SECURITIES	<p>The specific terms of each offer/issue of NCDs shall be decided from time to time, within the period of 1 (one) year from the date of the aforementioned resolution, provided that the amounts of all such NCDs at any time issued within the period of 1 (one) year from the date of passing of the aforementioned shareholders resolution shall not exceed the limit specified in the resolution under Section 42 of the Companies Act, 2013.</p>

<p>MATERIAL TERMS OF RAISING OF SECURITIES, PROPOSED TIME SCHEDULE, PURPOSES OR OBJECTS OF OFFER, CONTRIBUTION BEING MADE BY THE PROMOTERS OR DIRECTORS EITHER AS PART OF THE OFFER OR SEPARATELY IN FURTHERANCE OF OBJECTS; PRINCIPLE TERMS OF ASSETS CHARGED AS SECURITIES.</p>	<p>The specific terms of each offer/issue of NCDs shall be decided from time to time, within the period of 1 (one) year from the date of the aforementioned resolution, in discussions with the respective investor(s). These disclosures will be specifically made in each private placement offer and application letter for each offer/issue.</p>
--	--

Accordingly, consent of the Members is sought in connection with the aforesaid issue of NCDs and they are requested to authorize the Board to issue such NCDs during the year on private placement basis up to INR 300,00,00,000 (Indian Rupees Three Hundred Crore) as stipulated above, in one or more tranches.

None of the directors and key managerial personnel of the Company and their relatives are concerned or interested, financially or otherwise, in this resolution except to the extent of their shareholding (if any) in the Company. The Board recommends the passing of the resolution as special resolution.

The Board recommends the resolution set forth in the Item No. 6 of the Notice for approval of the Members.

Item No: 7

Given the Company's future growth plans, the Board of Directors of the Company, ("Board" which term shall be deemed to include any committee constituted by the Board or any person(s) authorized by the Board in this regard), considers it necessary to augment the long term resources of the Company by way of issuing securities to eligible investors, subject to an aggregate maximum limit of up to an amount of ₹125 Crores (One Hundred and Twenty Five Crores Only), and further subject to the prevailing market conditions, receipt of regulatory approvals and other relevant considerations.

Objects of the fund raise: The Board intends to deploy the net proceeds from the issue of the above mentioned securities for various financing activities, investment in subsidiary, loans to its subsidiary, working capital requirements and general corporate purposes.

As the Issue will result in the issue of Securities of the Company to investors who may not be members of the Company, consent of the members is being sought, for passing the Special Resolution as set out in the said item 7 of the Notice, pursuant to Sections 23, 42, 62 and other applicable provisions, if any, of the Companies Act, 2013 and any other law for the time being in force and

being applicable and in terms of the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Section 62(1)(c) of the Companies Act, 2013, as amended ('Companies Act, 2013'), provides, inter alia, that when it is proposed to increase the issued capital of a company by allotment of further Equity Shares, such further Equity Shares shall be offered to the existing shareholders of such company in the manner laid down therein.

Since, this special resolution may result in the issue of Equity Shares of the Company to persons other than Members of the Company, consent of the Members is being sought pursuant to the provisions of Section 62(1)(c) and other applicable provisions of the Companies Act, 2013 as well as applicable rules notified by the Ministry of Corporate Affairs and in terms of the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

The additional capital may be raised through issuance of further Equity Shares and/or any other securities on Qualified Institutions Placement (QIP) in one and any combination thereof. Member's approval is therefore sought for issuing any such instrument as the Company may deem appropriate. Whilst no specific instrument has been identified at this stage, in the event, the issue will be structured in such a manner that the amount of the same would not exceed ₹125 Crores (One Hundred and Twenty Five Crores Only).

The resolution proposed is an enabling resolution and the exact price, proportion and timing of the issue of the securities the detailed terms and conditions for the issue will be decided by the Board in consultation with lead managers, advisors and such other authorities and agencies as may be required to be consulted by the Company in due consideration of prevailing market conditions and other relevant factors after meeting the specific requirements. The proposal therefore seeks

Statutory Section

Corporate Information

→ Notice

Directors' Report

Corporate Governance Report

to confer upon the Board the absolute discretion to determine the terms of issue.

As the pricing of the offer cannot be decided except at a later stage, it is not possible to state the price of shares to be issued. However, the same would be in accordance with the provisions of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, (including any amendments, statutory modification(s) and/or re-enactment thereof for the time being in force) (the "ICDR Regulations"), the Companies Act, 2013, or any other guidelines/regulations/consents as may be applicable or required. However, the Board in accordance with applicable law and in consultation with book running lead managers, may offer a discount of not more than 5 per cent or such percentage as permitted under applicable law on the floor price determined pursuant to the ICDR Regulations.

Therefore, an enabling resolution is being proposed to give Board an adequate flexibility and absolute discretion to determine the terms of issue in consultation with the lead managers and others.

In the event of the issue of the Equity Shares as aforesaid by way of QIP, the special resolution also seeks to empower the board to undertake QIP as defined by ICDR Regulations.

In connection with the proposed issue of Securities,

the Company is required, inter alia, to prepare various documentations and execute various agreements. The Company is yet to identify the investor(s) and decide the quantum of Securities to be issued to them. Hence, the details of the proposed allottees, percentage of post preferential offer capital that may be held by them and shareholding pattern of the company are not provided. Accordingly, it is proposed to authorize the Board to identify the investor(s), issue such number of Securities, negotiate, finalize and execute such documents and agreements as may be required and do all such acts, deeds and things in this regard for and on behalf of the Company.

The "Relevant Date" for this purpose will be the date as determined in accordance with the ICDR Regulations and as mentioned in the resolution.

The issue/allotment/conversion would be subject to the applicable regulatory approvals, if any. The issuance and allotment of Equity Shares including Equity Shares to be allotted on conversion of Securities to foreign/non-resident investors would be subject to the applicable foreign investment cap.

The following disclosures for the issue of Equity Shares on private placement are made in accordance with the provisions of Section 42 and The Companies (Prospectus and Allotment of Securities) Rules, 2014.

(i)	Date of passing of Board resolution	August 29, 2020
(ii)	Kinds of securities offered	Equity Shares/ any other Securities convertible into equity shares
(iii)	The price at which the allotment is proposed and justification of the price	The pricing of the Equity Shares/ any other securities that may be issued to Qualified Institutional Buyers pursuant to a QIP shall be determined subject to such price not being less than the price calculated in accordance with Chapter VI of the ICDR Regulations, provided the management, may offer a discount of not more than 5 per cent or such percentage as permitted under applicable law on the floor price determined pursuant to the ICDR Regulations
(iv)	Name and address of the valuer	Not applicable
(v)	Amount to be raised by the Company	Upto ₹125 Crores (One Hundred and Twenty Five Crores Only) in one or more tranches
(vi)	Proposed time schedule	The allotment pursuant to the special resolution shall be completed within a period of 12 months from the date of passing of the resolution
(vii)	The objects of the issue	For various financing activities, investment in subsidiary, loans to its subsidiary, working capital requirements and general corporate purposes
(viii)	Material terms of the issue	In case of Equity Shares, the securities issued will rank pari-passu with existing Equity Shares and in case of convertible securities the term of the issue will be decided by the committee constituted by the Board.
(ix)	Contribution being made by Promoters or Directors of the Company	No contribution being made by Promoters or Directors of the Company

Disclosure of nature of concern or interest, financial or otherwise u/s 102 of Companies Act, 2013

The Board believes that such an issue of Securities of the Company is in the interest of the Company and therefore recommend this Resolution at Item No 7 of the accompanying Notice for the approval of the Members of the Company.

None of the Promoter, Director, Key Managerial Personnel of the Company and their relatives are deemed to be concerned or interested financially or otherwise in the said resolution, except to the extent of Equity Shares/Securities that may be subscribed to by them or by companies/firms/institutions in which they are interested as director or member or otherwise.

Item No: 8

The shareholders of the Company, in the Extra Ordinary General Meeting held on March 29, 2018, approved the proposal to raise the funds through issue of 16,66,667 unsecured compulsorily convertible debentures ('CCDs') on a preferential basis to be converted into maximum of 18,90,417 ordinary equity shares as under:

- a) 16,66,667 ordinary equity shares of the Company were issued upon the conversion of face value of the CCDs (i.e. ₹50,00,00,100/- (Indian Rupees Fifty Crores, One Hundred Only)) at a conversion price of ₹300/- (Indian Rupees Three Hundred Only) per ordinary equity share; and
- b) 2,23,750 ordinary equity shares of the Company were issued, at the option of the holder of the CCDs, upon the conversion of the aggregate accrued but unpaid coupon (net of withholding taxes in India and interest paid in cash) on such CCDs, not exceeding ₹6,71,25,000/- (Indian Rupees Six Crores,

Seventy One Lakh, Twenty Five Thousand Only) at a conversion price of ₹300/- (Indian Rupees Three Hundred Only) per ordinary equity share.

As required under Regulation 163(2) of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (Erstwhile Regulation 73(2) of SEBI (ICDR) Regulation 2009), the statutory auditor has issued a compliance certificate dated March 01, 2018, certifying that the issue of 16,66,667 CCDs was made in accordance with the requirements of the relevant regulations and various circulars of SEBI. The said certificate was also made available for inspection of the members at the extra ordinary general meeting of the Company held on March 29, 2018.

After the allotment of the 18,90,417 equity shares as stated above, the Company applied for the listing of 18,90,417 equity shares with both the stock exchanges on October 17, 2019. On scrutiny, BSE Limited observed that the compliance certificate issued by statutory auditor dated March 01, 2018, was for 16,66,667 CCDs and not for 18,90,417 equity shares. The BSE accepted new compliance certificate, on an undertaking from the Company dated November 04, 2019 that the new compliance certificate would be placed at the ensuing general meeting of shareholders for ratification.

In compliance of an undertaking dated November 04, 2019, the special resolution is recommended for approval of members.

None of the Directors or Key Managerial Personnel or their respective relatives, is in any way concerned or interested, financially or otherwise in this resolution. The Board recommends the resolution set forth in the Item No. 8 of the Notice for approval of the Members.

Place: Ahmedabad
Date: August 29, 2020

By Order of the Board
Jayendra Patel
(Vice Chairman & Managing Director)
DIN: 00011814

Directors' Report

Dear Members

The Board of Directors of the Company with immense pleasure present their 28th Directors' Report together with the Audited Financial Statement for the year ended on March 31, 2020.

You are our valued partners in the Company and we are happy to share our vision of growth with you.

Our guiding principles are a blend of optimism and conservatism, which has been and will be the guiding force of all our future endeavors.

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

1. FINANCIAL PERFORMANCE

(₹ in Lakhs)

Particulars	Consolidated		Standalone	
	2019-20	2018-19	2019-20	2018-19
Total Revenue	21,514.70	13,958.26	7,010.17	4,837.85
Profit Before Interest and Depreciation	14,216.82	9,505.02	4,496.50	3,147.96
Finance Charges	8,759.37	5,833.69	2,202.74	1,569.32
Depreciation	79.84	48.44	11.15	10.99
Net Profit Before Tax	5,377.61	3,622.89	2,282.62	1,567.66
Current Tax	1,423.40	977.10	516.10	297.10
Deferred Tax (Asset)/Liability	(195.00)	(23.74)	(58.04)	8.60
Sort/(Excess) provision of income tax of earlier year	(2.78)	26.35	0.78	26.35
Net Profit After Tax	4,152.00	2,643.18	1,823.77	1,235.60
Basic Earnings Per Share (In Rs.)	55.80	38.09	24.51	17.81

2. OPERATIONS

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

Consolidated Performance Highlights

- AUM was ₹860 crores in FY 2019-20 as compared to ₹685 crores in FY 2018-19, grown by 26%.
- Disbursement was ₹874 crores in FY 2019-20 as compared to ₹784 crores in FY 2018-19, grown by 12%.
- Total income was ₹215.15 crores in FY 2019-20 as compared to ₹139.58 crores in FY 2018-19, grown by 54%.

- Impairment on financial instruments was ₹20.0 crore, which included a contingency provision of Rs 6.68 crore for COVID-19, and an accelerated write-off of ₹3.94 crores for the Pre-COVID NPAs.
- Profit before taxes was ₹53.77 crores in FY 2019-20 as compared to ₹36.22 crores in FY 2018-19, grown by 48%.
- Profit for the year attributable to owners of the Company was ₹41.52 crores in FY 2019-20 as compared to ₹26.43 crores in FY 2018-19, grown by 57%.
- The basic Earning Per Share was ₹55.80 as compared to ₹38.09, grown by 46%.

Standalone Performance Highlights

- AUM was ₹238 crores in FY 2019-20 as compared to ₹201 crores in FY 2018-19, grown by 19%.
- Disbursement was ₹220 crores in FY 2019-20 as compared to ₹194 crores in FY 2018-19, grown by 14%.

- Total income was ₹70.10 crores in FY 2019-20 as compared to ₹48.38 crores in FY 2018-19, grown by 45%.
- Impairment on financial instruments was ₹6.69 crore, which included a contingency provision of Rs 2.20 crore for COVID-19, and an accelerated write-off of ₹1.54 crores for the Pre-COVID NPAs.
- Profit before taxes was ₹22.82 crores in FY 2019-20 as compared to ₹15.68 crores in FY 2018-19, grown by 45%.
- Profit for the year attributable to owners of the Company was ₹18.23 crores in FY 2019-20 as compared to ₹12.35 crores in FY 2018-19, grown by 48%.
- The basic Earning Per Share was ₹24.51 as compared to Rs.17.81, grown by 38%.

3. DIVIDEND

In order to conserve capital to deal with the uncertain economic environment arising due to the outbreak of the COVID-19 pandemic, the Directors of your Company do not recommend any dividend payment at the ensuing Annual General Meeting ("AGM").

4. AMOUNTS TRANSFERRED TO RESERVES

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

- Transfer to special reserve as required by section 45-IC of the Reserve Bank of India Act, 1934: ₹365 lakhs.
- Transfer to general reserve: ₹10 lakhs

5. IMPACT OF THE COVID-19 PANDEMIC

The Board of Directors are of the view that the Indian NBFCs and Banking sector will be adversely impacted due to the disruption caused by the pandemic, though a bunch of measures have been taken by the regulator to tide over the impact of the pandemic. The COVID-19 pandemic has intensified into a global crisis, driving the nation to enforce lock-down of all economic activity for the last few months. We remain committed to the health and safety of our employees and their families, as well as, business continuity to safeguard the interests of our customers, lenders, and other stakeholders. The impact of the pandemic on our business performance is outlined in the Financials and under the Management and Discussion Analysis Report.

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

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

7. CREDIT RATING & GRADING

During the year under review, Credit Analysis and Research Limited ('CARE') reviewed the ratings on various bank facilities and debt instrument of the Company, and its subsidiary. CARE reaffirmed its rating for long term bank facility to "CARE BBB+"; stable (Triple B plus; outlook stable). CARE also reaffirmed its rating on the Non-Convertible Debentures ("NCD") at "CARE BBB+"; stable (Triple B plus; outlook stable). The Grading of Namra Finance Limited (WOS) was also reaffirmed 'MFI 2+' (MFI two plus) by CARE during the year 2019-20.

8. SUBSIDIARY, ASSOCIATE AND JOINT VENTURE COMPANIES

The Company has one wholly owned subsidiary, named 'Namra Finance Limited' as on date. During the year, no changes took place in the group corporate structure of your Company. The Company has formulated a policy for determining 'material' subsidiaries pursuant to the provisions of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 ("SEBI LODR Regulations"). The said policy is available at the Company website at the link <https://www.armanindia.com/corporategovernance.aspx> → Policy For Material Subsidiary.

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

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

9. UNCLAIMED DIVIDEND & SHARES

During the year Company has transferred unclaimed dividend for the year 2011-12 of ₹2,64,433/- to Investor Education and Protection Fund (IEPF) pursuant to provision of Section 124 of the

Companies Act, 2013 which remained unclaimed for a period of more than seven years.

Members desirous of claiming their shares and dividend which have been transferred to the IEPF, may refer to the refund procedure, as detailed on www.iepf.gov.in. Underlying shares on which dividend has remained unclaimed from FY 2012-13 onwards, will be due for transfer to IEPF account during the year and individual notices to that effect has been sent to concerned shareholders. Shareholders who have not yet encashed their unclaimed/unpaid amounts are requested to correspond with the Company's Registrar and Transfer Agents, at the earliest to avoid transfer of dividend and underlying shares to IEPF.

10. LOANS, GUARANTEES AND INVESTMENTS

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

11. PUBLIC DEPOSITS

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

12. DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Board of Directors consists of 9 (Nine) members, of which 4 (Four) are Independent Directors and 1 (One) is a Nominee Director. The Board also comprises of 2 (two) women Directors (including 1 (one) Independent Director). In accordance with the Articles of Association of the Company and pursuant to the provisions of Section 152 of the Companies Act, 2013, Mrs. Ritaben Patel [DIN-00011818] and Mr. Aalok Patel [DIN-02482747] will retire by rotation at the ensuing AGM and being eligible, offer themselves for reappointment.

a) Appointment

Ms. Geeta Haresh Solanki (DIN: 08212773) has been appointed as an Additional Director (Independent) for a period of five years with effect from April 01, 2020 subject to approval of shareholders in the ensuing AGM. Brief resume of her forms part of the Notice of the ensuing AGM.

b) Reappointment

Mr. Ramakant Nagpal (DIN- 00073205) was appointed as an Independent Director w.e.f. August 24, 2015 for a period of five years and accordingly he holds office up to August 23, 2020. Considering his knowledge, vast experience, skillset in respective fields and significant contribution and guidance made by him during last 5 years, the Board has on the recommendation of the Nomination and Remuneration Committee and subject to approval of members at the ensuing Annual General meeting, re-appointed him as an Independent Director upto the period he attains the age of 75 on July 02, 2024, not liable to retire by rotation. Mr. Nagpal has given declaration that he continues to meet the criteria of independence as laid down under Section 149(6) of the Companies, Act 2013 and rules made thereunder and under the SEBI LODR Regulation. Based on disclosure provided by him, he is not disqualified from being appointed as Director under Section 164 of the Companies Act, 2013 and is independent from the management.

c) Key Managerial Personal (KMP)

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

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

13. MEETING OF THE BOARD & AUDIT COMMITTEE

The Board during the financial year 2019-20 met 6 (six) times and Audit Committee met 4 (four) times. All the recommendations made by the Audit Committee during the year were accepted by the Board. The details of the constitution and meetings of the Board and the Committees held during the year are provided in the Corporate Governance Report which forms part of this Annual Report.

14. 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.

15. REMUNERATION POLICY

Remuneration to Executive Directors

The remuneration paid to Executive Directors is recommended by the Nomination and Remuneration Committee and approved by Board in the Board meeting, subject to the subsequent approval of the shareholders at the ensuing Annual General Meeting and such other authorities, as may be required. The remuneration is decided after considering various factors such:

- Level of skill, knowledge and core competence of individual.
- Functions, duties and responsibilities.
- Company's performance and achievements.
- Compensation of peers and industry standard.

Remuneration to Non-Executive Directors

Non-Executive Directors are paid sitting fees for each meeting of the Board and Committees of Directors attended by them. They are also given the traveling and other expenses they incur for attending to the Company's affairs, including attending Committee, Board and General meetings of the Company.

Remuneration of KMP (Excl. MD) & Other Employees

The authority to structure remuneration for KMP (Excl. M.D.) & other employees and the annual revision thereof has been delegated to the Managing Director and Joint Managing Director of the Company, based on Company performance, individual performance evaluation, recommendations of respective functional heads and other factors having a bearing.

16. PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

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

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

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

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

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

18. DIRECTORS' RESPONSIBILITY STATEMENT

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

- a) In the preparation of the annual accounts for the year ended on 31st March, 2020, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2020 and of the profit and loss of the Company for the year ended on that date;
- c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The Directors have prepared the annual accounts on a going concern basis;
- e) That the Directors have laid down internal financial controls to be followed by the Company and that the financial controls are adequate and are operating effectively; and
- f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

19. DECLARATION BY INDEPENDENT DIRECTORS

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

20. AUDITORS AND AUDIT REPORTS

a) Statutory Auditors

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

b) Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s Pinakin Shah & Co., a firm of Company Secretaries in practice, to conduct the Secretarial Audit of the Company for the financial year 2019-20. The Secretarial Audit Report is annexed herewith as "Annexure-3". The Secretarial Audit Report does not contain any qualification, reservation or adverse remarks.

Pursuant to Regulation 24A of SEBI LODR Regulations, a Secretarial Compliance Report for the year ended March 31, 2020 is annexed as "Annexure-3B" and a Certificate regarding status of Directors as required under schedule V, para C, Clause 10(i) of SEBI LODR Regulation is also obtained.

21. RELATED PARTY TRANSACTIONS

All the related party transactions are entered on arm's length basis, in the ordinary course of business and are in compliance with the applicable provisions of the Companies Act, 2013 and the SEBI (Listing Obligations & Disclosure Requirements) Regulations,

2015. There are no materially significant related party transactions made by the Company with Promoters, Directors or Key Managerial Personnel etc. which may have potential conflict with the interest of the Company at large or which warrants the approval of the shareholders. Accordingly, no transactions are being reported in Form AOC-2 in terms of Section 134 of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014. However, the details of the transactions with Related Party are provided in the Company's financial statements in accordance with the Accounting Standards.

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

The Policy on materiality of related party transactions and dealing with related party transactions as approved by the Board, may be accessed on the Company's website at the link <https://www.armanindia.com/corporategovernance.aspx> --> Policy on Materiality of Related Party Transactions and Dealing With Related Party Transactions.

22. RISK MANAGEMENT

The Board has adopted the Risk Management Policy in order to identify, assess, monitor and manage risk throughout the Company. Risk is an integral part of any business, and sound risk management is critical for the success of any organization. The Company and its subsidiary have a risk management framework and Board members are informed about risk assessment and minimization procedures and periodical review to ensure management controls risk by means of a properly designed framework.

23. INTERNAL CONTROL SYSTEM

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

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

24. INTERNAL FINANCIAL CONTROL

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

25. PERFORMANCE EVALUATION

Pursuant to the provisions of the Companies Act and the SEBI Listing Regulations, the Board has carried out an annual evaluation of its own performance, performance of the Directors individually and the Committees of the Board.

Manner of Evaluation

The Nomination & Remuneration Committee and the Board have laid down the manner in which formal annual evaluation of the performance of the Board as a whole, individual directors and its various Committees is being made.

It includes circulation of evaluation response / feedback sheet separately for evaluation of the Board and its Committees, Independent Directors / Non-Executive Directors / Managing Director / Chief Executive Officer / Chairperson of the Company.

The evaluation of Board as a whole, individual directors and its various Committees is being carried out by the Nomination & Remuneration Committee of the Company and subsequently it gives the report of evaluation to the Board review.

26. CORPORATE GOVERNANCE

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

Practicing Company Secretary, confirming the level of compliance is attached and forms a part of the Board's Report.

27. WHISTLE BLOWER POLICY

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

28. GREEN INITIATIVE

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

29. EXTRACT OF ANNUAL RETURN

The Extract of Annual Return as required under Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, in Form MGT-9 is annexed herewith as "Annexure-4" for your kind perusal and information.

30. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO

A. Conservation of energy and technology absorption

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

B. Foreign exchange earnings and outgo

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

Expenditure in foreign currency: ₹37.80 lakhs

Earnings in foreign currency: Nil

31. SHARES & SHARE CAPITAL

- **Authorized Share Capital:**

During the year under review, the authorised share capital of the Company was reclassified pursuant to implementation of scheme of arrangement as approved by Hon'ble NCLT vide it's order dated November 18, 2019 as under:

Pre-Arrangement Authorized Capital	Amount (in ₹)	Post-Arrangement Authorized Capital	Amount (in ₹)
1,12,50,000 Ordinary Equity Shares of ₹10/- each	11,25,00,000	1,50,00,000 Ordinary Equity Shares of ₹10/- each	15,00,00,000
37,50,000 Class 'A' Ordinary Equity Shares of ₹10/- each	3,75,00,000	--	--
Total	15,00,00,000	Total	15,00,00,000

- **Buy Back of Securities:**

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

- **Sweat Equity:**

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

- **Bonus Shares:**

No Bonus Shares were issued during the year under review.

- **Allotment of Shares pursuant to conversion of Compulsorily Convertible Debentures (CCDs)**

During the year under review, your Company has issued and allotted 18,90,417 ordinary equity shares of ₹10/- each upon conversion of 16,66,667 Compulsorily Convertible Debentures ("CCDs") on October 11, 2019 as under:

- 16,66,667 ordinary equity shares of the Company were issued upon the conversion of face value of the CCDs (i.e. ₹50,00,00,100/- (Indian Rupees Fifty Crores, One Hundred Only)) at a conversion price of ₹300/- (Indian Rupees Three Hundred Only) per ordinary equity share; and
- 2,23,750 ordinary equity shares of the Company were issued, at the option of the holder of the CCDs, upon the conversion of the aggregate accrued but unpaid coupon (net of withholding taxes in India and interest paid in cash) on such CCDs, not exceeding ₹6,71,25,000/- (Indian Rupees Six Crores, Seventy One Lakhs, Twenty Five Thousand Only) at a conversion price of ₹300/- (Indian Rupees Three Hundred Only) per ordinary equity share.

The above allotment was made as per the special resolution passed by the shareholders of the Company in the extra ordinary general meeting

held on March 29, 2018 and In-principal approval granted by both the stock exchanges.

- **Employees Stock Option Plan**

During the financial year under the review, the Company has allotted 28,995 ordinary equity shares of ₹10/- each and 750 ordinary equity shares of ₹10/- each on September 12, 2019 and February 11, 2020 respectively to the eligible employees of the Company/ Subsidiary Company pursuant to 'Arman Employee Stock Option Plan 2016'. Particulars of Employee Stock Options granted, vested, exercised and allotted during the year are given in "Annexure-5".

- **Shares allotted / extinguished pursuant to Scheme of Arrangement**

The Board of Directors in its meeting held on October 13, 2018 had approved the Scheme of Arrangement ("Scheme") between Company and its shareholders for reorganization of share capital of the Company by way of consolidation of different classes of equity shares pursuant to Section 230 read with Section 66 of the Companies Act, 2013 and rules made thereof.

The said scheme was approved by ordinary equity shareholders, Class "A" ordinary equity shareholder, secured & unsecured creditors, Non-Convertible Debenture holder and Compulsorily Convertible Debenture holder of the Company. Further, both the stock exchanges had also given their no-objection on March 12, 2019 pursuant to Regulation 37 of the SEBI (Listing Obligations & Disclosures Requirements) Regulations, 2015.

The Scheme has been sanctioned by the Hon'ble National Company Law Tribunal, Ahmedabad Bench vide it's order dated November 18, 2019. The Scheme is now effective upon filing of the certified copy of order of the NCLT, sanctioning the

Scheme with the Registrar of Companies, Gujarat at Ahmedabad by way of filing required e-forms with Ministry of Corporate Affairs' portal.

Pursuant to the said scheme, the Company had extinguished its 12,04,474 Class 'A' Ordinary Equity Shares (Class 'A' Equity) from the Equity Share Capital and has allotted 7,82,908 Ordinary Equity Shares of ₹10/- each to the holder of Class "A" Ordinary Equity Shares.

32. CORPORATE SOCIAL RESPONSIBILITY

Composition of the Corporate Social Responsibility (CSR) Committee, the CSR Policy and the CSR Report are given at "Annexure-6".

33. CODE OF CONDUCT

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

34. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

35. DETAILS OF FRAUDS REPORTED BY THE AUDITORS

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

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

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

37. GRATITUDE & ACKNOWLEDGEMENTS

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

For and on behalf of the Board of Directors of,
Arman Financial Services Limited

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

Aalok Patel
(Joint Managing Director)
DIN: 02482747

Date: August 29, 2020
Place: Ahmedabad

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

Pursuant to first provision of Section 129(3) of the Companies Act, 2013,
read with Rule 5 of the Companies (Accounts) Rules, 2014

Part "A" - Subsidiaries

SRN	Particulars	Amount (₹ in Lakh)
1	Name of the Subsidiary Company	Namra Finance Limited
2	Reporting period of the Subsidiary Company	March 31, 2020
3	Reporting Currency of the Subsidiary Company	INR
4	Share Capital	2,717.50
5	Reserves & Surplus	8,668.03
6	Total Assets	66,465.26
7	Total Liability	55,079.73
8	Investment	325.90
9	Turnover	14,841.83
10	Profit before tax	3,286.31
11	Provision for tax	766.76
12	Profit after tax	2,519.54
13	Dividend	Nil
14	Extent of shareholding (in percentage)	100%

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

Part "B" - Associates and Joint Ventures: None
PARTICULARS OF REMUNERATION

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

- The ratio of the remuneration of each director to the median remuneration of the employees for the financial year 2019-20:

Name of Director	Designation	Remuneration of the Directors for 2019-20 (₹ in Lakhs)	Ratio of remuneration of the directors to the median remuneration of the employees
Alok Prasad	Chairman & Independent Director	1.65	0.81:1
Jayendra Patel	Vice Chairman & Managing Director	19.92	9.82:1
Aalok Patel	Joint Managing Director	9.96	4.91:1
Kaushikbhai Shah	Independent Director	1.58	0.78:1
Ramakant Nagpal	Independent Director	1.28	0.63:1
Ritaben Patel	Non-Executive Director	1.13	0.55:1
Aakash Patel	Non-Executive Director	0.25	0.12:1
Mridul Arora	Nominee Director	Nil	N.A.

Note: Sitting Fees paid to Non-Executive Directors; Independent Directors and Nominee Director are classified as remuneration to Directors.

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

Name of Director	Designation	Nature of Payment	Percentage increase in remuneration
Alok Prasad	Chairman & Independent Director	Sitting fee	69.23%
Jayendra Patel	Vice Chairman & Managing Director	Remuneration	1.40%
Aalok Patel	Joint Managing Director	Remuneration	(13.09%)
Kaushikbhai Shah	Independent Director	Sitting fee	(7.35%)
Ramakant Nagpal	Independent Director	Sitting fee	18.60%
Ritaben Patel	Non-Executive Director	Sitting fee	0.00%
Aakash Patel	Non-Executive Director	Sitting fee	N.A.
Mridul Arora	Nominee Director	Sitting fee	N.A.
Vivek Modi	Chief Financial Officer	Remuneration	39.37%
Jaimish Patel	Company Secretary	Remuneration	26.62%

iii. The percentage increase in the median remuneration of employees in the financial year 2019-20: 09.65%

iv. There were 508 employees on the rolls of Company as on March 31, 2020.

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

The Average salaries of the employees of the Company were increased by 9.64% while the KMP's remuneration increased by 13.57% in the current year. Annual increments to KMPs, if any, are decided by the Nomination and Remuneration Committee within the salary scale approved by the members and are effective from April 1, of each year. There was no exceptional circumstance for increase for managerial personnel in the last financial year.

vi. Affirmation that the remuneration is as per the remuneration policy of the Company:

It is affirmed that the remuneration is as per the Remuneration Policy of the Company.

ANNEXURE-3

FORM NO. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2020

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

To,
The Members,
Arman Financial Services Limited

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

Based on our verification of the Company's Books, Papers, Minute Books, Forms and Returns filed and other Records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the financial year ended on March 31, 2020 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,

Statutory Section

Corporate Information

Notice

→ Directors' Report

Corporate Governance Report

forms and returns filed and other records maintained by Company for the financial year ended on March 31, 2020 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, if applicable;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
 - d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008- **Not Applicable to the Company;**
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client – **Not Applicable to the Company;**
 - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **Not Applicable to the Company;**
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 – **No buyback was done during year, hence not applicable;**
 - i) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013 – **Not applicable to the Company;** and
 - j) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018.
6. Specifically, applicable Laws to the Company, as identified and confirmed by the Management:
 - i. The Reserve Bank of India Act, 1934,
 - ii. Prevention of Money Laundering Act, 2002,
7. Labor Laws applicable to the Employees of the Company:
 - i. Provident Fund Act, 1952;
 - ii. Employees State Insurance Act, 1948;
 - iii. Profession Tax Act, 1975;
 - iv. The Payment of Gratuity Act, 1972

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

- a) Secretarial Standards issued by the Institute of Company Secretaries of India;
- b) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We further report that:

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

We further report that:

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

We further report that:

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
- Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

We further report that:

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

Date: August 26, 2020
Place: Ahmedabad

Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

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

We further report that:

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

Pinakin Shah & Co.
Company Secretary,
Pinakin Shah
Proprietor
FCS: 2562; COP: 2932
UDIN: F002562B000616857

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

ANNEXURE-3A

To,
The Members,
Arman Financial Services Limited

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

Management Responsibility:

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

Auditors Responsibility:

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company or verified compliances of Laws other than those mentioned above. Wherever required, we have obtained the management representation about the Compliance of laws, rules and regulations and happening of events etc.
4. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
5. The Secretarial audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Date: August 26, 2020
Place: Ahmedabad

Pinakin Shah & Co.
Company Secretary,
Pinakin Shah
Proprietor
FCS: 2562; COP: 2932
UDIN: F002562B000616857

**SECRETARIAL COMPLIANCE REPORT OF ARMAN FINANCIAL SERVICES LIMITED
FOR THE YEAR ENDED ON MARCH 31, 2020**

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

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

for the year ended on March 31, 2020 ("Review Period") in respect of compliance with the provisions of:

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

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

- a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- d) Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;
- e) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- f) Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- g) Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013;
- h) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and circulars/ guidelines issued thereunder;

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

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

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

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

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

Sr. No.	Observations of the Practicing Company Secretary in the previous reports	Observations made in the secretarial compliance report for the year ended 31st March, 2020	Actions taken by the listed entity, if any	Comments of the Practicing Company Secretary on the actions taken by the listed entity
	-----Nil-----			

Date: June 11, 2020
Place: Ahmedabad

Pinakin Shah & Co.
Company Secretary,
Pinakin Shah
Proprietor
FCS: 2562; COP: 2932
UDIN: F002562B000335061

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on financial year ended on March 31, 2020

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

I. REGISTRATION & COMPANY DETAILS

1.	CIN	L55910GJ1992PLC018623
2.	Registration Date	November 26, 1992
3.	Name of the Company	Arman Financial Services Limited
4.	Category/Sub-category of the Company	Category: Company Limited by Shares Sub Category: Indian Non-Government Company
5.	Address of the Registered office & contact details	502-503, Sakar III, Opp. Old High Court, Off. Ashram Road, Ahmedabad-380014, Gujarat, India Ph: +91-79-40507000, 27541989 Email: finance@armanindia.com; Website: www.armanindia.com
6.	Whether listed Company	Yes
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Bigshare Services Private Limited A/802, Samudra Complex, Nr. Klassic Gold Hotel, Girish Cold Drink, Off. C. G. Road, Ahmedabad-380009, Gujarat. Ph.: 079-40024135; 40092570 Email: bssahd@bigshareonline.com

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

SRN	Name and Description of main products / services	NIC Code of the Product/Service	% to total turnover of the Company
1	Other credit granting (Vehicle Finance & MSME)	64920	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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

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

a. Category wise Share Holding

Code	Category of Shareholder	No. of Shares Held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A	Promoters									
(1)	Indian									
A	Individual / HUF	1393801	-	1393801	20.05	1388688	-	1388688	16.43	(3.62)
B	Central /State Govt.(s)	-	-	-	-	-	-	-	-	-
C	Bodies Corporate	165400	1204474	1369874	19.70	948308	-	948308	11.22	(8.48)
D	Banks/ FIs	-	-	-	-	-	-	-	-	-
E	Any Other	-	-	-	-	-	-	-	-	-
	Sub-total (A1):-	1559201	1204474	2763675	39.75	2336996	-	2336996	27.65	(12.10)
(2)	Foreign									
A	Individuals (NRIs/Foreign Individuals)	-	-	-	-	-	-	-	-	-
B	Bodies Corporate	-	-	-	-	-	-	-	-	-
C	Institutions	-	-	-	-	-	-	-	-	-
D	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
E	Others	-	-	-	-	-	-	-	-	-
	Sub-Total (A2)	-	-	-	-	-	-	-	-	-
	Total A=(A1) + (A2)	1559201	1204474	2763675	39.75	2336996	-	2336996	27.65	(12.10)
B	Public Shareholding									
(1)	Institutions									
A	Mutual Funds	-	-	-	-	-	-	-	-	-
B	Financial Institutions/Banks	-	-	-	-	776	-	776	0.01	0.01
C	Central /State Government(s)	-	-	-	-	-	-	-	-	-
D	Venture Capital Funds	-	-	-	-	-	-	-	-	-
E	Insurance Companies	-	-	-	-	-	-	-	-	-
F	Foreign Institutional Investors	-	-	-	-	-	-	-	-	-
G	Foreign Portfolio Investor	4720	-	4720	0.07	28091	-	28091	0.33	0.26
H	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
I	Alternate Investment Fund	2530	-	2530	0.04	-	-	-	-	(0.04)
J	Others	-	-	-	-	-	-	-	-	-
	Sub-Total (B1)	7250	-	7250	0.11	28867	-	28867	0.34	0.23
(2)	Central / State government(s)									
A	Central Government/ State Government(s)/ President of India	-	-	-	-	30	-	30	0.00	0.00
	Sub-Total (B2)	-	-	-	-	30	-	30	0.00	0.00
(3)	Non-Institution									
A	Bodies Corporate	157752	30700	188452	2.71	222816	30700	253516	2.99	0.28
B	Individuals									
	(i) Individuals holding nominal share capital upto 2 lakhs	1628487	224140	1852627	26.65	1689770	204940	1894710	22.42	(4.23)
	(ii) Individuals holding nominal share capital in excess of 2 lakh	1658823	-	1658823	23.86	1331318	-	1331318	15.75	(8.11)
C	Others	-	-	-	-	-	-	-	-	-
D	Non-Resident Repatriates	193106	-	193106	2.78	272621	-	272621	3.23	0.45
E	Non-Resident Non-Repatriates	108483	-	108483	1.56	182755	-	182755	2.16	0.60
F	Clearing Members	36691	-	36691	0.53	51759	-	51759	0.61	0.08
G	Others (Non-Resident Indians)	-	13700	13700	0.20	1890417	13700	1904117	22.53	22.33
H	IEPF Authority	129491	-	129491	1.86	125891	-	125891	1.49	(0.37)
I	Hindu Undivided Family	-	-	-	-	68314	-	68314	0.81	0.81
	Sub-Total (B3)	3912833	268540	4181373	60.14	5835661	249340	6085001	72.00	11.86
	Total B=(B1) + (B2) + (B3)	3920083	268540	4188623	60.25	5864558	249340	6113898	72.35	12.10
	Total (A+B):	5479284	1473014	6952298	100.00	8201554	249340	8450894	100.00	00.00

Note:

- 1) Percentage calculated on the paid-up share capital (69,52,298 equity shares) as at the beginning of the year;
- 2) Percentage calculated on the paid-up share capital (84,50,894 equity shares) as at the end of the year.

Statutory Section

Corporate Information

Notice

→ Directors' Report

Corporate Governance Report

b. Shareholding of Promoter-

SRN	Promoter's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares	% of Shares Pledged / encumbered to total shares	
1	Jayendra Patel	288522	4.15	-	412987	4.89	-	0.74
2	Aakash Patel	278830	4.01	-	29900	0.35	-	(3.66)
3	Aalok Patel	247809	3.56	-	247809	2.93	-	(0.63)
4	Jayendra Patel -HUF	196000	2.82	-	196000	2.32	-	(0.50)
5	Namra Holdings & Consultancy Services LLP	1369874	19.70	-	948308	11.22	-	(8.48)
6	Rita Patel	296674	4.27	-	421139	4.98	-	0.72
7	Amit Manakiwala	13244	0.19	-	13244	0.16	-	(0.03)
8	Himani Manakiwala	30606	0.44	-	25493	0.30	-	(0.14)
9	Maulik Manakiwala	800	0.01	-	800	0.01	-	0.00
10	Sajni Aalok Patel	41316	0.59	-	41316	0.49	-	(0.11)

Note:

- 1) Percentage calculated on the paid-up share capital (69,52,298 equity shares) as at the beginning of the year;
- 2) Percentage calculated on the paid-up share capital (84,50,894 equity shares) as at the end of the year.

c. Change in Promoter's Shareholding

SRN	Name of Promoter	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	Himani Manakiwala				
	At the Beginning of the year	30606	0.44	30606	0.44
	Sale-16.12.2019	1568	0.04	29038	0.40
	Sale-17.12.2019	2045	0.05	26993	0.35
	Sale-19.12.2019	1500	0.05	25493	0.30
	At the end of the year			25493	0.30
2	Jayendra Patel				
	At the Beginning of the year	288522	4.15	288522	4.15
	Purchase (inter se transfer) – 18.03.2020	124465	0.74	412987	4.89
	At the end of the year			412987	4.89
3	Rita Patel				
	At the Beginning of the year	296674	4.27	296674	4.27
	Purchase (inter se transfer) – 18.03.2020	124465	0.71	421139	4.98
	At the end of the year			421139	4.98
4	Aakash Patel				
	At the Beginning of the year	278830	4.01	278830	4.27
	Sale (inter se transfer) – 18.03.2020	124465	1.83	154365	2.18
	Sale (inter se transfer) – 18.03.2020	124465	1.83	29900	0.35
	At the end of the year			29900	0.35
5	Namra Holdings & Consultancy Services LLP				
	At the Beginning of the year	1369874	19.70	1369874	19.70
	Allotment pursuant to NCLT order dated 12.12.2019	782908	9.26	2152782	28.96
	Extinguishment of DVR pursuant to NCLT order dated 12.12.2019	1204474	(17.74)	948308	11.22
	At the end of the year			948308	11.22

Note:

- 1) Percentage calculated on the paid-up share capital (69,52,298 equity shares) as at the beginning of the year;
- 2) Percentage calculated on the paid-up share capital (84,50,894 equity shares) as at the end of the year.

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

SRN	Name	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding at end of the year	
			No. of Shares	% of total Shares	No. of Shares	% of total Shares
1	SAIF Partners India V Limited	Public	Nil	0.00	1890417	22.37
2	Mukul Agrawal	Public	575000	10.00	575000	10.00
	Less: Market Sale		140738	4.86	434262	5.14
3	Babulall Dugar	Public	135815	2.36	135815	1.61
4	IEPF Authority	IEPF	129491	2.25	129491	2.25
	Less: Refund to Shareholders		3600	0.76	125891	1.49
5	Avinash P Wadhwa	Public	120000	2.09	120000	2.09
	Less: Market Sale		25183	0.97	94817	1.12
6	Debashish Neogi	Public	111073	1.93	111073	1.93
	Add: Market Purchase		39353	(0.15)	150426	1.78
7	Vinod Kumar Dugar	Public	91730	1.60	91730	1.09
8	Adarsh Zacharias Augustine	Public	82273	1.43	82273	1.43
	Less: Market Sale		33243	0.85	49030	0.58
9	Bharati Jain	Public	79846	1.39	79846	1.39
	Less: Market Sale		8320	0.54	71526	0.85
10	Om Prakash Damani	Public	74251	1.29	74251	0.88
11	Vijaykumar Pahva	Public	56022	0.97	56022	0.97
	Add: Market Purchase		11277	(0.17)	67299	0.80
12	Hemant Gupta	Public	30049	0.52	30049	0.52
	Add: Market Purchase		42084	0.33	72133	0.85

Note:

- 1) Company has identified top 10 share holder based on the holding as on beginning of the year as well as at the end of the year.
- 2) Percentage calculated on the paid-up share capital (69,52,298 equity shares) as at the beginning of the year;
- 3) Percentage calculated on the paid-up share capital (84,50,894 equity shares) as at the end of the year.

e. Shareholding of Directors and Key Managerial Personnel:

SRN	Promoter's Name	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of Shares	% of total Shares	No. of Shares	% of total Shares
1	Jayendra Patel	288522	5.04	412987	4.89
2	Aakash Patel	278830	4.87	29900	0.35
3	Aalok Patel	247809	4.33	247809	2.93
4	Rita Patel	296674	5.19	421139	4.98
5	Alok Prasad	-	-	-	-
6	K. D. Shah	-	-	-	-
7	R. K. Nagpal	-	-	-	-
8	Mridul Arora	-	-	-	-
9	Vivek Modi	25	0.00	1977	0.02
10	Jaimish Patel	825	0.01	1150	0.01

Note:

- 1) Percentage calculated on the paid-up share capital (69,52,298 equity shares) as at the beginning of the year;
- 2) Percentage calculated on the paid-up share capital (84,50,894 equity shares) as at the end of the year.

Statutory Section

Corporate Information

Notice

→ Directors' Report

Corporate Governance Report

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

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i. Principal Amount	15,063.25	516.59	-	15,579.84
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	63.47	-	-	63,46,588
Total (i + ii + iii)	15,126.71	516.59	-	15,643.31
Change in Indebtedness during the financial year				
Addition	1,546.01	-	-	1,546.01
(Reduction)	-	(16.59)	-	(16.59)
Net Change	1,546.01	(16.59)	-	1,529.42
Indebtedness at the end of the financial year				
i. Principal Amount	16,572.86	500.00	-	17,072.86
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	99.86	-	-	99.86
Total (i + ii + iii)	16,672.72	500.00	-	17,172.72

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ In lakhs)

SRN	Particulars of Remuneration	Name of MD/WTD/ Manager/Director		Total Amount
1	Gross salary	Jayendra Patel (Managing Director & CEO)	Aalok Patel (Joint Managing Director)	
	a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	18.18	9.96	28.14
	b) Value of perquisites u/s 17(2) of Income-Tax Act, 1961	01.76	-	01.76
	c) Profits in lieu of salary under Section 17(3) of Income- Tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
5	Total (A)	19.92	9.96	29.90
	Ceiling as per the Act	₹283.96 lakhs (Being 10% of the profit calculated as per section 198 of the Act.)		

B. Remuneration to other Directors

(₹ In lakhs)

Particulars of Remuneration	Name of Directors					
Director	Alok Prasad	K. D. Shah	R. K. Nagpal	Ritaben Patel	Aakash Patel	Total
-Fees for attending Board/ Committee Meetings	1.65	1.58	1.28	1.13	0.25	5.88
-Commission		-	-	-	-	-
-Others, please specify		-	-	-	-	-
Total (B)	1.65	1.58	1.28	1.13	0.25	5.88
Total Managerial Remuneration (A)+(B)						35.78

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

(₹ In lakhs)

SRN	Particulars of Remuneration	Key Managerial Personnel		
1	Gross salary	Vivek Modi (C.F.O.)	Jaimish Patel (Company Secretary)	Total Amount
	a) Salary as per provisions contained in section 17(1) of the Income tax Act, 1961	24.00	05.20	29.20
	b) Value of perquisites u/s 17(2) of Income-tax Act, 1961	-	-	-
	c) Profits in lieu of salary under Section 17(3) of Income- tax Act, 1961	-	-	-
2	Stock Option	6.10	02.58	08.68
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	Total	30.10	07.78	37.88

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

There were no material penalties/punishment/compounding of offences for the year ended on March 31, 2020.

**Disclosure pursuant to Regulation 14 of Securities and Exchange Board of India
(Share Based Employee Benefits) Regulations, 2014**

For Financial Year 2019-20

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

- A. Relevant disclosures in terms of the "Guidance Note on Accounting for Employee Share-based Payments" issued by ICAI has been made in Note no. 39 of the Notes to Accounts forming part of the Annual Report 2019-20 of the Company.
- B. Diluted earnings per share pursuant to the issue of share on exercise of options will be calculated in accordance with relevant Accounting Standard issued by ICAI when shares will be allotted from time to time.
- C. Details related to Arman Employee Stock Option Plan 2016 ("ESOP 2016"):
 - a. The description of the existing scheme is summarized as under:

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

- b. Method used to account for ESOP: **Intrinsic Value**
- c. The difference between the employee compensation cost so computed as per intrinsic value and the employee compensation cost if Company would have used the fair value of the options and the impact of this difference on profits and on EPS of the Company: Not Applicable
- d. Option movement during the year:

Particulars	Details
Number of options outstanding at the beginning of the period	77,965
Number of options granted during the year	-
Number of options forfeited / lapsed during the year	5,810
Number of options vested during the year	31,635
Number of options exercised during the year	29,745
Number of shares arising as a result of exercise of options	29,745
Money realized by exercise of options (INR), if scheme is implemented directly by the company	₹ 14,87,250
Loan repaid by the Trust during the year from exercise price received	N.A.
Number of options outstanding at the end of the year	42,410
Number of options exercisable at the end of the year	42,410

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

Particulars	Weighted average exercise price	Weighted average fair value of options
Exercise price equals/exceeds than market price of the stock	Not Applicable	Not Applicable
Exercise price less than market price of the stock	₹50/-	₹196.92

- f. Employee-wise details of options granted during the financial year 2019-20:

- i. Senior managerial personnel: Nil
- ii. Other Employees who were granted, during the year, options amounting to 5% or more of the options granted during the year: Nil
- iii. employees who were granted option, during one year, equal to or exceeding 1% of the issued capital of the Company at the time of grant: Nil

- g. A description of the method and significant assumptions used during the year to estimate the fair value of options including the following information:

i. Weighted-average values of:	Details				
Grant trench	Grant I	Grant II		Grant III	
Vesting Date	25.05.2020	24.05.2020	24.05.2021	13.08.2020	13.08.2021
ii. Share price at grant date	₹182/-	₹376/-	₹376/-	₹365/-	₹365/-
Exercise price	₹50/-	₹50/-	₹50/-	₹50/-	₹50/-
Expected volatility	140.69%	140.69%	140.69%	140.69%	140.69%
Expected option life	3.25 years	2.25 years	3.25 years	1.25 years	2.25 years
Expected dividend yield	0.00%	0.00%	0.00%	0.00%	0.00%
The risk-free interest rate	5.76%	5.25%	5.76%	5.00%	5.25%
Any other inputs to the model	N.A.	N.A.	N.A.	N.A.	N.A.
Fair Value of Option	165.45	347.27	355.57	325.07	336.00
iii. The method used and the assumptions made to incorporate the effects of expected early exercise	Black – Scholes Method				
iv. How expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility	The calculation of expected volatility is based on historical stock prices. Volatility was calculated using standard deviation of daily change in stock price.				
v. Whether and how any other features of the option grant were incorporated into the measurement of fair value, such as market condition	N.A.				

CORPORATE SOCIAL RESPONSIBILITY

Pursuant to Section 135 of Companies Act, 2013

1. Brief outline of Companies CSR Policy:

Arman Financial Services Limited believes in making a difference to the lives of thousands of people who are underprivileged. It promotes social and economic inclusion by ensuring that marginalized communities have equal access to health care services, educational opportunities and proper civic infrastructure. Your Company's CSR activities are implemented in aligned with requirements of Section 135 of the Companies Act, 2013 along with objective specified in CSR Policy of the Company.

2. Composition of CSR Committee:

The CSR Committee of our Board provides oversight of CSR Policy and monitors execution of various activities to meet the set CSR objectives. The members of the CSR Committee are:

- a. Mr. Jayendra Patel, Chairperson
- b. Mr. Aalok Patel, Member
- c. Mr. Alok Prasad, Member

3. Financial details:

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

SRN	Particulars	₹ in lakhs
1	Average net profit before tax of the Company for last three financial years	652.70
2	Total amount to be spent for the financial year	13.05
3	Total amount spent	01.45
4	Total amount unspent, if any	11.60

4. The details of the amount spent during the financial year is detailed below:

SRN	CSR project/ program	Sector	Location of project/ program	Amount outlay (budget)	Amount spent on the projects or programs	Cumulative spend up to the reporting period	Amount spent: direct / through external agency
1	Sponsoring one-year education fees for one gifted girl child	Education	Ahmedabad	1.45 lakhs	1.45 lakhs	1.45 lakhs	Riverside Education Foundation

5. Reason for not spending the amount:

The Company wanted to make a long term CSR program, especially in healthcare and education sector, However, in order to conserve capital to deal with the uncertain economic environment arising out of COVID-19 pandemic, the Company has decided not to spend full amount on CSR programs.

6. Responsibility Statement:

We hereby confirm that the implementation of the Policy and monitoring of the CSR projects and activities is in compliance with CSR objectives and CSR Policy of the Company.

CORPORATE GOVERNANCE REPORT

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

COMPANY'S PHILOSOPHY & CODE OF GOVERNANCE

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

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

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

CODE OF CONDUCT AND ETHICS

The Code of Conduct ("the Code") for Board members and senior management personnel as adopted by the Board is a comprehensive Code applicable to Directors and senior management personnel. The Code lays down in detail, the standards of business conduct, ethics and strict governance norms for the Board and senior management personnel. The Code has been circulated

to Directors and senior management personnel and its compliance is affirmed by them annually. A declaration signed by the Company's Chief Executive Officer to this effect is published in this report.

CEO / CFO CERTIFICATION

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

1. BOARD OF DIRECTORS

• COMPOSITION OF THE BOARD OF DIRECTORS

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

As on March 31, 2020 the strength of the Board was 8 (Eight) comprising of Vice Chairman and Managing Director and Joint Managing Director, two Non-Executive Directors, one Nominee Director and three Independent Directors. Independent Directors are free from any business or other relationship that could materially influence their judgment.

None of the Directors on the Board hold directorships in more than eight (8) Listed Companies or ten (10) public companies or act as an Independent Director in more than seven (7) Listed Companies. Further, none of them is a member of more than ten (10) committees or Chairman of more than five (5) committees across all the public companies in which he or she is a Director. Necessary disclosures regarding Committee positions in other public companies as on March 31, 2020 have been made by the Directors.

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

Statutory Section

Corporate Information

Notice

Directors' Report

→ Corporate Governance Report

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

Details of Directors as on March 31, 2020 and their attendance at the Board meetings and Annual General Meeting ("AGM") during the financial year ended March 31, 2020 are given below:

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

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

@ Exclude Private Limited companies and as per Regulation 26(1) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Membership/Chairmanship of the Audit Committee and Stakeholders Relationship Committee in Indian public companies have been reported.

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

• RE-APPOINTMENT OF DIRECTORS RETIRING BY ROTATION

Brief profile of Directors seeking appointment/reappointment at the forthcoming Annual General Meeting, as per Regulation 36 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") is annexed to the Notice convening the Annual General Meeting and forming part of this Annual Report.

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

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

• BOARD MEETINGS

The Company held one Board Meeting in each quarter and the gap between two Board meetings was in compliance with the provisions contained in Regulation 17(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Board met 6 (Six) times in financial year and details of which are summarized as below:

SRN	Date of Meeting	Board Strength	No. of Director Present
1	May 28, 2019	8	8
2	August 21, 2019	8	5
3	September 12, 2019	8	7
4	December 12, 2019	8	6
5	February 11, 2020	8	7
6	March 28, 2020	8	5

• MEETING OF INDEPENDENT DIRECTORS

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

2. AUDIT COMMITTEE

• BRIEF DESCRIPTION OF TERMS OF REFERENCE

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

• COMPOSITION

The Audit Committee comprises following Directors:

SRN	Name of Director	Designation	Chairman / Member
1	Mr. K. D. Shah	Independent Director	Chairman
2	Mr. Alok Prasad	Independent Director	Member
3	Mr. R. K. Nagpal	Independent Director	Member
4	Mrs. Ritaben Patel	Non-Executive Director	Member

The Committee members possess sound knowledge of accounts, finance, audit, governance and legal matters. The Chairman of the Audit Committee, Mr. K. D. Shah was present at the last Annual General Meeting held on September 23, 2019.

• MEETING AND ATTENDANCE DURING THE YEAR

During the period under review, the Audit Committee met 4 (four) times on May 28, 2019; September 12, 2019; December 12, 2019; and February 11, 2020.

The attendance at the meetings is as under:

Name of Directors	No. of meetings Held	No. of Meetings attended
Mr. K. D. Shah, Chairman	4	4
Mr. Alok Prasad	4	4
Mr. R. K. Nagpal	4	4
Mrs. Ritaben Patel	4	4

3. NOMINATION AND REMUNERATION COMMITTEE

• BRIEF DESCRIPTION OF TERMS OF REFERENCE

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

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

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

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

• COMPOSITION

The following Directors are the members of the Committee:

SRN	Name of Director	Designation	Chairman / Member
1	Mr. R. K. Nagpal	Independent Director	Chairman
2	Mr. Alok Prasad	Independent Director	Member
3	Mr. K. D. Shah	Independent Director	Member

• MEETING AND ATTENDANCE DURING THE YEAR

Name of the Director	No. of meetings Held	No. of Meetings attended
Mr. R. K. Nagpal	2	2
Mr. Alok Prasad	2	2
Mr. K. D. Shah	2	2

• REMUNERATION TO DIRECTORS

The Vice Chairman Managing Director and Joint Managing Director get the salary including perquisites. Remuneration paid for the year ended March 31, 2020 was as under:

Name of the Director	Remuneration	Period of appointment	Approving Authority
Jayendra Patel	₹19.92 lakhs	Five years w.e.f. September 01, 2016	24th AGM
Aalok Patel	₹9.96 lakhs	Five years w.e.f. August 21, 2019	27th AGM
Total	₹29.88 lakhs		

The criteria for making payments to the Vice Chairman Managing Director and Joint Managing Director were:

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

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

Name of the Director	Sitting Fees Paid (₹ In lakhs)	No. of Equity Shares held
Mr. Alok Prasad	1.65	-
Mr. K. D. Shah	1.58	-
Mr. R. K. Nagpal	1.28	-
Mr. Aakash Patel	0.25	29,900
Mr. Mridul Arora	Nil	-
Mrs. Ritaben Patel	1.13	4,21,139

4. STAKEHOLDERS' RELATIONSHIP COMMITTEE

• BRIEF DESCRIPTION OF TERMS OF REFERENCE

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

• COMPOSITION

The following Directors are the members of the Committee.

SRN	Name of Director	Designation	Chairman / Member
1	Mr. Alok Prasad	Independent Director	Chairman
2	Mr. K. D. Shah	Independent Director	Member
3	Mr. Jayendra Patel	Vice Chairman & Managing Director	Member

• MEETING AND ATTENDANCE DURING THE YEAR

Name of the Director	No. of meetings Held	No. of Meetings attended
Mr. Alok Prasad	4	4
Mr. K. D. Shah	4	4
Mr. Jayendra Patel	4	4

• SHARE TRANSFER COMMITTEE

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

It met 22 times during the year to approve transfer/ transmission/ duplicate issuance/demat of equity shares. It transferred 1500 equity shares submitted through physical transfer deed.

During the year, the Company has not received any complaint from the shareholder. The quarterly statements on investor complaints received and disposed of are filed with stock exchanges within 21 days from the end of each quarter and the statement filed is also placed before the subsequent meeting of Board of Directors.

5. CORPORATE SOCIAL RESPONSIBILITY MEETING

The Corporate Social Responsibility ('CSR') Committee was constituted on September 12, 2019 which comprises following members.

1. Mr. Jayendra Patel, Chairman
2. Mr. Aalok Patel
3. Mr. Alok Prasad

• BRIEF DESCRIPTION OF TERMS OF REFERENCE

The terms of reference of the Corporate Social Responsibility Committee are wide enough to cover the matters specified under Section 135(3) of the Companies Act, 2013, are as follows:

- formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company in area or subject, specified in Schedule VII;
- recommend the amount of expenditure to be incurred on the activities referred to in above clause; and
- monitor the Corporate Social Responsibility Policy of the Company from time to time.

• MEETING AND ATTENDANCE DURING THE YEAR

Name of the Director	No. of meetings Held	No. of Meetings attended
Mr. Jayendra Patel	2	2
Mr. Aalok Patel	2	2
Mr. Alok Prasad	2	2

6. FINANCE & INVESTMENT COMMITTEE

• BRIEF DESCRIPTION OF TERMS OF REFERENCE

The role of the Finance & Investment Committee is:

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

• COMPOSITION

The Finance & Investment Committee comprises following members:

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

7. RISK MANAGEMENT COMMITTEE

The terms of reference of the Risk Management Committee include identification, monitoring and measurement of the risk profile of the Company. The Risk management committee comprises following members:

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

8. PERFORMANCE EVALUATION OF BOARD, COMMITTEES AND DIRECTORS

The Nomination and Remuneration Committee is empowered by the Board to carry out the entire performance evaluation process. Further, at a separate meeting held on September 12, 2019, Independent Directors evaluated performance of individual Directors, Board as a whole and Chairman. The director, whose performance was being evaluated did not take part in such evaluation. Evaluation form on various parameters enumerated below:

- **Board Evaluation**

Strategy, Composition, performance management, financial performance, execution, responsibilities, stakeholder value and responsibility, Board development, diversity, governance, leadership, directions, strategic input, etc.

- **Executive Directors Evaluation**

Leadership, Initiative in terms of new ideas and planning for the Company, Skill, knowledge, performance, compliances, ethical standards, risk mitigation, sustainability, strategy formulation and execution, financial planning & performance, managing human relations, community involvement and image building, interface with industry forums etc.

- **Independent Directors Evaluation**

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

- **Chairman Evaluation**

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

- **Committees Evaluation**

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

9. SPECIAL RESOLUTIONS PASSED

- **Annual General Meeting**

Year	Venue of A.G.M	Day, Date & Time	No. of Special Resolutions
2016-17	ATMA Hall, Ahmedabad	Thursday, September 28, 2017, 12.00 p.m.	0
2017-18	ATMA Hall, Ahmedabad	Friday, September 07, 2018, 12.00 p.m.	6
2018-19	ATMA Hall, Ahmedabad	Monday, September 23, 2019, 12.00 p.m.	2

- **Details of Resolution Passed through Postal Ballot**

The shareholders of the Company have, by way of postal ballot, passed the special resolution for Issuance of securities through Qualified Institutions Placement for an aggregate amount not exceeding ₹125 Crores (Rupees One Hundred and Twenty Five Crores only). The result of postal ballot was announced on February 24, 2020.

- **Details of Resolution passed at NCLT convened meeting**

The shareholders of the Company have, passed the special resolution for approving scheme of arrangement between Arman Financial Services Limited and it's shareholders for reorganization of share capital of the Company by consolidation of different classes of equity shares at the NCLT convened meeting held on July 22, 2019.

10. FAMILIARIZATION PROGRAMME

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

All new Directors inducted into the Board, if any during the year under review are introduced to the Company through appropriate orientation sessions. Presentations are made by senior management officers to provide an overview of

the Company's operations and to familiarize the new Directors with the operations. They are also introduced to the organization's culture, services, constitution, Board procedures, matters reserved for the Board.

11. DISCLOSURE ON MATERIAL SIGNIFICANT RELATED PARTY TRANSACTIONS

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

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

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

12. 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.

13. MEANS OF COMMUNICATION

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

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

14. SUBSIDIARY COMPANIES

Namra Finance Limited is a material subsidiary of the Company pursuant to Regulations 24(1) of the Listing Regulations. Audited annual financial statements of Namra Finance Limited are placed before the Audit Committee and Board Meetings. Minutes of the Board Meetings of subsidiary company held during the previous quarter, are circulated to all the Directors and are tabled at the Board Meetings. Board also reviews compliances made by such subsidiary and the statement of all significant transactions and arrangements entered into by subsidiary on a periodic basis. Web link of policy for determining material subsidiaries is <https://armanindia.com/corporategovernance.aspx> --> Policy For Material Subsidiary.

15. GENERAL SHAREHOLDER INFORMATION

a) Exclusive E-Mail id for investor grievances

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

Compliance Officer: Mr. Jaimish G. Patel

b) Toll Free Number for Investor Grievances

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

c) Annual General Meeting

The 28th Annual General Meeting will be held on Tuesday, September 29, 2020 at 12.00 noon through Video Conferencing (VC) / Other Audio-Visual Means (OAVM).

d) Financial Calendar

First quarter results: July/August 2020

Second quarter results: October/November 2020

Third quarter results: January/February 2021

Annual results: April/May 2021

Annual General Meeting: August/September 2021

e) Book Closure

The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, September 23, 2020 to Tuesday, September 29, 2020 (both days inclusive) for determining the name of members eligible to attend the AGM.

f) Dividend Payment

In order to conserve capital to deal with the uncertain economic environment arising out of COVID-19 pandemic, the Directors of your Company do not recommend any dividend payment at the ensuing Annual General Meeting ("AGM").

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

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

h) Shares listed at

- The BSE Limited
- National Stock Exchange of India Limited

Annual Listing fee for the year 2020-21 has been paid to both the exchanges. The Company has also paid the Annual Custodial fees to both the depositories.

i) Stock Codes

The script code of the Company at BSE is - 531179

The trading symbol of the Company at NSE is - ARMANFIN

j) International Securities Identification Number (ISIN)

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

k) Corporate Identity Number (CIN)

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

l) High/Low of monthly market price of the Company's equity shares traded on the BSE Limited and National Stock Exchange of India Limited during the financial year 2019-20 is furnished below:

Months	Share price BSE		Share price NSE	
	High (In ₹)	Low (In ₹)	High (In ₹)	Low (In ₹)
April, 2019	409.95	353.00	389.45	332.00
May, 2019	410.05	326.10	412.45	321.55
June, 2019	425.00	361.00	418.75	385.00
July, 2019	437.70	359.10	439.50	356.60

Months	Share price BSE		Share price NSE	
	High (In ₹)	Low (In ₹)	High (In ₹)	Low (In ₹)
August, 2019	402.00	347.65	409.00	340.00
September, 2019	574.00	332.05	559.95	350.55
October, 2019	580.05	510.00	598.70	506.15
November, 2019	599.00	500.05	596.70	493.60
December, 2019	683.00	540.00	666.00	535.00
January, 2020	793.95	615.00	786.00	625.10
February, 2020	1119.95	723.00	1121.10	709.00
March, 2020	998.90	399.20	1010.00	405.00

m) Share transfer system

SEBI has mandated transfer of securities of listed companies only in dematerialised form with effect from April 1, 2019, barring certain exceptions.

The Company is in compliance of SEBI circular no. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018 whereby SEBI has suggested measures to make the systems and processes among the RTAs, Issuer Companies and Bankers, more robust and transparent.

In terms of Regulation 40(9) of the Listing Regulations, half yearly audit of share transfer related activities is done by Company Secretary in practice and compliance certificate is submitted to the Stock Exchanges.

n) Distribution of Shareholding as on March 31, 2020

- On the basis of Share held:

SRN	Category (Shares)	Electronic			Physical			Total		
		Holders	Shares	% to total shares	Holders	Shares	% to total shares	Holders	Shares	% to total shares
1	1-500	4892	474435	5.61	1476	170340	2.02	6368	644775	7.63
2	501-1000	357	261136	3.09	26	22000	0.26	383	283136	3.35
3	1001-2000	179	262081	3.10	7	9900	0.12	186	271981	3.22
4	2001-3000	60	149939	1.77	1	2200	0.03	61	152139	1.80
5	3001-4000	38	139537	1.65	0	0	0.00	38	139537	1.65
6	4001-5000	22	101148	1.20	1	4500	0.05	23	105648	1.25
7	5001-10000	42	296993	3.51	0	0	0.00	42	296993	3.51
8	Above 10000	67	6516285	77.11	3	40400	0.48	70	6556685	77.59
TOTAL		5657	8201554	97.05	1514	249340	2.95	7171	8450894	100.00

- On the basis of Category:

Category	No of Shares Held	% to Total Shares Held
Promoters	2336996	27.65%
Foreign Portfolio Investor	28867	0.34%
Individual	3226028	38.17%
Bodies Corporate	253516	3.00%
NRIs & Foreign Nationals	2359493	27.92%
HUF	68314	0.81%
IEPF Authority	125891	1.49%
Clearing Members	51759	0.61%
Central/ State Government	30	0.00%
TOTAL	8450894	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 19,200 equity shares. As on March 31, 2020, 97.05% of the total shares issued by the Company were held in dematerialised form. The Company requesting to those shareholders who have their shares in physical form to convert it in Demat form.

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

p) Code of conduct for prevention of insider trading

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

q) Reconciliation of share capital audit report

Pursuant to the provisions of the SEBI (Depositories & Participants) Regulations, 2018, 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 both the stock exchanges and is also placed before the meetings of the Board of Directors and the Stakeholder Relationship Committee.

r) Outstanding GDRs/ADRs/Warrants or any convertible instrument as on March 31, 2020

There were no outstanding GDRs/ADRs/Warrants or any convertible instrument as on March 31, 2020.

s) Employees Stock Option Scheme

During the year 29,745 options were exercised by employees of the Company / subsidiary Company and subsequently allotted and listed on the Stock Exchanges. During the year under review, the Company has not granted any fresh option under the "ARMAN ESOP 2016".

t) Plant Locations

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

u) Address for Correspondence

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

(1) Arman's Address

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

(2) Bigshare Services Private Limited

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

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

w) Credit Ratings

During the year under review, Credit Analysis and Research Limited ('CARE') reviewed the ratings on various bank facilities and debt instrument of the Company, and its subsidiary. CARE reaffirmed its rating for long term bank facility to "CARE BBB+"; stable (Triple B plus; outlook stable). CARE also reaffirmed its rating on the Non-Convertible Debentures ("NCD") at "CARE BBB+"; stable (Triple B plus; outlook stable). The Grading of Namra Finance Limited (WOS) was also reaffirmed 'MFI 2+' (MFI two plus) by CARE during the year 19-20.

x) Details of utilization of funds raised

During the year under review, the Company has not raised any money through issuance of equity shares except shares allotted pursuant to "ARMAN ESOP 2016", however, the Company has raised the debt fund from Banks / Financial Institutions. The Company has utilized the fund towards the working capital as well as capital expenditure to support business expansion, repayment of loan and investments by the Company.

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

z) There were no circumstances where board had not accepted any recommendation of any committee of the board during the year.

aa) The Consolidated fees paid by the Company and its subsidiary to statutory auditors is ₹10.98 lakhs (towards audit fees, tax audit, certification work and income tax consultancy fee) for the financial year 2019-20.

bb) The designated Senior Management Personnel of the Company have disclosed to the Board that no material, financial and commercial transactions have been made during the year under review in which they have personal interest, which may have a potential conflict with the interest of the Company at large.

cc) The Company has complied with all the mandatory requirements specified in Regulations 17 to 27 and clauses (b) to (i) of sub – regulation (2) of Regulation 46 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. It has obtained a certificate affirming the compliances from Practicing Company Secretary, CS Pinakin Shah and the same is attached to this Report.

dd) During the year under review, there were no complaint i.e. incidences of sexual harassment reported.

ee) There is no non-compliance of any requirement of Corporate Governance Report of sub-para (2) to (10) of Schedule V read with Regulation 34(3) of SEBI LODR Regulations.

Auditors' Certificate regarding compliance of conditions of Corporate Governance

To,
The Members,
Arman Financial Services Limited,
Ahmedabad

I have examined the Compliance Conditions of Corporate Governance by Arman Financial Services Limited for the year ended on March 31, 2020 as per para E of Schedule V read with Regulation 34(3) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') for the period April 01, 2019 to March 31, 2020. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of certification.

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

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

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

Place: Ahmedabad
Date: August 26, 2020

Pinakin Shah & Co.,
Company Secretary,

Pinakin Shah
Proprietor
FCS-2562, C.P No-2932
UDIN: F002562B000616824

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

All the Board Members of Board of Directors and senior management personnel have affirmed compliance with the code of conduct of Board of Directors and senior management of Arman Financial Services Limited for the financial year ended March 31, 2020.

For, and on behalf of the Board

Jayendra Patel
Chief Executive Officer
DIN: 00011814

Place: Ahmedabad
Date: August 29, 2020

CEO-CFO CERTIFICATION

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

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

- A. We have reviewed financial statements and the cash flow statement for the financial year ending March 31, 2020 and that to the best of our knowledge and belief:
 - a. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - b. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit committee:
 - a. significant changes in internal control over financial reporting during the year;
 - b. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - c. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

For, **Arman Financial Services Limited**

Jayendra Patel
(Chief Executive Officer)

For, **Arman Financial Services Limited**

Vivek Modi
(Chief Finance Officer)

Date: August 29, 2020

Place: Ahmedabad

Consolidated Financial Statements

Auditor's Report	114
Balance Sheet	122
Statement of Profit & Loss	123
Statement of Change in Equity	124
Statement of Cash Flow	127
Notes	128

INDEPENDENT AUDITORS' REPORT

To,
The Members of
ARMAN FINANCIAL SERVICES LIMITED
Ahmedabad

Report on the Audit of the Consolidated Financial Statements

Opinion

1. We have audited the accompanying Consolidated Financial Statements of **Arman Financial Services Limited** (hereinafter referred to as the 'Holding Company') and its subsidiary (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated Balance Sheet as at **March 31, 2020** and the consolidated statement of Profit and Loss, (the consolidated and the consolidated cash flows Statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (hereinafter referred to as "the consolidated financial statements").
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (the 'Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Company as at March 31, 2020 and its consolidated profit and its consolidated cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies act, 2013. Our responsibilities under those Standards are further

described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by ICAI, and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Companies Act, 2013. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matters

4. As described in Note 45 to the standalone annual financial results, in respect of accounts overdue but standard as at February 29, 2020 where moratorium benefit has been granted, the staging of those accounts as at 31 March, 2020 is based on the days past due status as on February 29, 2020, in accordance with Reserve Bank of India COVID-19 Regulatory Package.

As described in Note 46 to the Standalone Financial Results, the extent to which the COVID-19 pandemic will impact the company's operations and financial performance is dependent on future developments, which are highly uncertain.

Our opinion is not modified in respect of the above matters.

Key Audit Matters

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

Key audit matters identified in our audit are in respect of Adoption of Indian Accounting Standards Framework and Provision for Expected Credit Losses on loans as follows:

Adoption of Indian Accounting Standards Framework

[Refer Para 2 for the accounting policy and Note 31 for the related disclosures]

Key Audit Matter	How our audit addressed the key audit matter
<p>The consolidated financial statements for the year ended March 31, 2020 are the first financial statements prepared in accordance with Indian Accounting Standards ('Ind AS') as notified by the Ministry of Corporate Affairs ('MCA') under Section 133 of the Act.</p> <p>The Group has applied Ind AS 101, First-time Adoption of Indian Accounting Standards. Note 31 in the consolidated financial statements sets forth the reconciliation of balances from previous GAAP to the new Ind AS framework as at the transition date and the impact of restatement on the financial position of the comparative year due to such transition. Refer to para 2.1 for significant accounting policies selected by the Group on transition to the Ind-AS.</p> <p>This change in the financial reporting framework required an end-to-end evaluation of the potential impact on each item included in the consolidated financial statements including presentation thereof, additional notes and disclosures.</p> <p>This evaluation required significant audit efforts. Considering the significance of impact of this matter in the current year to the consolidated financial statements, and the audit efforts required, this matter has been identified as a key audit matter for the current year audit.</p>	<p>Our key audit procedures in respect of the first time adoption of Ind-AS framework included, but were not limited to, the following:</p> <ul style="list-style-type: none"> (a) obtaining an understanding of the management's processes and controls to identify the potential impact areas in the financial statements due to the adoption of Ind AS; (b) reviewing the options chosen and exemptions availed and by the Group and its implementation in accordance with the Ind AS 101; (c) assessing the appropriateness of the adjustments made to the opening balance sheet as at April 01, 2018; (d) assessing the appropriateness of the adjustments recorded in the consolidated financial statements as of and for the year-ended March 31, 2019 which were prepared in the previous GAAP; (e) evaluating the appropriateness of accounting policies selected by the Group on transition to Ind AS on the basis of our understanding of the Group, the nature and size of its operations and the requirements of the relevant accounting standards under the Ind AS framework; (f) evaluating the adequacy and appropriateness of the consolidated financial statements disclosures arising on adoption of the Ind AS to determine if these are in compliance with the requirements of the Ind AS; and (g) obtaining written representations from management and those charged with governance of holding Company on whether the financial statements comply with the Ind AS in all respects.

Provision for Expected Credit Losses on loans

[Refer para 3.6 for the accounting policy and Note 3.1 for the related disclosures]

Key Audit Matter	How our audit addressed the key audit matter
<p>As at March 31, 2020, the Group has financial assets (loans) amounting to ₹77,849.33 Lakhs. As per Ind AS 109- Financial Instruments, the Group is required to recognise allowance for expected credit losses on financial assets.</p> <p>Since this was the first year for the preparation and presentation of the consolidated financial statements under Ind-AS framework, the management had to also estimate the provision for expected credit losses for the loans outstanding as at April 01, 2018 and as at March 31, 2019. Expected credit loss cannot be measured</p>	<p>Our audit procedures in relation to expected credit losses were focused on obtaining sufficient appropriate audit evidence as to whether the expected credit losses recognised in the consolidated financial statements were reasonable and the related disclosures in the consolidated financial statements made by the management were adequate. These procedures included, but not limited, to the following:</p> <ul style="list-style-type: none"> (a) obtaining an understanding of the model adopted by the Group for calculation of expected credit losses including how management of holding company

Financial Statements

→ Auditor's Report

Balance Sheet

Statement of Profit & Loss

Statement of Change in Equity

Statement of Cash Flow

Notes

Key Audit Matter	How our audit addressed the key audit matter
<p>precisely, but can only be estimated through use of statistics. The calculation of expected credit losses is complex and requires exercise of judgement around both the timing of recognition of impairment provisions and estimation of the amount of provisions required in relation to loss events. Further, due to COVID Pandemic, the calculation of expected credit loss had further challenges as the future outcome is dependent on various events, the outcome of which is uncertain.</p> <p>The management has recognised a provision of ₹1150.66 Lakhs in the Consolidated Statement of Profit and Loss for the year ended March 31, 2020.</p> <p>Considering the significance of the above matter to the consolidated financial statements and since the matter required our significant attention to test the calculation of expected credit losses, we have identified this as a key audit matter for current year audit.</p>	<p>calculated the expected credit losses and the appropriateness data on which the calculation is based;</p> <p>(b) testing the accuracy of inputs through substantive procedures and assessing the reasonableness of the assumptions used;</p> <p>(c) developing a point estimate by making reference to the expected credit losses recognised by entities that carry comparable financial assets;</p> <p>(d) testing the arithmetical calculation of the expected credit losses;</p> <p>(e) verifying the adequacy of the related disclosures; and</p> <p>(f) obtaining written representations from management and those charged with governance of holding company whether they believe significant assumptions used in calculation of expected credit losses are reasonable.</p>

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

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

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

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

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

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

- The Holding Company's Board of Directors is responsible for the preparation and presentation

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

- In preparing the consolidated financial statements, the respective Board of Directors of the companies

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible

for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates and jointly controlled entities to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates and jointly controlled entities to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

12. We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
13. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
14. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.
15. Other Matters
- (a) We did not audit the financial statements / financial information of 1 subsidiary, whose financial statements / financial information reflect total assets of ₹66,465.24 Lakhs as at March 31, 2020, total revenues of ₹14,841.85 Lakhs and net cash flows amounting to ₹2436.65 Lakhs for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.
- (b) Our opinion on the consolidated financial statements, and our report on Other Legal

and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

16. As required by Section 143 (3) of the Act, we report, to the extent applicable, that:
- (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2020 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies, its associate companies and jointly controlled companies incorporated in India is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in Annexure A.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance

with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. the consolidated financial statement has disclosed the impact of pending litigations on its financial position in the Consolidated financial statements; (Refer Note 32 to the financial statements);
- ii. The Group 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 Holding Company and its subsidiary companies incorporated in India.

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

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

UDIN:20111052AAAAIV8520

Place: Ahmedabad

Date: 29.06.2020

ANNEXURE "A" TO INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 16(f) of our Report of even date to the Members of **ARMAN FINANCIAL SERVICES LIMITED** for the year ended **March 31, 2020**.

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

We have audited the internal financial controls over financial reporting of **ARMAN FINANCIAL SERVICES LIMITED** as of March 31, 2020, in conjunction with our audit of the Consolidated financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that: (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also,

projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as

at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the guidance note on audit of internal financial controls over financial reporting issued by the Institute of Chartered Accountants of India.

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

(**Samir M Shah**)
Partner

[M. No. 111052]

UDIN:20111052AAAAIV8520

Place: Ahmedabad

Date: 29.06.2020

Consolidated Balance Sheet

as at March 31, 2020

(₹ in lakhs)

Particulars	Note	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
ASSETS				
(1) Financial Assets				
(a) Cash and cash equivalents	1	5,842.09	3,832.02	798.01
(b) Bank Balance other than (a) above	2	3,841.61	3,021.93	2,137.89
(c) Loans	3	77,849.32	67,044.82	41,261.23
(d) Investments	4	325.90	331.64	310.59
(e) Other Financial assets	5	748.46	451.89	494.58
(2) Non-financial Assets				
(a) Current tax assets (Net)	6	50.30	-	-
(b) Deferred tax Assets (Net)	7	478.68	192.31	253.07
(c) Property, Plant and Equipment	8	352.91	325.01	259.13
(d) Other Intangible assets	8	17.69	25.88	22.38
(e) Right of Use Assets	8	73.93	-	-
(f) Other non-financial assets	9	35.50	59.12	34.09
Total Assets		89,616.39	75,284.62	45,570.97
LIABILITIES AND EQUITY				
LIABILITIES				
(1) Financial Liabilities				
(a) Other Payables	10			
(i) total outstanding dues of micro enterprises and small enterprises		-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		78.00	96.91	26.57
(b) Debt Securities	11	10,570.98	6,686.27	3,302.26
(c) Borrowings (Other than Debt Securities)	12	57,705.63	53,016.86	34,551.52
(d) Subordinated Liabilities	13	1,500.00	1,500.00	1,500.00
(e) Other financial liabilities	14	2,332.66	1,186.87	576.82
(2) Non-Financial Liabilities				
(a) Provisions	15	79.98	46.88	26.42
(b) Current Tax Liabilities (Net)	6	-	293.55	52.32
(c) Other non-financial liabilities	16	126.68	135.95	69.47
(3) EQUITY				
(a) Equity Share capital	17	845.09	695.23	692.47
(b) Other Equity	18	16,377.37	11,626.10	4,773.12
Total Liabilities and Equity		89,616.39	75,284.62	45,570.97

As per our report of even date attached herewith

 For **Samir M Shah & Associates**

Chartered Accountants

[Firm Regd. No. 122377W]

[Samir M Shah]

Partner

[M.No.111052]

UDIN: 20111052AAAAIV8520

Place: Ahmedabad

Date: 29.06.2020

 For, **Arman Financial Services Limited**
Jayendra Patel

Vice Chairman & Managing Director

(DIN - 00011814)

Aalok Patel

Joint Managing Director

(DIN - 02482747)

Vivek Modi

Chief Financial Officer

Jaimish Patel

Company Secretary

(M.No. A42244)

Consolidated Statement of Profit & Loss

for the year ended March 31, 2020

(₹ in lakhs)

Particulars	Note	As at March 31, 2020	As at March 31, 2019
(1) Revenue from operations			
Interest Income based on Effective Interest Method	19	20,037.87	13,482.31
Gain on Assignment of Financial Assets	20	450.33	-
Fees and Commission Income	21	646.04	387.71
Income from Current Investment in Mutual Fund- Fair value through Profit & Loss	22	16.46	21.04
Total Revenue from operations (1)		21,150.70	13,891.06
(2) Other Income	23	363.99	67.19
(3) Total Income (1+2)		21,514.69	13,958.25
(4) Expenses			
Finance Costs	24	8,759.37	5,833.69
Impairment of Financial Assets	25	2,000.84	651.44
Employee Benefits Expenses	26	3,645.67	2,564.23
Depreciation and amortization	27	79.84	48.44
Others expenses	28	1,651.37	1,237.60
Total Expenses (4)		16,137.09	10,335.40
(5) Profit / (loss) before tax (3-4)		5,377.60	3,622.85
(6) Tax Expense:			
(1) Current Tax	29	1,423.40	977.10
(2) Short / (excess) Provision of Income Tax of earlier years	29	(2.78)	26.35
(3) Deferred Tax	29	(195.00)	(23.74)
(7) Profit/(loss) for the period (5-6)		4,151.98	2,643.14
(8) Other Comprehensive Income			
(A) (i) Items that will not be reclassified to profit or loss			
- Remeasurement of Defined Benefit Plan		(11.67)	(6.74)
(ii) Income tax relating to items that will not be reclassified to profit or loss		2.94	1.96
Subtotal (A)		(8.73)	(4.78)
(B) (i) Items that will be reclassified to profit or loss			
Net change in value of loans measured at fair value through Other Comprehensive Income		85.68	(90.85)
(ii) Income tax relating to items that will be reclassified to profit or loss		(24.29)	26.26
Subtotal (B)		61.39	(64.59)
Other Comprehensive Income (A + B)		52.66	(69.37)
(9) Total Comprehensive Income for the period (7+8) (Comprising Profit (Loss) and other Comprehensive Income for the period)		4,204.64	2,573.77
(10) Earnings per equity share (for continuing operations)			
Basic (₹)	30	55.80	38.09
Diluted (₹)	30	55.54	30.72

As per our report of even date attached herewith

For **Samir M Shah & Associates**

Chartered Accountants
[Firm Regd. No. 122377W]

[Samir M Shah]

Partner
[M.No.111052]
UDIN: 20111052AAAAIV8520

Place: Ahmedabad
Date: 29.06.2020

For, **Arman Financial Services Limited**

Jayendra Patel

Vice Chairman & Managing Director
(DIN - 00011814)

Aalok Patel

Joint Managing Director
(DIN - 02482747)

Vivek Modi

Chief Financial Officer

Jaimish Patel

Company Secretary
(M.No. A42244)

Statement of Change in Equity

for the Year Ended March 31, 2020

(A) Equity share capital (Refer Note 17)						(₹ In lakhs)
Particulars	Balance as at April 1, 2018	Changes during the year	Balance as at March 31, 2019	Changes during the year	Balance as at March 31, 2020	
Ordinary Equity share capital	572.02	2.76	574.78	270.31	845.09	
Class "A" Ordinary Equity shares	120.45	-	120.45	(120.45)	0.00	
(B) Other equity (Refer note 18)						(₹ In lakhs)
Particulars	Equity component of compound financial instruments	Reserves and surplus				Other Comprehensive Income
		General Reserve	Reserve u/s. 45-IA of RBI Act, 1934	Securities premium	Retained earnings	
Balance at April 1, 2018	-	107.35	914.50	1,191.24	2,484.08	10.32
Profit for the year	-	-	-	-	2,643.14	-
Other comprehensive income (net of taxes)	-	-	-	-	-	(69.37)
Total Comprehensive Income for the period	-	-	-	-	2,643.14	(69.37)
Transactions with Owners in the capacity as Owners						
Final Dividend on equity shares including dividend distribution tax ("DDT")	-	-	-	-	(83.49)	-
Transfer to reserve u/s. 45-IA of RBI Act, 1934	-	-	440.80	-	(440.80)	-
Additions during the year in securities premium	-	-	-	49.76	-	-
Transfer during the year in General Reserve	-	11.00	-	-	(11.00)	-
Share based payment to employees (ESOP) (Refer note 18)	-	-	-	-	-	-
Issue of Compulsory Convertible Debenture	4,292.42	-	-	-	-	-
Balance at March 31, 2019	4,292.42	118.35	1,355.30	1,241.00	4,591.93	(59.05)
Profit for the year	-	-	-	-	4,151.98	-
Other comprehensive income (net of taxes)	-	-	-	-	-	52.66
Total Comprehensive Income for the period					4,151.98	52.66
						4,204.64

Statement of Change in Equity

for the Year Ended March 31, 2020

Particulars	Equity component of compound financial instruments	Reserves and surplus					Other Comprehensive Income	Total
		General Reserve	Reserve u/s. 45-IA of RBI Act, 1934	Securities premium	Retained earnings	Share Based Payment Reserve		
Transactions with Owners in the capacity as Owners								
Final Dividend on equity shares including dividend distribution tax ("DDT")	-	-	-	-	(117.34)	-	-	(117.34)
Transfer to reserve u/s. 45-IA of RBI Act, 1934	-	-	869.00	-	(869.00)	-	-	-
Reversal of Corporate Guarantee due to closure of loan of subsidiary company	-	-	-	-	-	-	-	-
Additions during the year in securities premium	-	-	-	583.44	-	(47.18)	-	536.26
Share Issue Expense securities premium	-	-	-	(11.48)	-	-	-	-
Transfer during the year in General Reserve	-	11.00	-	-	(11.00)	-	-	-
Share based payment to employees (ESOP) (Refer note 18)	-	-	-	-	-	26.46	-	26.46
Reversal of Deferred Tax Impact on Compulsory Convertible Debenture	112.73	-	-	-	-	-	-	112.73
Conversion of Compulsory convertible Debenture	(4,405.15)	-	-	5,000.00	(594.85)	-	-	-
Balance at March 31, 2020	-	129.35	2,224.30	6,812.96	7,151.72	65.43	(6.39)	16,377.37

As per our report of even date attached herewith

For **Samir M Shah & Associates**

Chartered Accountants
[Firm Regd. No. 122377W]

[Samir M Shah]

Partner

[M.No.111052]

UDIN: 20111052AAAAV8520

Place: Ahmedabad

Date: 29.06.2020

For, **Arman Financial Services Limited**

Jayendra Patel

Vice Chairman & Managing Director
(DIN - 00011814)

Aalok Patel

Joint Managing Director
(DIN - 02482747)

Vivek Modi

Chief Financial Officer

Jaimish Patel

Company Secretary
(M.No. A42244)

Consolidated Statement of Cash Flows

for the Year Ended March 31, 2020

(₹ In lakhs)

PARTICULARS	Year ended March 31, 2020	Year ended March 31, 2019
A: Cash from Operating Activities:		
Net profit before taxation	5,377.60	3,622.85
Adjustment For:		
Depreciation and amortisation	79.84	48.44
Interest Income	(20,037.87)	(13,482.32)
Net gain on equity instruments measured through profit and loss	(16.46)	(21.04)
Finance cost Expense	8,748.57	5,779.79
Provision for impairment on financial assets	1,150.66	19.03
(Profit) / loss on sale of property, plant and equipment	-	(6.26)
Loss / (Profit) on sale of Current Investment	(252.45)	(48.62)
Remeasurement of define benefit plan	(11.67)	(6.74)
Employee Stock Option Plan Expense	26.50	59.28
Interest on shortfall of advance Tax	10.80	53.90
	(10,302.08)	(7,604.54)
	(4,924.48)	(3,981.69)
Operating profit before working Capital changes :		
Adjustment For Increase/(Decrease) in Operating Assets:		
Loans and Advances	(11,852.89)	(24,767.45)
Financial Assets	(216.97)	33.87
Non Financial Assets	1.08	(14.16)
Bank balance other than Cash and Cash equivalents	(819.68)	(884.04)
Adjustment For Increase/(Decrease) in Operating Liabilities:		
Trade Payables	(18.91)	70.34
Other Non Financial liability	(9.28)	66.48
Other Financial Liabilities	669.73	485.49
Provision	33.10	20.46
	(12,213.82)	(24,989.01)
Cash Generated From Operations	(17,138.30)	(28,970.70)
Interest Income Received	19,980.84	13,480.21
Finance Cost Paid	(8,612.26)	(5,769.03)
Income tax paid	(1,775.28)	(816.12)
Net Cash From Operating Activities:	(7,545.00)	(22,075.64)
B: Cash Flow From Investing Activities:		
Purchase of Property, Plant & Equipment	(84.77)	(176.76)
Purchase of Current investments	(55,290.00)	(17,050.00)
Proceeds from Sale/redemption of investments	55,564.64	17,098.62
Sale of Property, Plant & Equipment	-	65.18
Net Cash from Investment Activities:	189.87	(62.96)
C: Cash Flow From Financing Activities :		
Proceeds from issue of share capital	14.87	13.82
Dividend paid	(115.70)	(84.61)
Share Issue Expense	(11.48)	-
Proceeds from long term borrowings	54,204.63	42,363.74
Repayment of borrowings	(42,776.14)	(15,035.54)
Net increase / (decrease) in working capital borrowings	(1,941.07)	(2,084.80)
Repayment of Principal Component of Lease Liability	(9.91)	-
Net Cash from Financing Activities:	9,365.20	25,172.61
Net Increase in Cash & Cash Equivalents	2,010.07	3,034.01
Cash & cash equivalents at the beginning	3,832.02	798.01
Cash & cash equivalents at the end	5,842.09	3,832.02

Consolidated Statement of Cash Flows

for the Year Ended March 31, 2020

Notes :

1 Cash and bank balance at the end of the year comprises:

(₹ In lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Cash on hand	76.17	106.83
Balance with Bank	5,765.92	725.19
Total	5,842.09	832.02
Bank deposit with original maturity of 3 months or less	-	3,000.00
Cash & cash equivalents as per Balance Sheet	5,842.09	3,832.02

2 The above cash flow statement has been prepared under the "Indirect Method" set out in Ind AS - 7 on statement of cash flows specified under section 133 of the Companies Act, 2013.

3 Non cash financing and investing Activities:

During the Current Year, the convertible instruments were converted into equity shares of the Company. Refer note 17.5, and 17.6 for non cash financing and investing Activities of the company.

4 Change in liabilities arising from financing activities:

(₹ In lakhs)

Particulars	01-Apr-19	Cash Flows	Non Cash Changes	31-Mar-20
Debt Securities	6,686.27	4,557.62	(672.91)	10,570.98
Borrowing other than debt Securities	53,016.85	4,929.80	(241.04)	57,705.63
Total	59,703.13	9,487.42	(913.95)	68,276.61

As per our report of even date attached herewith

For **Samir M Shah & Associates**

Chartered Accountants
[Firm Regd. No. 122377W]

[Samir M Shah]

Partner
[M.No.111052]
UDIN: 20111052AAAAIV8520

Place: Ahmedabad
Date: 29.06.2020

For, **Arman Financial Services Limited**

Jayendra Patel

Vice Chairman & Managing Director
(DIN - 00011814)

Aalok Patel

Joint Managing Director
(DIN - 02482747)

Vivek Modi

Chief Financial Officer

Jaimish Patel

Company Secretary
(M.No. A42244)

Forming Part of the Consolidated Financial Statements

for the year ended March 31, 2020

1. CORPORATE INFORMATION

Arman Financial Services Limited (the "Holding Company") together with its subsidiary Namra Finance Limited (herein after referred to as the "Company") are public companies domiciled in India. The Holding Company is registered as a deposit taking non-banking finance company ("NBFC") with Reserve Bank of India ("RBI"). Namra Finance Limited is registered as a non-deposit taking Micro Finance Institution ("NBFC-MFI") with Reserve Bank of India ("RBI"). The Group is engaged in the business of providing Small and Medium Enterprise loans ("SME"), Two-Wheeler loans ("TW") and Micro Finance JLG Loans. The Holding Company's equity shares are listed on two recognised stock exchanges in India i.e. BSE Limited ("BSE") and the National Stock Exchange of India Limited ("NSE").

The Company's registered office is at 502-503, Sakar III, Opp. Old High Court, Off. Ashram Road, Ahmedabad - 380 014, Gujarat. INDIA.

2. BASIS OF PREPARATION

2.1 Statement of compliance and principle of Consolidation

The standalone financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (the "Ind AS") prescribed under section 133 of the Companies Act, 2013 (the "Act").

Up to the year ended March 31, 2019, the Company had prepared the Financial Statements under the historical cost convention on accrual basis in accordance with the Generally Accepted Accounting Principles (Previous GAAP) applicable in India and the applicable Accounting Standards as prescribed under the provisions of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014.

These standalone financial statements for the year ended March 31, 2020 are the Company's first financial statements prepared in accordance with Ind AS.

Principle of Consolidation

i) Subsidiaries: -

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed

to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which controls commences until the date on which control ceases.

ii) Non-Controlling Interest ("NCI")

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition. Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

iii) Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value on the date the control is lost. Any resulting gain or loss is recognized in profit or loss.

iv) Transactions eliminated on consolidation

The financial statements of the Holding Company and its subsidiary used in the consolidation procedure are drawn up to the same reporting date i.e. March 31, 2020. The financial statements of the Holding Company and its subsidiary are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses. Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment. The Group follows uniform accounting policies for like transactions and other events in similar circumstances.

v) The following subsidiary company has been considered in the preparation of the consolidated financial statements:

Name of Entity	Relationship	Country	Ownership Held By	% of holding And Voting Power as at	
				31-03-20	31-03-19
NAMRA Finance Limited	Subsidiary Company	INDIA	Arman Financial services Limited	100%	100%

2.2 Basis of measurement

The standalone financial statements have been prepared on historical cost basis except for following assets and liabilities which have been measured at fair value amount:

- i) Loans at fair value through other comprehensive income ("FVOCI") and
- ii) Defined benefit plans - plan assets
- iii) Investment in units of mutual funds at fair value through Profit & Loss ('FVTPL')

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Functional and presentation currency

The standalone financial statements are presented in Indian Rupees which is the currency of the primary economic environment in which the Company operates (the "functional currency"). The values are rounded to the nearest lakhs, except when otherwise indicated.

2.3 Use of estimates, judgements and assumptions

The preparation of the standalone financial statements in conformity with Ind AS requires management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Judgements

In the process of applying the Company's accounting policies, management has made judgements, which have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year.

i) Business model assessment

Classification and measurement of financial assets depends on the results of business model and the solely payments of principal and interest ("SPPI") test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance

of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the standalone financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

i) Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. For further details about determination of fair value refer note 3.7 and note 43.

ii) Effective interest rate ("EIR") method

The Company's EIR methodology, as explained in Note 3.1(A), recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behaviour and lifecycle of the instruments, as well as expected changes to interest rates and other fee income/expense that are integral parts of the instrument.

iii) Impairment of financial asset

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The Company's expected credit loss ("ECL") calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- a) The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a life time expected credit loss ("LTECL") basis.
- b) Development of ECL models, including the various formulas and the choice of inputs.
- c) Determination of associations between macroeconomic scenarios and economic inputs, such as gross domestic products, lending interest rates and collateral values, and the effect on probability of default ("PD"), exposure at default ("EAD") and loss given default ("LGD").
- d) Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into ECL models.

iv) Provisions and other contingent liabilities

The Company operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various litigation, arbitration and regulatory investigations and proceedings in the ordinary course of the Company's business.

When the Company can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Company records a provision against the case. Where the outflow is considered to be probable, but a reliable estimate cannot be made, a contingent liability is disclosed.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Company takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

For further details on provisions and other contingencies refer note 3.15.

These estimates and judgements are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances. Management believes that the estimates used in preparation of the standalone financial statements are prudent and reasonable.

2.4 Presentation of the standalone financial statements

The Company presents its balance sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date and more than 12 months after the reporting date is presented in Note 42.

Financial assets and financial liability are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:

- i) The normal course of business
- ii) The event of default

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Recognition of interest income

A. EIR method

Under Ind AS 109, interest income is recorded using the effective interest rate method for all financial instruments measured at amortised cost and financial instrument measured at FVOCI. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the financial instrument.

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest income in the statement of profit and loss.

B. Interest income

The Company calculates interest income by applying EIR to the gross carrying amount of financial assets other than credit impaired assets. When a financial asset becomes credit impaired and is, therefore, regarded as 'stage 3', the Company calculates interest income on the net basis. If the financial asset cures and is no longer credit impaired, the Company reverts to calculating interest income on a gross basis.

3.2 Financial instrument - initial recognition

A. Date of recognition

Debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

B. Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual

terms and the business model for managing the instruments (Refer note 3.3(A)). Financial instruments are initially measured at their fair value (as defined in Note 3.7), except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs are added to, or subtracted from this amount.

C. Measurement categories of financial assets and liabilities

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- i) Amortised cost
- ii) FVOCI
- iii) FVTPL

3.3 Financial assets and liabilities

A. Financial assets

Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- a. How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Company's key management personnel.
- b. The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.
- c. managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).
- d. The expected frequency, value and timing of sales are also important aspects of the Company's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the

classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

SPPI test

As a second step of its classification process, the Company assesses the contractual terms of financial assets to identify whether they meet SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the period for which the interest rate is set. In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

Accordingly, financial assets are measured as follows:

i) Financial assets carried at amortised cost ("AC")

A financial asset is measured at amortised cost if it is held with in a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ii) Financial assets measured at FVOCI

A financial asset is measured at FVOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Since, the loans and advances are held to sale and collect contractual cash flows, they are measured at FVOCI.

iii) Financial assets at fair value through profit or loss ("FVTPL")

A financial asset which is not classified in any of the above categories are measured at FVTPL.

iv) Investments in Mutual Funds

All investments in Mutual Funds are measured at fair value, with value changes recognised in Statement of Profit and Loss ("FVTPL").

B. Financial liability

i) Initial recognition and measurement

All financial liability are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liability, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition.

ii) Subsequent measurement

Financial liabilities are carried at amortized cost using the effective interest method.

3.4 Reclassification of financial assets and liabilities

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified. The Company did not reclassify any of its financial assets or liabilities in the year ended March 31, 2020 and March 31, 2019.

3.5 Derecognition of financial assets and liabilities

A. Derecognition of financial assets due to substantial modification of terms and conditions

The Company derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. Where the substantial modification is because of financial difficulties of the borrower and the old loan was classified as credit-impaired, the new loan will initially be identified as originated credit-impaired financial asset. On satisfactory performance of the new loan, the new loan is transferred to stage I or stage II of ECL.

B. Derecognition of financial assets other than due to substantial modification

i) Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial asset expires or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. On derecognition of a financial asset in its entirety, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in the statement of profit and loss. Accordingly, gain on sale or derecognition of assigned portfolio are recorded upfront in the statement of profit and loss as per Ind AS 109. Also, the Company recognises servicing income as a percentage of interest spread over tenure of loan in cases where it retains the obligation to service the transferred financial asset. As per the guidelines of RBI, the company is required to retain certain portion of the loan assigned to parties in its books as Minimum Retention Requirement ("MRR"). Therefore, it continues to recognise the portion retained by it as MRR.

ii) Financial liability

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in the statement of profit and loss.

3.6 Impairment of financial assets

A. Overview of ECL principles

In accordance with Ind AS 109, the Company uses ECL model, for evaluating impairment of financial assets other than those measured at FVTPL. Expected credit losses are measured through a loss allowance at an amount equal to:

- i) The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument) Both LTECLs and 12 months ECLs are calculated on collective basis.

Based on the above, the Company categorises its loans into Stage 1, Stage 2 and Stage 3, as described below:

Stage 1: When loans are first recognised, the Company recognises an allowance based on 12 months ECL. Stage 1 loans includes those loans where there is no significant credit risk observed and also includes facilities where the credit risk has been improved and the loan has been reclassified from stage 2 or stage 3.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the life time ECL. Stage 2 loans also includes facilities where the credit risk has improved and the loan has been reclassified from stage 3.

Stage 3: Loans considered credit impaired are the loans which are past due for more than 90 days. The Company records an allowance for life time ECL.

Loan commitments: When estimating LTECLs for undrawn loan commitments, the Company estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down.

B. Calculation of ECLs

The mechanics of ECL calculations are outlined below and the key elements are, as follows:

PD Probability of Default ("PD") is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

EAD Exposure at Default ("EAD") is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest LGD Loss Given Default ("LGD") is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

The Company has calculated PD, EAD and LGD to determine impairment loss on the portfolio of loans and discounted at an approximation to the EIR. At every reporting date, the above calculated PDs, EAD and LGDs are reviewed and changes in the forward-looking estimates are analysed.

The mechanics of the ECL method are summarised below:

Stage 1: The 12 months ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12 months ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-months default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument.

The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3: For loans considered credit-impaired, the Company recognises the lifetime expected credit losses for these loans. The method is similar to that for stage 2 assets, with the PD set at 100%.

C. Loans and advances measured at FVOCI

The ECLs for loans and advances measured at FVOCI do not reduce the carrying amount of these financial assets in the balance sheet, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the assets.

D. Forward looking information

In its ECL models, the Company relies on a broad range of forward looking macro parameters and estimated the impact on the default at a given point of time.

- i) Gross fixed investment (% of GDP)
- ii) Lending interest rates
- iii) Deposit interest rates

3.6 Write-offs

Financial assets are written off when the Company has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to impairment on financial instruments in the statement of profit and loss.

3.7 Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company has taken into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- **Level 1 financial instruments:** Those where

the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date;

- **Level 2 financial instruments:** Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads; and

- **Level 3 financial instruments:** Those that include one or more unobservable input that is significant to the measurement as whole.

3.8 (I) Recognition of other income

Revenue (other than for those items to which Ind AS 109 - Financial Instruments are applicable) is measured at fair value of the consideration received or receivable. Ind AS 115 - Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found within Ind ASs. The Company recognises revenue from contracts with customers based on a five step model as set out in Ind AS 115 :

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the

performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation

A. Dividend income

Dividend income (including from FVOCI investments) is recognised when the Company's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably. This is generally when the shareholders approve the dividend.

B. Income from assignment transactions

Income from assignment transactions i.e. present value of excess interest spread is recognised when the related loan assets are de-recognised. Interest income is also recognised on carrying value of assets over the remaining period of such assets.

C. Other interest income

Other interest income is recognised on a time proportionate basis.

D. Other Charges in Respect of Loans

Income in case of late payment charges are recognized when there is no significant uncertainty of regarding its recovery.

3.8 (II) Recognition of other expense

A. Borrowing costs

Borrowing costs are the interest and other costs that the Company incurs in connection with the borrowing of funds. Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets.

A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

All other borrowing costs are charged to the statement of profit and loss for the period for which they are incurred.

3.9 Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

3.10 Property, plant and equipment

Property, plant and equipment ("PPE") are carried at cost, less accumulated depreciation and impairment losses, if any. The cost of PPE comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use and other incidental expenses. Subsequent expenditure on PPE after its purchase is capitalized only if it is probable that the future economic benefits will flow to the enterprise and the cost of the item can be measured reliably. Depreciation is calculated using the straight-line method to write down the cost of property and equipment to their residual values over their estimated useful lives which are in line with as specified under schedule II of the Act. Land is not depreciated. The estimated useful lives are, as follows:

- i) Buildings - 60 years
- ii) Vehicles - 8 years
- iii) Office equipment - 3 to 10 years
- iv) Furniture and fixtures - 10 years

Depreciation is provided on a pro-rata basis from the date on which such asset is ready for its intended use. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. PPE is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / expense in the statement of profit and loss in the year the asset is derecognised.

3.11 Intangible assets

The Company's intangible assets include the value of software. An intangible asset is recognised

only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Company.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives (three years) using the straight-line method, and is included in depreciation and amortisation in the statement of profit and loss.

3.12 Impairment of non-financial assets - property, plant and equipments and intangible assets

The carrying values of assets / cash generating units at the each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and if the carrying amount of these assets exceeds their recoverable amount, impairment loss is recognised in the statement of profit and loss as an expense, for such excess amount. The recoverable amount is the greater of the net selling price and value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the statement of profit and loss.

3.13 Corporate guarantees

Corporate guarantees are initially recognised in the standalone financial statements (within "other non-financial liabilities") at fair value, being the notional commission. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

Any increase in the liability relating to financial guarantees is recorded in the statement of profit and loss. The notional commission is recognised in the statement of profit and loss under the head fees and commission income on a straight line basis over the life of the guarantee.

3.14 Retirement and other employee benefits Defined contribution plans

The Company's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

Defined benefit plans

The Company pays gratuity to the employees whoever has completed five years of service with the Company at the time of resignation / retirement. The gratuity is paid @15 days salary for every completed year of service as per the Payment of Gratuity Act, 1972.

The gratuity liability amount is contributed by the Company to the Life insurance corporation of India who administers the fund of the Company.

The liability in respect of gratuity and other post-employment benefits is calculated using the Projected Unit Credit Method and spread over the period during which the benefit is expected to be derived from employees' services. As per Ind AS 19, the service cost and the net interest cost are charged to the statement of profit and loss. Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI.

Short-term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages etc. and the expected cost of ex-gratia are recognised in the period in which the employee renders the related service. A liability is recognised for the amount expected to be paid when there is a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. The cost of short-term compensated absences is accounted as under:

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

- (b) in case of non-accumulating compensated absences, when the absences occur.

3.15 Provisions, contingent liabilities and contingent assets

A. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the Company determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

B. Contingent liability

A possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or; present obligation that arises from past events where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability are disclosed as contingent liability and not provided for.

C. Contingent asset

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are neither recognised nor disclosed except when realisation of income is virtually certain, related asset is disclosed.

3.16 Taxes

A. Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. Current tax is the amount of tax payable on the taxable income for the period as determined in accordance with the applicable

tax rates and the provisions of the Income Tax Act, 1961.

B. Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the standalone financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of deferred tax liabilities and assets are reviewed at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity).

Deferred tax items are recognised in correlation to the underlying transaction either in OCI or equity.

Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off.

C. Goods and services tax paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the goods and services tax paid, except when the tax incurred on a purchase of assets or availing of services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

3.17 Earnings per share

Basic earnings per share ("EPS") is computed by dividing the profit after tax (i.e. profit attributable to ordinary equity holders) by the weighted average number of equity shares outstanding during the year.

Diluted EPS is computed by dividing the profit

after tax (i.e. profit attributable to ordinary equity holders) as adjusted for after-tax amount of dividends and interest recognised in the period in respect of the dilutive potential ordinary shares and is adjusted for any other changes in income or expense that would result from the conversion of the dilutive potential ordinary shares, by the weighted average number of equity shares considered for deriving basic earnings per share as increased by the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits, right issue and bonus shares, as appropriate.

3.18 Dividends on ordinary shares

The Company recognises a liability to make cash or non-cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the Act, final dividend is authorised when it is approved by the shareholders and interim dividend is authorised when the it is approved by the Board of Directors of the Company. A corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of profit and loss.

4 Standards Issued But Not Yet Effective

Till the date of approval of these financial statements, no amendments to Ind AS that would be effective in future periods have been notified.

Notes Forming part of Consolidated Financial Statements

for year ended March 31, 2020

(₹ in lakhs)

1	Cash and Bank Balance	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
A	Cash and cash equivalents			
	Cash on hand	76.17	106.83	118.78
	Balance with banks	5,765.92	725.19	578.95
	Deposits with original maturity less than 3 months	-	3,000.00	100.28
	Total	5,842.09	3,832.02	798.01

(₹ in lakhs)

2	Other Bank Balance	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
	In fixed deposit accounts:			
	Deposits given as security against borrowings and other commitments	3,867.30	3,020.94	2,125.88
	Earmarked balances with banks	7.37	18.87	19.99
	Less: Interest Accrued but not due on Bank Deposits (Refer Note 5)	(33.06)	(17.88)	(7.98)
	Total	3,841.61	3,021.93	2,137.89

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

2.2 Earmarked balance with banks represents ₹7.37 lakhs (As at 31 March 2019 ₹18.87 lakhs , As at 1 April 2018 ₹19.99 lakhs) in Unpaid Dividend Account.

(₹ in lakhs)

3	Loans	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
	At FVOCI:			
	Secured by Tangible Asset	9,141.79	9,915.64	8,407.78
	Unsecured Loans	68,827.02	57,206.82	32,938.88
	Total Loans	77,968.81	67,122.46	41,346.66
	Less: Interest Due but not Received on Loans and Advances (Note No.5)	(119.49)	(77.64)	(85.43)
		77,849.32	67,044.82	41,261.23
	(1) Loans In India	77,849.32	67,044.82	41,261.23
	(2) Loans Outside India	-	-	-
	Total	77,849.32	67,044.82	41,261.23

Notes Forming part of Consolidated Financial Statements

for year ended March 31, 2020

3.1 An analysis of changes in the gross carrying amount and the corresponding ECL Allowances: (₹ in lakhs)

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at April 1, 2018	40,849.26	483.68	709.55	42,042.49
New Assets originated*	60,709.58	384.79	199.88	61,294.25
Net transfer between stages				
Transfer from stage 1	(649.86)	196.82	453.04	-
Transfer from stage 2	19.80	(185.57)	165.77	-
Transfer from stage 3	3.80	2.36	(6.16)	-
Assets derecognised or collected	34,230.54	411.07	176.49	34,818.10
Write - offs	-	-	673.54	673.54
Gross carrying amount as at March 31, 2019	66,702.04	471.01	672.05	67,845.10
New Assets originated*	69,223.29	504.67	297.15	70,025.11
Net transfer between stages				
Transfer from stage 1	(1,627.27)	607.87	1,019.40	-
Transfer from stage 2	16.65	(250.16)	233.51	-
Transfer from stage 3	2.89	3.61	(6.50)	-
Assets derecognised or collected	56,488.27	268.30	406.82	57,163.39
Write - offs	-	-	906.55	906.55
Gross carrying amount as at March 31, 2020	77,829.33	1,068.70	902.24	79,800.27

*Note: New assets originated are those assets which have either remained in stage 1 or have become stage 2 or 3 at the year end.

3.2 Reconciliation of ECL balance is given below: (₹ in lakhs)

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL Allowances As at April 01, 2018	223.27	91.69	466.30	781.26
Addition During the Year	301.10	80.13	310.19	691.42
Reversal During the Year	(180.55)	(86.79)	(405.06)	(672.40)
ECL Allowances As at March 31, 2019	343.82	85.03	371.43	800.28
Addition During the Year	757.02	383.11	603.90	1,744.03
Reversal During the Year	(281.56)	(68.36)	(243.44)	(593.36)
ECL Allowances As at March 31, 2020	819.28	399.78	731.89	1,950.95

Note: Increase in ECLs of the portfolio was driven by an increase in the gross size of the portfolio and movements between stages as a result of increases in credit risk.

3.3 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.

3.4 Refer Note 36 for Loans to company in which directors are interested.

Notes Forming part of Consolidated Financial Statements

for year ended March 31, 2020

(₹ in lakhs)

4 Investments (At Fair Value Through Profit & Loss)	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
In Mutual Funds			
Nil (As at 31.03.19 - 4,00,000 Unit) (As at 01.04.18 - 4,00,000 Units) of SBI debt fund series - B- 34 (1131 Days) - Regular Growth	-	49.98	46.52
Nil (As at 31.03.19 - 5,00,975 Unit) (As at 01.04.19 - 5,00,975 Units) of SBI debt fund series B-36 (1131 Days)	-	62.21	58.11
9,27,603.39 Units (As at 31.3.19 - 6,24,507 Unit) (As at 01.04.18 - 6,24,507 Units) of SBI Credit Risk Fund -Regular -Growth	294.10	186.53	174.44
3,00,000 Units (As at 31.3.19 - 3,00,000 Unit) (As at 01.04.18 - 3,00,000 Units) of SBI Dual Advantage Fund - Series XXII -Regular -Growth	31.80	32.92	31.52
Total	325.90	331.64	310.59
(1) Investments In India	325.90	331.64	310.59
(2) Investments Outside India	-	-	-
Total	325.90	331.64	310.59

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

(₹ in lakhs)

5 Other Financial Assets	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Interest Due but not Received on Loans and Advances (Note No.3)	119.49	77.64	85.43
Interest Accrued but not due on Bank Deposits (Note No.2)	33.06	17.88	7.98
Deposits	444.94	343.47	388.75
Other Advances	150.97	12.90	12.42
Total	748.46	451.89	494.58

5.1 Note : Deposits include security deposits of ₹418.81 lakhs (As at 31-03-2019, ₹316.87 lakhs, As at 01-04-2018, ₹377.06 lakhs) given as collateral security against term loans and working capital loans.

(₹ in lakhs)

6 Current Tax (Net)	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Advance Tax and TDS	2,662.50	1,601.16	1,492.29
Less: Provision for Tax	(2,612.20)	(1,894.71)	(1,544.61)
Total	50.30	(293.55)	(52.32)

Notes Forming part of Consolidated Financial Statements

for year ended March 31, 2020

(₹ in lakhs)

7	Deferred Tax	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
A	Deferred Tax Assets on Account of:			
	Provision for employee benefits that are allowable for tax purpose in the year of payment	20.13	13.65	7.35
	Financial assets measured at amortised cost	144.52	159.02	113.86
	Shares issue expenses that are allowable for tax purpose on deferred basis	2.69	1.20	1.87
	Fair valuation of Derivative Contract measured Through Profit & Loss Account	43.24	-	-
	Fair valuation of financial instruments through Other Comprehensive Income	-	20.05	-
	Impairment on Financial Assets	491.01	233.04	217.34
	Total Deferred Tax Assets	701.59	426.96	340.42
B	Deferred Tax Liability on Account of:			
	Difference in written down value as per Companies Act and Income Tax Act	(13.90)	(14.88)	(16.70)
	Financial liabilities measured at amortised cost	(156.73)	(89.14)	(53.19)
	Income Taxable on Realised Basis	(33.99)	-	-
	Fair valuation of Investment in Mutual Fund	(14.05)	(17.90)	(11.25)
	Financial liabilities in Respect of Compulsorily Convertible Debenture measured at amortised cost	-	(112.73)	-
	Fair valuation of financial instruments through Other Comprehensive Income	(4.24)	-	(6.21)
	Total Deferred Tax Liabilities	(222.91)	(234.65)	(87.35)
	Total Asset/(Liability) (Net)	478.68	192.31	253.07

7.1 The following table shows deferred tax recorded in the balance sheet and changes recorded in the income tax expense:

(₹ in lakhs)

Particulars	As at April 1, 2019	(Charged)/ credited to Other Equity	(Charged)/ credited to statement of profit and loss	(Charged)/ credited to other comprehensive income	As at March 31, 2020
Assets					
Provision for employee benefits that are allowable for tax purpose in the year of payment	13.65	-	3.54	2.94	20.13
Financial assets measured at amortised cost	159.02	-	(14.50)	-	144.52
Shares issue expenses that are allowable for tax purpose on deferred basis	1.20	-	1.50	-	2.70
Fair valuation of Derivative Contract measured Through Profit & Loss Account	-	-	43.24	-	43.24
Fair valuation of financial instruments through Other Comprehensive Income	20.05	-	-	(20.05)	-
Impairment on Financial Assets	233.04	-	257.97	-	491.01

Notes Forming part of Consolidated Financial Statements

for year ended March 31, 2020

(₹ in lakhs)

Particulars	As at April 1, 2019	(Charged)/ credited to Other Equity	(Charged)/ credited to statement of profit and loss	(Charged)/ credited to other comprehensive income	As at March 31, 2020
Liabilities					
Difference in written down value as per Companies Act and Income Tax Act	(14.88)	-	0.99	-	(13.89)
Financial liabilities measured at amortised cost	(89.14)	-	(67.59)	-	(156.73)
Income Taxable on Realised Basis	-	-	(33.99)	-	(33.99)
Fair valuation of Investment in Mutual Fund	(17.90)	-	3.85	-	(14.05)
Financial liabilities in Respect of Compulsorily Convertible Debenture measured at amortised cost	(112.73)	112.73	-	-	-
Fair valuation of financial instruments through Other Comprehensive Income	-	-	-	(4.24)	(4.24)
Total Asset/(Liability) (Net)	192.31	112.73	195.01	(21.35)	478.70

(₹ in lakhs)

Particulars	As at April 1, 2018	(Charged)/ credited to Other Equity	(Charged)/ credited to statement of profit and loss	(Charged)/ credited to other comprehensive income	As at March 31, 2019
Assets					
Provision for employee benefits	7.35	-	4.34	1.96	13.65
Financial assets measured at amortised cost	113.86	-	45.16	-	159.02
Share Issue Expense	1.87	-	(0.67)	-	1.20
Fair valuation of financial instruments through Other Comprehensive Income	-	-	-	20.05	20.05
Impairment on Financial Assets	217.34	-	15.70	-	233.04
Liabilities					
Difference in written down value as per Companies Act and Income Tax Act	(16.70)	-	1.82	-	(14.88)
Financial liabilities measured at amortised cost	(53.19)	-	(35.95)	-	(89.14)
Financial liabilities in Respect of Compulsorily Convertible Debenture measured at amortised cost	-	(112.73)	-	-	(112.73)
Fair valuation of Investment in Mutual Fund	(11.25)	-	(6.65)	-	(17.90)
Fair valuation of financial instruments through Other Comprehensive Income	(6.21)	-	-	6.21	-
Total Asset/(Liability) (Net)	253.07	(112.73)	23.75	28.22	192.31

Notes Forming part of Consolidated Financial Statements

for year ended March 31, 2020

8. Property, Plant & Equipment										(₹ in lakhs)
Carrying Value	Furniture & Fixtures	Buildings	Office Equipments	Computers	Vehicles	Total Property, Plant & Equipment	Intangible Assets	Total Assets	Right of Use Assets	
At 01.04.2018	95.51	115.20	28.73	81.65	73.84	394.93	33.60	428.53	-	
Addition	27.07	78.40	4.43	31.53	24.20	165.63	11.12	176.75	-	
Disposal	-	63.14	-	-	0.28	63.42	-	63.42	-	
Other Adjustment	-	-	-	-	-	-	-	-	-	
At 31.03.2019	122.58	130.46	33.16	113.18	97.76	497.14	44.72	541.86	-	
Addition	21.05	5.94	17.13	44.04	-	88.16	-	88.16	88.72	
Disposal	-	-	-	-	-	-	-	-	-	
Other Adjustment	3.39	-	-	-	-	3.39	-	3.39	-	
At 31.03.2020	140.24	136.40	50.29	157.22	97.76	581.91	44.72	626.63	88.72	
Accumulated Depreciation	Furniture & Fixtures	Buildings	Office Equipment	Computer	Vehicles	Total Property, Plant & Equipment	Intangible Assets	Total Assets	Right of Use Assets	
At 01.04.2018	35.52	19.30	14.58	52.45	13.95	135.80	11.22	147.02	-	
Change for the year	8.36	1.69	1.54	19.69	9.54	40.82	7.62	48.44	-	
Disposal	-	4.45	-	-	0.04	4.49	-	4.49	-	
At 31.03.2019	43.88	16.54	16.12	72.14	23.45	172.13	18.84	190.97	-	
Change for the year	11.28	2.16	7.25	24.16	12.10	56.95	8.19	65.14	14.79	
Disposal	-	-	-	-	-	-	-	-	-	
Other Adjustment	0.08	-	-	-	-	0.08	-	0.08	-	
At 31.03.2020	55.08	18.70	23.37	96.30	35.55	229.00	27.03	256.03	14.79	
Net Carrying Value										
AS AT 01.04.2018	59.99	95.90	14.15	29.20	59.89	259.13	22.38	281.51	-	
AS AT 31.03.2019	78.70	113.92	17.04	41.04	74.31	325.01	25.88	350.89	-	
AS AT 31.03.2020	85.16	117.70	26.92	60.92	62.21	352.91	17.69	370.60	73.93	
8.1 Deemed Cost of Property, Plant & Equipment - reconciliation of gross block and net carrying amount										
Carrying Value	Furniture & Fixtures	Buildings	Office Equipments	Computers	Vehicles	Total Property, Plant & Equipment	Intangible Assets	Total Assets		
Gross Block as at April 1, 2018	95.51	115.20	28.73	81.65	73.84	394.93	33.60	428.53		
Accumulated Depreciation as at April 1, 2018	35.52	19.30	14.58	52.45	13.95	135.80	11.22	147.02		
Net Carrying amount as at April 1, 2018	59.99	95.90	14.15	29.20	59.89	259.13	22.38	281.51		

Notes Forming part of Consolidated Financial Statements

for year ended March 31, 2020

(₹ in lakhs)

9 Other Non - Financial Assets	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Prepaid Expenses	15.33	21.31	2.69
Balance with Government Authorities	9.79	4.90	9.36
Advances to staff	10.38	32.91	22.04
Total	35.50	59.12	34.09

(₹ in lakhs)

10 Other Payables	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Total outstanding dues of micro enterprises and small enterprises	-	-	-
Total outstanding dues of other than micro enterprises and small enterprises	78.00	96.91	26.57
Total	78.00	96.91	26.57

(₹ in lakhs)

11 Debt Securities (At Amortised Cost)	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Secured Debenture (Refer 11.2)			
14.00% Secured, Redeemable, Non Convertible Debenture of ₹10 Lakh Each (C.Y. Nil Unit, P.Y. 333 Unit, as at 01.04.2018: 333 Units)	-	3,330.00	3,330.00
12.60% Secured, Redeemable, Non Convertible Debenture of ₹10 Lakh Each (C.Y. 275 Unit, P.Y. 275 Unit, as at 01.04.2018: Nil Units)	2,750.00	2,750.00	-
13.10% Secured, Redeemable, Non Convertible Debenture of ₹1 Lakh Each (C.Y. 4150 Unit, P.Y. Nil, as at 01.04.2018: Nil)	4,150.00	-	-
13.15% Secured, Redeemable, Non Convertible Debenture of ₹10 Lakh Each (C.Y. 378 Unit, P.Y. Nil, as at 01.04.2018: Nil)	3,780.00	-	-
Liability Component of Compound Financial Instrument - Unsecured, Compulsorily Convertible Debenture	-	656.28	-
Less: Unamortised borrowing costs	(109.02)	(50.01)	(27.74)
Total	10,570.98	6,686.27	3,302.26
i) Debt Securities in India	-	-	-
ii) Debt Securities Outside India	10,570.98	6,686.27	3,302.26
Total	10,570.98	6,686.27	3,302.26

11.1 In respect of Liability Component of Compound Financial Instrument - Compulsorily Convertible Debentures Refer Note 17.5.

11.2 Details of terms of Redemption/ Repayment and security provided in respect of Debt Securities (Refer Note 13.1)

(₹ in lakhs)

12 Borrowings (at Amortized Cost)	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Term Loans			
Secured			
From Banks	32,523.85	23,812.87	19,292.54
From Financial Institutions	23,351.60	25,443.18	10,374.87
Loans repayable on demand from banks - cash credit	2,343.90	4,016.90	4,528.88
Loans from Related Parties			
From Directors and their relatives	-	-	518.67
Less: Unamortised borrowing costs	(513.72)	(256.09)	(163.44)
Total	57,705.63	53,016.86	34,551.52
i) Borrowings in India	53,628.15	53,016.86	34,551.52
ii) Borrowings Outside India	4,077.48	-	-
Total	57,705.63	53,016.86	34,551.52

Notes Forming part of Consolidated Financial Statements

for year ended March 31, 2020

Security:

12.1 Note: Term Loans & Working Capital Loans are secured under hypothecation of exclusive first charge on specific assets portfolio & personal guarantee of some of the directors. The same are further secured by cash collateral security in the form of fixed deposit which are shown under "Other Bank Balance".

12.2 Interest:

Term loan carries an interest rate ranging from 6.43% to 15.00% p.a.

12.3 The Company has not defaulted in repayment of borrowings and interest.

12.4 Details of terms of Repayment and security provided in respect of borrowings (Refer Note 13.1)

(₹ in lakhs)

13 Subordinated Liabilities	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Unsecured			
15%, Unsecured Subordinated Term Loan in India	1,500.00	1,500.00	1,500.00
Unsecured Subordinated Debt outside India	-	-	-
Total	1,500.00	1,500.00	1,500.00

13.1. Details of terms of Redemption/ Repayment and security provided in respect of Debt Securities, Borrowings and Subordinated Liabilities:

(All amounts in lakhs, unless otherwise stated)

Particular	31-Mar-20	31-Mar-19	01-Apr-18	Terms of Redemption / Repayment	Security
Debt Securities					
16,66,667, 10% Unsecured, Compulsory Convertible Debentures of ₹300 each	-	5,000.00	-	Convertible into Ordinary Equity Share at the end of the tenor of 18 months From 12-April-2018	Unsecured
333, 14.00% Secured, Redeemable, Non Convertible Debenture of ₹10 Lakh Each	-	3,330.00	3,330.00	Repayable in 2 Half Yearly installments Stating From from 13 September 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
275, 12.60% Secured, Redeemable, Non Convertible Debenture of ₹10 Lakh Each	2,750.00	2,750.00	-	Bullet Payment at the end of the tenor of 42 Months from 19-September-2018	Secured Under Hypothecation of Specific Assets Portfolio
4150, 13.10% Secured, Redeemable, Non Convertible Debenture of ₹1 Lakh Each	4,150.00	-	-	Bullet Payment at the end of 24 Months From 21 May 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
378, 13.15% Secured, Redeemable, Non Convertible Debenture of ₹10 Lakh Each	3,780.00	-	-	Bullet Payment at the end of the tenor of 60 Months From 03-March-2020	Secured Under Hypothecation of Specific Assets Portfolio
Total Debt Securities	10,680.00	11,080.00	3,330.00		
Borrowings (other Than Debt Securities)					
Term Loan From Bank - 1	4.23	8.95	13.30	Repayable in 36 monthly installments Stating From from 05 February 2017	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.

Notes Forming part of Consolidated Financial Statements

for year ended March 31, 2020

(All amounts in lakhs, unless otherwise stated)

Particular	31-Mar-20	31-Mar-19	01-Apr-18	Terms of Redemption / Repayment	Security
Term Loan From Bank - 2	-	562.50	1,312.50	Repayable in 24 monthly installments Stating From from 31 January 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Bank - 3	125.00	291.67	458.33	Repayable in 36 monthly installments Stating From from 27 January 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Bank - 4	555.56	888.89	-	Repayable in 36 monthly installments Stating From from 15 December 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Bank - 5	233.60	1,262.11	-	Repayable in 17 monthly installments Stating From from 17 April 2019	Secured by a first and exclusive charge on specific receivables of the company sold out to the SPV
Term Loan From Bank - 6	805.56	-	-	Repayable in 36 monthly installments Stating From from 18 September 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Bank - 7	-	491.37	998.39	Repayable in 24 Months quarterly installments Stating From from 18 June 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Bank - 8	333.33	833.33	-	Repayable in 24 Months Monthly installments Stating From from 15 December 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Bank - 9	216.39	385.76	-	Repayable in 36 Months Monthly installments Stating From from 06 August 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Bank - 10	1,875.00	2,500.00	2,500.00	Repayable in 36 Months quarterly installments Stating From from 16 April 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Bank - 11	1,500.00	2,500.00	3,500.00	Repayable in 36 Months quarterly installments Stating From from 30 April 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Bank - 12	-	225.00	525.00	Repayable in 24 Months Monthly installments Stating From from 29 September 2016	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Bank - 13	238.64	647.73	-	Repayable in 24 Months Monthly installments Stating From from 30 March 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Bank - 14	-	250.02	500.00	Repayable in 27 Months Monthly installments Stating From from 01 April 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.

Notes Forming part of Consolidated Financial Statements

for year ended March 31, 2020

(All amounts in lakhs, unless otherwise stated)

Particular	31-Mar-20	31-Mar-19	01-Apr-18	Terms of Redemption / Repayment	Security
Term Loan From Bank - 15	-	116.67	350.00	Repayable in 36 Months quarterly installments Stating From from 12 November 2016	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Bank - 16	90.91	272.73	454.55	Repayable in 36 Months quarterly installments Stating From from 27 March 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Bank - 17	95.24	200.00	-	Repayable in 24 Months Monthly installments Stating From from 29 May 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Bank - 18	-	60.73	397.04	Repayable in 18 Months Monthly installments Stating From from 22 December 2017	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Bank - 19	-	555.00	1,311.00	Repayable in 27 Months Monthly installments Stating From from 31 January 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Bank - 20	-	570.00	1,822.00	Repayable in 30 Months Monthly installments Stating From from 31 March 2017	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Bank - 21	1,166.10	3,648.00	2,500.00	Repayable in 30 Months Monthly installments Stating From from 31 August 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Bank - 22	121.26	454.55	818.18	Repayable in 36 Months Monthly installments Stating From from 31 March 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Bank - 23	642.30	969.70	-	Repayable in 36 Months Monthly installments Stating From from 30 April 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Bank - 24	81.03	248.00	416.00	Repayable in 30 Months quarterly installments Stating From from 30 December 2017	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Bank - 25	14.13	20.00	-	Repayable in 36 Months Monthly installments Stating From from 15 April 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Bank - 26	505.23	1,000.00	-	Repayable in 24 Months Monthly installments Stating From from 14 April 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Bank - 27	-	-	206.97	Repayable in 24 Months Monthly installments Stating From from 15 September 2016	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Bank - 28	-	-	81.97	Repayable in 22 Months Monthly installments Stating From from 29 September 2016	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.

Notes Forming part of Consolidated Financial Statements

for year ended March 31, 2020

(All amounts in lakhs, unless otherwise stated)

Particular	31-Mar-20	31-Mar-19	01-Apr-18	Terms of Redemption / Repayment	Security
Term Loan From Bank - 29	-	-	688.42	Repayable in 18 Months Monthly installments Stating From from 27 October 2017	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Bank - 30	-	-	166.67	Repayable in 18 Months Monthly installments Stating From from 31 January 2017	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Bank - 31	-	-	222.22	Repayable in 18 Months Monthly installments Stating From from 28 February 2017	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Bank - 32	-	-	25.00	Repayable in 12 Quarterly installments Stating From from 28 December 2015	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Bank - 33	-	-	25.00	Repayable in 12 Quarterly installments Stating From from 28 December 2015	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Bank - 34	290.16	1,974.70	-	Repayable in 14 Months Monthly installments Stating From from 27 May 2019	Secured by a first and exclusive charge on receivables Assigned to the Bank of the company
Term Loan From Bank - 35	137.81	1,146.08	-	Repayable in 14 Months Monthly installments Stating From from 14 April 2019	Secured by a first and exclusive charge on receivables Assigned to the Bank of the company
Term Loan From Bank - 36	92.96	1,334.68	-	Repayable in 14 Months Monthly installments Stating From from 27 April 2019	Secured by a first and exclusive charge on receivables Assigned to the Bank of the company
Term Loan From Bank - 37	-	1,283.59	-	Repayable in 14 Months Monthly installments Stating From from 17 February 2019	Secured by a first and exclusive charge on receivables Assigned to the Bank of the company
Term Loan From Bank - 38	937.50	-	-	Repayable in 24 Months Monthly installments Stating From from 29 July 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Bank - 39	951.97	-	-	Repayable in 36 Months Monthly installments Stating From from 02 February 2020	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Bank - 40	818.18	-	-	Repayable in 24 Months Monthly installments Stating From from 30 December 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Bank - 41	526.00	-	-	Repayable in 24 Months Monthly installments Stating From from 30 October 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Bank - 42	775.49	-	-	Repayable in 24 Months Monthly installments Stating From from 26 October 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.

Notes Forming part of Consolidated Financial Statements

for year ended March 31, 2020

(All amounts in lakhs, unless otherwise stated)

Particular	31-Mar-20	31-Mar-19	01-Apr-18	Terms of Redemption / Repayment	Security
Term Loan From Bank - 43	1,909.09	-	-	Repayable in 22 Months Monthly installments Stating From from 10 March 2020	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Bank - 44	4,130.00	-	-	Bullet Payment at the end of the tenor	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Bank - 45	2,500.00	-	-	Repayable in 24 Months Monthly installments Stating From from 10 June 2020	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Bank - 46	504.89	-	-	Repayable in 24 Months Monthly installments Stating From from 30 April 2020	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Bank - 47	1,514.67	-	-	Repayable in 24 Months Monthly installments Stating From from 31 May 2020	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Bank - 48	5,045.38	-	-	Repayable in 27 Months Monthly installments Stating From from 31 May 2020	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Bank - 49	500.00	-	-	Repayable in 36 Months Monthly installments Stating From from 31 May 2020	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Bank - 50	966.92	-	-	Repayable in 14 Months Monthly installments Stating From from 17 October 2019	Secured by a first and exclusive charge on receivables Assigned to the Bank of the company
Term Loan From Bank - 51	1,662.27	-	-	Repayable in 13 Months Monthly installments Stating From from 12 October 2019	Secured by a first and exclusive charge on receivables Assigned to the Bank of the company
Term Loan From Bank - 52	657.06	-	-	Repayable in 13 Months Monthly installments Stating From from 28 November 2019	Secured by a first and exclusive charge on receivables Assigned to the Bank of the company
Total Term Loan From Bank	32,523.85	24,701.76	19,292.54		
Term Loan From Financial Institution - 1	-	79.97	203.35	Repayable in 24 monthly installments Stating From from 25 November 2017	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 2	709.50	1,000.00	-	Repayable in 36 monthly installments Stating From from 30 April 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 3	83.33	416.67	750.00	Repayable in 36 monthly installments Stating From from 29 July 2017	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.

Notes Forming part of Consolidated Financial Statements

for year ended March 31, 2020

(All amounts in lakhs, unless otherwise stated)

Particular	31-Mar-20	31-Mar-19	01-Apr-18	Terms of Redemption / Repayment	Security
Term Loan From Financial Institution - 4	125.00	291.67	458.33	Repayable in 36 monthly installments Stating From from 25 January 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 5	666.67	1,000.00	-	Repayable in 12 Quarterly installments Stating From from 31 May 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 6	522.67	834.12	-	Repayable in 36 monthly installments Stating From from 03 September 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 7	551.91	860.65	-	Repayable in 36 monthly installments Stating From from 02 October 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 8	-	192.96	542.53	Repayable in 24 monthly installments Stating From from 10 October 2017	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 9	-	109.07	255.57	Repayable in 24 monthly installments Stating From from 15 December 2017	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 10	75.00	375.00	675.00	Repayable in 30 monthly installments Stating From from 15 January 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 11	286.20	500.00	-	Repayable in 24 monthly installments Stating From from 01 May 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 12	141.95	200.00	-	Repayable in 36 monthly installments Stating From from 15 April 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 13	1,393.75	-	-	Repayable in 36 monthly installments Stating From from 31 January 2020	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 14	887.56	-	-	Repayable in 36 monthly installments Stating From from 31 January 2020	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 15	208.33	-	-	Repayable in 36 monthly installments Stating From from 25 October 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.

Notes Forming part of Consolidated Financial Statements

for year ended March 31, 2020

(All amounts in lakhs, unless otherwise stated)

Particular	31-Mar-20	31-Mar-19	01-Apr-18	Terms of Redemption / Repayment	Security
Term Loan From Financial Institution - 16	208.33	-	-	Repayable in 36 monthly installments Stating From from 25 October 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 17	208.33	-	-	Repayable in 36 monthly installments Stating From from 25 October 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 18	208.33	-	-	Repayable in 36 monthly installments Stating From from 25 October 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 19	-	159.90	406.52	Repayable in 24 Months Monthly installments Stating From from 25 November 2017	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 20	-	2.49	16.86	Repayable in 60 Months Monthly installments Stating From from 01 June 2016	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 21	1,514.09	2,269.76	-	Repayable in 36 Months Monthly installments Stating From from 27 December 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 22	243.34	477.74	683.78	Repayable in 36 Months Monthly installments Stating From from 22 March 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 23	500.00	999.82	1,499.73	Repayable in 36 Months Monthly installments Stating From from 27 June 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 24	1,333.36	999.89	-	Repayable in 36 Months Monthly installments Stating From from 29 June 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 25	710.28	1,000.00	-	Repayable in 36 Months Monthly installments Stating From from 30 April 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 26	166.67	355.45	-	Repayable in 36 Months Monthly installments Stating From from 25 December 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 27	166.67	355.45	-	Repayable in 36 Months Monthly installments Stating From from 25 December 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 28	222.22	355.45	-	Repayable in 36 Months Monthly installments Stating From from 25 December 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.

Notes Forming part of Consolidated Financial Statements

for year ended March 31, 2020

(All amounts in lakhs, unless otherwise stated)

Particular	31-Mar-20	31-Mar-19	01-Apr-18	Terms of Redemption / Repayment	Security
Term Loan From Financial Institution - 29	277.78	694.25	1,117.20	Repayable in 36 Months Monthly installments Stating From from 25 December 2017	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 30	277.78	694.25	1,117.20	Repayable in 36 Months Monthly installments Stating From from 25 December 2017	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 31	175.00	408.22	641.50	Repayable in 36 Months Monthly installments Stating From from 25 January 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 32	200.00	466.54	733.14	Repayable in 36 Months Monthly installments Stating From from 25 January 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 33	166.67	333.24	499.62	Repayable in 36 Months Monthly installments Stating From from 25 April 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 34	166.67	333.24	499.62	Repayable in 36 Months Monthly installments Stating From from 25 April 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 35	166.67	355.45	-	Repayable in 36 Months Monthly installments Stating From from 25 December 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 36	166.67	355.45	-	Repayable in 36 Months Monthly installments Stating From from 25 December 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 37	1,925.00	2,975.00	-	Repayable in 60 Months Half Yearly installments Stating From from 31 January 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 38	785.91	1,251.84	-	Repayable in 36 Months Monthly installments Stating From from 27 September 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 39	121.52	181.60	-	Repayable in 36 Months Monthly installments Stating From from 27 December 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 40	214.25	300.00	-	Repayable in 36 Months Monthly installments Stating From from 29 April 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 41	174.83	266.49	-	Repayable in 36 Months Monthly installments Stating From from 27 November 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 42	182.36	272.58	-	Repayable in 36 Months Monthly installments Stating From from 27 December 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.

Notes Forming part of Consolidated Financial Statements

for year ended March 31, 2020

(All amounts in lakhs, unless otherwise stated)

Particular	31-Mar-20	31-Mar-19	01-Apr-18	Terms of Redemption / Repayment	Security
Term Loan From Financial Institution - 43	274.29	426.94	-	Repayable in 36 Months Monthly installments Stating From from 29 October 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 44	316.56	464.64	-	Repayable in 36 Months Monthly installments Stating From from 28 January 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 45	329.19	475.39	-	Repayable in 36 Months Monthly installments Stating From from 27 February 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 46	343.29	488.19	-	Repayable in 36 Months Monthly installments Stating From from 27 March 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 47	288.07	399.62	-	Repayable in 36 Months Monthly installments Stating From from 29 April 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 48	32.10	375.39	8.15	Repayable in 24 Months Monthly installments Stating From from 01 May 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 49	141.80	199.90	-	Repayable in 36 months Monthly installments Stating From from 15 April 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 50	-	-	83.33	Repayable in 36 months Monthly installments Stating From from 30 October 2015	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 51	-	-	97.22	Repayable in 36 months Monthly installments Stating From from 30 November 2015	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 52	-	-	23.97	Repayable in 24 Months Monthly installments Stating From from 01 June 2016	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 53	-	-	62.26	Repayable in 24 Months Monthly installments Stating From from 15 July 2016	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 54	563.92	-	-	Repayable in 24 Months Monthly installments Stating From from 03 November 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 55	1,136.52	-	-	Repayable in 36 Months Monthly installments Stating From from 22 August 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 56	250.00	-	-	Repayable in 36 Months Monthly installments Stating From from 25 April 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.

Notes Forming part of Consolidated Financial Statements

for year ended March 31, 2020

(All amounts in lakhs, unless otherwise stated)

Particular	31-Mar-20	31-Mar-19	01-Apr-18	Terms of Redemption / Repayment	Security
Term Loan From Financial Institution - 57	250.06	-	-	Repayable in 36 Months Monthly installments Stating From from 25 April 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 58	249.94	-	-	Repayable in 36 Months Monthly installments Stating From from 25 April 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 59	131.94	-	-	Repayable in 36 Months Monthly installments Stating From from 25 September 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 60	131.94	-	-	Repayable in 36 Months Monthly installments Stating From from 25 September 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 61	201.39	-	-	Repayable in 36 Months Monthly installments Stating From from 25 September 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 62	201.39	-	-	Repayable in 36 Months Monthly installments Stating From from 25 September 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 63	201.39	-	-	Repayable in 36 Months Monthly installments Stating From from 25 September 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 64	201.39	-	-	Repayable in 36 Months Monthly installments Stating From from 25 September 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 65	201.39	-	-	Repayable in 36 Months Monthly installments Stating From from 25 September 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 66	201.39	-	-	Repayable in 36 Months Monthly installments Stating From from 25 September 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 67	201.39	-	-	Repayable in 36 Months Monthly installments Stating From from 25 September 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 68	201.39	-	-	Repayable in 36 Months Monthly installments Stating From from 25 September 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 69	208.33	-	-	Repayable in 36 Months Monthly installments Stating From from 25 October 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 70	208.33	-	-	Repayable in 36 Months Monthly installments Stating From from 25 October 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.

Notes Forming part of Consolidated Financial Statements

for year ended March 31, 2020

(All amounts in lakhs, unless otherwise stated)

Particular	31-Mar-20	31-Mar-19	01-Apr-18	Terms of Redemption / Repayment	Security
Term Loan From Financial Institution - 71	208.33	-	-	Repayable in 36 Months Monthly installments Stating From from 25 October 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 72	208.33	-	-	Repayable in 36 Months Monthly installments Stating From from 25 October 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 73	166.67	-	-	Repayable in 36 Months Monthly installments Stating From from 25 October 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 74	166.28	-	-	Repayable in 36 Months Monthly installments Stating From from 15 September 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Total Term Loan From Financial Institution	23,351.60	24,554.29	10,374.87		
Subordinated Liabilities					
Subordinated Term Loan From Bank - 1	500.00	500.00	500.00	Single Bullet Payment at the end of 84 Months.	Unsecured
Subordinated Term Loan From Bank - 2	1,000.00	1,000.00	1,000.00	Single Bullet Payment at the end of 84 Months.	Unsecured
Total Subordinated Term Loan From Bank	1,500.00	1,500.00	1,500.00		

(₹ in lakhs)

14 Other Financial Liabilities	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Interest accrued but not due on Borrowings	433.28	209.47	83.79
Salary & wages payable	89.35	207.91	128.23
Security deposits received from Borrowers	24.97	24.79	24.85
Unpaid expenses	281.02	273.50	178.78
Unpaid dividend	20.51	18.87	19.99
Dues to the assignees towards collections from assigned receivables	527.16	-	-
Fair valuation of Derivative Contract measured Through Profit & Loss Account	171.80	-	-
Lease Liability - Right of Use Assets	78.80	-	-
Micro Insurance Payable	705.77	452.33	141.18
Total	2,332.66	1,186.87	576.82

14.1 Unpaid dividend outstanding as on 31st March 2020 is not due for transfer to investor education and protection fund by the Company.

Notes Forming part of Consolidated Financial Statements

for year ended March 31, 2020

(₹ in lakhs)

15	Provisions	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
	Provisions for employee benefits	79.98	46.88	26.42
	Total	79.98	46.88	26.42

(₹ in lakhs)

16	Other Non Financial Liabilities	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
	Other statutory dues	37.70	17.70	28.35
	TDS payable	88.98	118.25	41.12
	Total	126.68	135.95	69.47

(₹ in lakhs)

17	Equity Share Capital	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Authorized Shares				
	Equity Shares of ₹10 each (As at 31 March 2019: 1,50,00,000 1,12,50,000 Equity Shares of ₹10 each) (As at 1 April 2018: 1,12,50,000 Equity Shares of ₹10 each)	1,500.00	1,125.00	1,125.00
-	(As at 31 March 2019: 37,50,000) (As at 1 April 2018: 37,50,000) Class "A" Ordinary Equity shares of par value of ₹10/- each)	-	375.00	375.00
		1,500.00	1,500.00	1,500.00
Issued, subscribed and fully paid-up shares:				
84,50,894	Equity Shares of (As at 31 March 2019: 57,47,824 Equity Shares) (As at 1 April 2018: 57,20,179 Equity Shares) of ₹10 each fully paid up (Ordinary)	845.09	574.78	572.02
-	Equity Shares of (As at 31 March 2019: 12,04,474 Equity Shares) (As at 1 April 2018: 12,04,474 Equity Shares) of ₹10 each fully paid up (Class "A")	-	120.45	120.45
		845.09	695.23	692.47

17.1 The reconciliation of the number of shares outstanding and the amount of ordinary equity share capital as at 31st March, 2020, 31st March, 2019 & 1st April, 2018 is set out below:

Particulars	As at March 31, 2020		As at March 31, 2019		As at April 01, 2018	
	No. of Shares	(₹ In Lakhs)	No. of Shares	(₹ In Lakhs)	No. of Shares	(₹ In Lakhs)
Ordinary Equity Shares:						
Outstanding at the beginning of the year	57,47,824	574.78	57,20,179	572.02	57,20,179	572.02
Issued during the year	27,03,070	270.31	27,645	2.76	-	-
Outstanding at the end of the year	84,50,894	845.09	57,47,824	574.78	57,20,179	572.02

Notes Forming part of Consolidated Financial Statements

for year ended March 31, 2020

17.2 The reconciliation of the number of shares outstanding and the amount of Class "A" ordinary equity share capital as at 31st March, 2020; 31st March, 2019 & 1st April, 2018

Particulars	As at March 31, 2020		As at March 31, 2019		As at April 01, 2018	
	No. of Shares	(₹ In Lakhs)	No. of Shares	(₹ In Lakhs)	No. of Shares	(₹ In Lakhs)
Equity Shares						
Outstanding at the beginning of the year	12,04,474	120.45	12,04,474	120.45	12,04,474	120.45
Converted to Ordinary Equity Share	(12,04,474)	(120.45)	-	-	-	-
Issued during the year	-	-	-	-	-	-
Outstanding at the end of the year	-	-	12,04,474	120.45	12,04,474	120.45

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

Class of shares / Name of shareholder	As at March 31, 2020		As at March 31, 2019		As at April 01, 2018	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Jayendrabhai Patel	4,12,987	4.89	2,88,522	5.01	2,88,522	5.04
Ritaben Patel	4,21,139	4.98	2,96,674	5.16	2,96,674	5.18
Mukul Agrawal	4,34,262	5.14	5,75,000	10.00	5,75,000	10.05
Saif Partners India V Limited	18,90,417	22.37	-	-	-	-
Namra Holdings & Consultancy Services LLP	9,48,308	11.22	-	-	-	-

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

Class of shares / Name of shareholder	As at March 31, 2020		As at March 31, 2019		As at April 01, 2018	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Namra Holdings & Consultancy Services LLP	-	-	12,04,474	100	12,04,474	100

17.5 Conversion of Compulsorily Convertible Instruments

10% Compulsorily Convertible Debentures were converted into 18,90,417 equity shares having face value of ₹10 each at a premium of ₹290 per equity share on 11th October 2019.

17.6 Extinguishment of Class "A" ordinary shares

Pursuant to approval of the scheme of arrangement by Hon'ble NCLT, Ahmedabad bench, vide its order dated November 18, 2019, 12,04,474 Class "A" ordinary shares of ₹10/- each were extinguished and 7,82,908 ordinary equity shares of ₹10/- each were allotted to the holder of the Class "A" ordinary equity shares. The premium of ₹42,15,660/- on extinguishment of Class 'A' Equity and fresh issue of Ordinary Equity, were credited to share premium account.

17.7 Shares reserved for issue under options

For details of shares reserved for issue under the Employees Stock Option Plan (ESOP) refer note 39.

17.8 Terms / rights attached to equity shares

- In respect of Ordinary Equity Shares having face value of ₹10/-. Each holder of Ordinary Equity Share is entitled to 1 vote per share and in respect of Class "A" Ordinary Shares having face value of ₹10/-. Each holder of Class "A" Ordinary Shares is entitled to one vote for one lakh shares.
- 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.

Notes Forming part of Consolidated Financial Statements

for year ended March 31, 2020

(₹ in lakhs)

18	Other Equity (Refer Note 18.1)	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
A. Reserves and Surplus				
i. General Reserve				
	Balance as per last financial statement	118.35	107.35	96.35
	Add: Transfer from statement of profit and loss	11.00	11.00	11.00
	Closing Balance	129.35	118.35	107.35
ii. Special Reserve u/s 45-IC of the RBI Act, 1934				
	Balance as per last financial statement	1,355.30	914.50	765.50
	Add: Transfer from statement of profit and loss	869.00	440.80	149.00
	Closing Balance	2,224.30	1,355.30	914.50
iii. Securities Premium				
	Balance as per last financial statement	1,241.00	1,191.24	1,224.99
	Add: Share Premium on shares issued during the year	5,583.44	49.76	-
	Less: Share Issue Expenses	11.48	-	33.75
	Closing Balance	6,812.96	1,241.00	1,191.24
iv. Share Based Payment Reserve				
	Balance as per last financial statements	86.15	65.63	-
	Add/(Less): Stock option expenditure for the year	30.11	60.40	65.63
	Less: amount transferred towards option expired unexercised	3.65	1.18	-
	Less: Transfer to security premium on exercise of stock option	47.18	38.70	-
	Closing Balance	65.43	86.15	65.63
v. Surplus in the Statement of Profit and Loss				
	Balance as per last financial statement	4,591.93	2,484.08	2,348.29
	Add : Profit for the year	4,151.98	2,643.14	401.62
	Less: Appropriations			
	Amount transfer to General Reserve	(11.00)	(11.00)	(11.00)
	Amount transfer to Special Reserve u/s 45-IC of RBI Act, 1934	(869.00)	(440.80)	(149.00)
	Conversion of Compulsory Convertible Debenture	(594.85)	-	-
	Dividend Paid	(97.33)	(69.25)	(87.93)
	Tax paid on Dividend	(20.01)	(14.24)	(17.90)
	Closing Balance	7,151.72	4,591.93	2,484.08
B. Other Comprehensive Income				
	Balance as per last financial statement	(59.05)	10.32	-
	Additions during the year	52.66	(69.37)	10.32
	Closing Balance	(6.39)	(59.05)	10.32
C. Equity Component of Financial Instruments				
	Balance as per last financial statement	4,292.42	-	-
	Additions during the year	-	4,292.42	-
	Converted to equity shares during the year	(4,405.15)	-	-
	Reversal of Deferred Tax Impact on Compulsory Convertible Debenture	112.73	-	-
	Closing Balance	-	4,292.42	-
	Total	16,377.37	11,626.10	4,773.12

Notes Forming part of Consolidated Financial Statements

for year ended March 31, 2020

18.1 NATURE AND PURPOSE OF RESERVE

1 Reserve under Section 45-IA of the Reserve Bank of India Act, 1934 (the "RBI Act, 1934")

Reserve under Section 45-IA of RBI Act, 1934 is created in accordance with section 45 IC(1) of the RBI Act, 1934. As per Section 45 IC(2) of the RBI Act, 1934, no appropriation of any sum from this reserve fund shall be made by the NBFC except for the purpose as may be specified by RBI.

2 Securities premium

Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes in accordance with the provisions of section 52 of the Act.

3 Surplus in the statement of profit and loss

Surplus in the statement of profit and loss is the accumulated available profit of the Company carried forward from earlier years. These reserve are free reserves which can be utilised for any purpose as may be required.

4 FVOCI - loans and advances

The Company has elected to recognise changes in the fair value of loans and advances in other comprehensive income. These changes are accumulated within the FVOCI - loans and advances reserve within equity.

5 FVOCI - Remeasurement of the defined benefit liabilities

Remeasurement of the net defined benefit liabilities comprise actuarial gain or loss, return on plan assets excluding interest and the effect of asset ceiling, if any

6 General reserve

The Company has transferred a portion of the net profit to general reserve before declaring dividend pursuant to the provision of erstwhile Companies Act.

7 Equity component of compound financial instruments

Compulsorily Convertible Debentures issued by the Company have been classified as compound financial instruments and recognised at amortised cost. The difference between transaction value and amortised cost has been recognised as a separate component in other equity.

8 Share Based Payment Reserve

The reserve is used to recognise the fair value of the options issued to employees of the Company and subsidiary Companies under Company's employee stock option plan.

Notes Forming part of Consolidated Financial Statements

for year ended March 31, 2020

19 Interest Income (Amortised Cost)

(₹ in lakhs)

Particulars	Year ended March 31, 2020		Year ended March 31, 2019	
	On Financial assets measured at FVOCI	On Financial assets measured at Amortised Cost	On Financial assets measured at FVOCI	On Financial assets measured at Amortised Cost
Interest on Loans	19,764.40	-	13,240.80	-
Interests on Deposits as Security	-	262.62	-	218.39
Interests on Others	-	10.85	-	23.12
Total	19,764.40	273.47	13,240.80	241.51
Total Interest Income		20,037.87		13,482.31

20 Gain on Assignment of Financial Assets

(₹ in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Gain on Assignment of Assets (Net of Expense)	450.33	-
Total	450.33	-

21 Fees and Commission Income

(₹ in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Processing fees Income	646.04	387.71
Total	646.04	387.71

22 Income from Investment in Mutual Fund- Fair value through Profit & Loss

(₹ in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Income from Investment in Mutual Fund- Fair value through Profit & Loss	16.46	21.04
Total	16.46	21.04

23 Other Income

(₹ in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Net gain on Derecognition of Property, Plant & Equipment	-	6.31
Income from Loan	107.54	11.25
Profit on Sale of Investment	252.45	48.62
Others	4.00	1.01
Total	363.99	67.19

Notes Forming part of Consolidated Financial Statements

for year ended March 31, 2020

24 Finance Costs (on Financial Liabilities measured at Amortised Cost)

(₹ in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Interest on Borrowings	6,720.73	4,519.57
Interest on Debt Securities	1,218.60	748.17
Interest on Subordinated Liabilities	232.30	225.00
Other interest expense	128.61	162.10
Net loss on fair value of derivative contracts mandatorily measured at fair value through profit or loss	171.80	-
Other Borrowing Costs	287.33	178.85
Total	8,759.37	5,833.69

25 Impairment of Loan Assets (on Financial Assets measured at FVOCI)

(₹ in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Bad debts written off (Net)	850.18	632.41
Expected Credit Loss	1,150.66	19.03
Total	2,000.84	651.44

26 Employee Benefit Expenses

(₹ in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Salaries and wages	3,360.23	2,372.74
Contribution to provident and other funds	189.38	123.07
Gratuity	26.74	13.72
Staff welfare expenses	69.32	54.70
Total	3,645.67	2,564.23

26.1 Employee Benefit Plan:

Disclosure in respect of employee benefits under Ind AS 19 - Employee Benefit are as under:

a) Defined contribution plan:

The Company's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans. The Company's contribution to provident fund aggregating ₹162.94 lakhs (31 March 2019: ₹78.66 lakhs) has been recognised in the statement of profit and loss under the head employee benefits expense

b) Defined benefit plan:

Financial assets not measured at fair value:

The Company operates a defined benefit plan (the "gratuity plan") covering eligible employees. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age/ resignation date.

The defined benefit plans expose the Company to risks such as actuarial risk, investment risk, liquidity risk, market risk, legislative risk.

These are discussed as follows:

Actuarial risk: It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:

Adverse salary growth experience: Salary hikes that are higher than the assumed salary escalation will result into

Notes Forming part of Consolidated Financial Statements

for year ended March 31, 2020

an increase in obligation at a rate that is higher than expected.

Variability in mortality rates: If actual mortality rates are higher than assumed mortality rate assumption than the gratuity benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cash flow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

Variability in withdrawal rates: If actual withdrawal rates are higher than assumed withdrawal rate assumption than the gratuity benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

Investment risk: For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

Liquidity risk: Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign / retire from the Company, there can be strain on the cash flows.

Market risk: Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in defined benefit obligation of the plan benefits and vice versa. This assumption depends on the yields on the government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

Legislative risk: Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation/ regulation. The government may amend the Payment of Gratuity Act, 1972, thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the defined benefit obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

The status of gratuity plan required under Ind AS 19 is an under:

(₹ in lakhs)

I) Reconciliation of opening and closing balances of defined benefit obligation	Year ended	Year ended
	March 31, 2020	March 31, 2019
Opening Defined Benefit Obligation	48.04	29.65
Transfer in/(out) obligation	-	-
Current service cost	24.16	12.23
Interest cost	3.03	2.03
Components of actuarial gain/losses on obligations:	-	-
Due to Change in financial assumptions	3.14	0.81
Due to change in demographic assumption	0.84	-
Due to experience adjustments	7.43	3.51
Past service cost	-	-
Loss (gain) on curtailments	-	-
Liabilities extinguished on settlements	-	-
Liabilities assumed in an amalgamation in the nature of purchase	-	-
Exchange differences on foreign plans	-	-
Benefits paid	(1.87)	(0.19)
Closing Defined Benefit Obligation	84.77	48.04
II) Reconciliation of plan assets		
Opening value of plan assets	1.16	3.23
Transfer in/(out) plan assets	-	-
Expense deducted from the fund	-	-
Interest Income	0.45	0.54
Return on plan assets excluding amounts included in interest income	(0.25)	(2.42)
Assets Distributed on settlements	-	-

Notes Forming part of Consolidated Financial Statements

for year ended March 31, 2020

(₹ in lakhs)

	Year ended March 31, 2020	Year ended March 31, 2019
II) Reconciliation of plan assets		
Contribution by the company	5.30	-
Assets acquired in an amalgamation in the nature of purchase	-	-
Exchange difference on foreign plans	-	-
Benefits paid	(1.87)	(0.19)
Fair value of plan assets at the end of the year	4.79	1.16
III) Reconciliation of net defined benefit liability		
Net opening provision in books of accounts	46.88	26.42
Transfer in/(out) obligation	-	-
Transfer (in)/out plan assets	-	-
Employee Benefit Expense as per note 26	26.74	13.72
Amounts recognized in Other Comprehensive Income	11.67	6.74
	85.29	46.88
Benefits paid by the Company	-	-
Contributions to plan assets	(5.30)	-
Closing provision in books of accounts	79.99	46.88
IV) Composition of plan assets		
Government of India Securities	0%	0%
High quality corporate bonds	0%	0%
Equity shares of listed companies	0%	0%
Property	0%	0%
Policy of Insurance	100%	100%
Total	100%	100%
V) Expense recognised during the year		
Current service cost	24.16	12.23
Interest cost	2.58	1.49
Past service cost	-	-
Expense recognised in the statement of profit and loss	26.74	13.72
VI) Other comprehensive income		
Components of actuarial gains/losses on obligations:		
Due to change in financial assumptions	3.14	0.81
Due to change in demographic assumption	0.84	-
Due to experience adjustments	7.43	3.51
Return of plan assets excluding amounts included in interest income	0.25	2.42
Components of defined benefits cost recognised in other comprehensive income	11.66	6.74
VII) Principal actuarial assumptions		
Discount rate (per annum)	6.25%	6.95%
Rate of return on plan assets (per annum)	6.25%	6.95%
Annual increase in salary cost	6.00%	6.00%
Withdrawal rates per annum		
25 and below	25%	25%
26 to 35	25%	25%
36 to 45	25%	25%
46 to 55	5%	10%
56 and above	5%	10%

Notes Forming part of Consolidated Financial Statements

for year ended March 31, 2020

The discount rate is based on the prevailing market yield of government of India's bond as at the balance sheet date for the estimated terms of the obligations

VIII) Sensitivity analysis

Sensitivity analysis is performed by varying a single parameter while keeping all the other parameters unchanged. Sensitivity analysis fails to focus on the interrelationship between underlying parameters. Hence, the results may vary if two or more variables are changed simultaneously. The method used does not indicate anything about the likelihood of change in any parameter and the extent of the change if any.

(₹ in lakhs)

Particulars	Year ended March 31, 2020		Year ended March 31, 2019	
	Decrease	Increase	Decrease	Increase
Discount rate (- / +0.5%)	87.16	82.50	49.17	46.95
(% change compared to base due to sensitivity	2.82%	-2.68%	2.36%	-2.26%
Salary growth rate (- / + 0.5%)	82.49	87.15	46.93	49.17
(% change compared to base due to sensitivity	-2.70%	2.81%	-2.29%	2.37%
Withdrawal rate (W.R.) (W.R.*x 90%/W.R.x 110%)	88.29	81.45	49.70	46.45
(% change compared to base due to sensitivity	4.16%	-3.92%	3.47%	-3.30%

IX) Asset liability matching strategies

The Company contributes to the insurance fund based on estimated liability of next financial year end. The projected liability statements is obtained from the actuarial valuer.

X) Effect of plan on the company's future cash flows

a) Funding arrangements and funding policy

The Company has purchased an insurance policy to provide for payment of gratuity to the employees. Every year, the insurance company carries out a funding valuation based on the latest employee data provided by the Company. Any deficit in the assets arising as a result of such valuation is funded by the Company.

b) Maturity analysis of defined benefit obligation

The Weighted Average Duration (Years) as at valuation date is 4.97 years.

(₹ in lakhs)

Particulars	Cash flows	Distributions(%)
1st Following year	10.83	8.50%
2nd Following year	8.63	6.77%
3rd Following year	9.70	7.61%
4th Following year	12.62	9.90%
5th Following year	12.28	9.63%
Sum of years 6 to 10	37.44	29.36%

The future accrual is not considered in arriving at the above cash-flows

XI) The expected contribution for the next year is ₹33.91 lakhs

27 Depreciation and Amortisation

(₹ in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Depreciation of Property, Plant & Equipment	56.86	40.82
Amortization of Right of Use Assets	14.79	-
Amortisation of Intangible Assets	8.19	7.62
Total	79.84	48.44

Notes Forming part of Consolidated Financial Statements

for year ended March 31, 2020

28 Other Expenses

(₹ in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Electricity & fuel charges	34.93	23.74
Repairs to Building	14.44	9.99
Insurance	31.48	13.28
Rent (refer Note 34)	243.19	172.84
Rates & taxes	18.67	10.41
Bank Charges	78.36	66.61
Stationery & printing	87.48	70.51
Advertisement expenses	1.73	1.18
Communication	77.00	84.93
Traveling & conveyance expenses	470.61	322.02
Professional fees	230.43	236.94
Auditor's Remuneration		
Audit fees	8.90	6.08
For tax audit	0.75	0.89
For certification	0.78	0.17
For income tax consultancy fee	0.55	-
Corporate social responsibility expenditure (refer Note 33)	3.49	3.26
Director sitting fees	6.78	6.15
Marketing & incentive expenses	131.36	132.72
Loss due To Recognised Loan during Moratorium at EIR	106.39	-
Net Loss on Derecognition of Property, Plant & Equipment	-	0.06
General charges (including security charges & membership fees etc.)	104.05	75.82
Total	1,651.37	1,237.60

29 Tax Expenses

(₹ in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Current Tax	1,423.40	977.10
Adjustment in respect of current tax of prior years	(2.78)	26.35
Deferred tax	(195.00)	(23.74)
Total tax Expense	1,225.62	979.71
Total tax charge		
Current Tax	1,420.62	1,003.45
Deferred Tax	(195.00)	(23.74)

29.1 Reconciliation of the total tax charge

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the years ended 31 March 2020 and 31 March 2019 is, as follows:

Notes Forming part of Consolidated Financial Statements

for year ended March 31, 2020

(₹ in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Accounting profit before tax expense	5,377.60	3,622.85
Income tax rate %	25.168%	29.120%
Computed tax expense	1,353.43	1,054.97
Tax effect of :		
Exempted Items	(8.75)	(4.15)
Additional deduction	(123.86)	(114.66)
Non Deductible items	32.32	23.70
Adjustment on Account of Change in Tax Rate	(25.29)	(8.20)
Others	(2.23)	28.05
Tax expense Recognised in the Statement of Profit and Loss	1,225.62	979.71
Effective Tax Rate	22.791%	27.042%

30 Earning Per Share:

Particulars	Unit	Year ended March 31, 2020	Year ended March 31, 2019
Numerator used for calculating Basic Earning per share (PAT)	₹ In Lakhs	4,151.98	2,643.14
Dilutive impact of compulsorily convertible debentures	₹ In Lakhs	-	69.32
Numerator used for calculating Diluted Earning per share (PAT)	₹ In Lakhs	4,151.98	2,712.46
Weighted average no. of shares used as denominator for calculating basic earnings per share	Shares	74,40,395	69,38,816
Effect of dilution:			
compulsorily convertible debentures	Shares	-	18,33,446
Employee Share Options	Shares	35,670	57,896
Weighted average no. of shares used as denominator for calculating diluted earnings per share	Shares	74,76,065	88,30,158
Nominal value per Share	In ₹	10.00	10.00
Basic earnings per share	In ₹	55.80	38.09
Diluted earnings per share	In ₹	55.54	30.72

31 Explanation to transition to Ind AS

As stated in para 2, these are the Company's first financial statements prepared in accordance with Ind AS. For the year ended 31 March 2020, the Company had prepared its financial statements in accordance with Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act ("Previous GAAP").

The accounting policies set out in para 3 have been applied in preparing these financial statements for the year ended 31 March 2020 including the comparative information for the year ended 31 March 2019 and the opening Ind AS balance sheet on the date of transition i.e. 1 April 2018.

In preparing the Ind AS balance sheet as at 1 April 2018 and in presenting the comparative information for the year ended 31 March 2019, the Company has adjusted amounts reported previously in the financial statements prepared in accordance with Previous GAAP. This note explains the principal adjustments made by the Company in restating its financial statements prepared in accordance with Previous GAAP, and how the transition from Previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

Notes Forming part of Consolidated Financial Statements

for year ended March 31, 2020

Optional exemptions availed and mandatory exceptions

In preparing these financial statements, the Company has applied the below mentioned optional exemptions and mandatory exceptions.

A Optional exemptions availed

1) Property plant and equipment and intangible assets

As per Ind AS 101 an entity may elect to:

- i measure an item of property, plant and equipment at the date of transition at its fair value and use that fair value as its deemed cost at that date.
- ii use a Previous GAAP revaluation of an item of property, plant and equipment at or before the date of transition as deemed cost at the date of the revaluation, provided the revaluation was, at the date of the revaluation, broadly comparable to:

– Fair value;

– or cost or depreciated cost under Ind AS adjusted to reflect, for example, changes in a general or specific price index.

The elections under (i) and (ii) above are also available for intangible assets that meets the recognition criteria in Ind AS 38, Intangible Assets, (including reliable measurement of original cost); and criteria in Ind AS 38 for revaluation (including the existence of an active market).

- iii use carrying values of property, plant and equipment, intangible assets and investment properties as on the date of transition to Ind AS (which are measured in accordance with Previous GAAP) if there has been no change in its functional currency on the date of transition

As permitted by Ind AS 101, the Company has elected to continue with the carrying values under Previous GAAP for all the items of property, plant and equipment. The same election has been made in respect of intangible assets also.

B Mandatory exceptions

1 Accounting Estimates

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS at the end of the comparative period presented in the entity's first Ind AS financial statements, as the case may be, should be consistent with estimates made for the same date in accordance with the Previous GAAP unless there is objective evidence that those estimates were in error. However, the estimates should be adjusted to reflect any differences in accounting policies.

As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under Previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

The Company's estimates under Ind AS are consistent with the above requirement. Key estimates considered in preparation of the financial statements that were not required under the Previous GAAP are listed below:

-Fair valuation of financial instruments carried at FVOCI.

-Impairment of financial assets based on the expected credit loss model.

-Determination of the discounted value for financial instruments carried at amortised cost.

-EIR on borrowings.

Notes Forming part of Consolidated Financial Statements

for year ended March 31, 2020

-Expected life of portfolio.

-Classification of equity and liability.

2 Derecognition of financial assets and liabilities

As per Ind AS 101, an entity should apply the derecognition requirements in Ind AS 109 - Financial Instruments, prospectively for transactions occurring on or after the date of transition to Ind AS. However, an entity may apply the derecognition requirements retrospectively from a date chosen by it if the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Company has applied the de-recognition criteria for financial assets/liabilities prospectively. Hence, it has not recognised financial assets/financial liabilities previously derecognised.

3 Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable. Accordingly, the company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition.

4 Impairment of financial assets

The Company being NBFC Company is required to assess the impairment of financial assets based upon the new model i.e. Expected Credit Loss (ECL) instead of rule based guidance (RBI Prudential Norms) as prevailed under Previous GAAP. Accordingly, the Company has applied the impairment requirement of Ind-AS 109 on all financial assets recognised as per Ind-AS 109 retrospectively except:

- 1 The Company has sought to approximate the credit risk on initial recognition by considering all reasonable and supportable information that is available without undue cost or effort.
- 2 The Company has determined whether the financial asset is having low credit risk, as specified in Ind-AS 109, and whether there is a significant increase in credit risk since initial recognition of financial assets by applying rebuttable presumption of 30 days past due.
- 3 If the Company is unable to determine whether there is a significant increase in credit risk since initial recognition of a financial asset, without involving undue cost or effort, the Company shall recognise a loss amount equal to life time expected losses at each reporting date till the financial asset is derecognised.

Accordingly, the Company has developed ECL model for testing of impairment of loans and advances.

Notes Forming part of Consolidated Financial Statements

for year ended March 31, 2020

Reconciliation of Equity*

(₹ in lakhs)

Particulars	Notes to Reconciliation	As at date of transition April 01, 2018			As at March 31, 2019		
		Previous GAAP#	Adjustment on transition to Ind AS	Ind AS	Previous GAAP#	Adjustment on transition to Ind AS	Ind AS
ASSETS							
(1) Financial Assets							
(a) Cash and cash equivalents		798.01	-	798.01	3,832.02	-	3,832.02
(b) Bank Balance other than (a) above		2,137.89	-	2,137.89	3,021.93	-	3,021.93
(c) Loans	1(a),3,4,7	41,983.53	(722.30)	41,261.23	61,095.14	5,949.68	67,044.82
(d) Investments	1(b)	270.16	40.43	310.59	270.16	61.48	331.64
(e) Other Financial assets	5,6	430.94	63.64	494.58	440.63	11.26	451.89
(2) Non-financial Assets							
(a) Deferred tax Assets (Net)	10	106.24	146.83	253.07	178.50	13.81	192.31
(b) Property, Plant and Equipment		259.13	-	259.13	325.01	-	325.01
(c) Other Intangible assets		22.38	-	22.38	25.88	-	25.88
(d) Other non-financial assets		34.09	-	34.09	59.12	-	59.12

Notes Forming part of Consolidated Financial Statements

for year ended March 31, 2020

(₹ in lakhs)

Particulars	Notes to Reconciliation	As at date of transition April 01, 2018			As at March 31, 2019		
		Previous GAAP#	Adjustment on transition to Ind AS	Ind AS	Previous GAAP#	Adjustment on transition to Ind AS	Ind AS
Total Assets		46,042.37	(471.40)	45,570.97	69,248.39	6,036.23	75,284.62
LIABILITIES AND EQUITY							
LIABILITIES							
(1) Financial Liabilities							
(a) Other Payables							
(i) total outstanding dues of micro enterprises and small enterprises		-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		26.57	-	26.57	96.91	-	96.91
(b) Debt Securities	4,8	3,330.00	(27.74)	3,302.26	6,080.00	606.27	6,686.27
(c) Borrowings (Other than Debt Securities)	4,7	34,714.96	(163.44)	34,551.52	51,448.77	1,568.09	53,016.86
(d) Subordinated Liabilities		1,500.00	-	1,500.00	1,500.00	-	1,500.00
(e) Other financial liabilities	7	632.44	(55.62)	576.82	1,724.30	(537.43)	1,186.87
(2) Non-Financial Liabilities							
(a) Current Tax Liabilities (Net)		52.32	-	52.32	293.55	-	293.55
(b) Provisions		26.42	-	26.42	46.88	-	46.88
(c) Other non-financial liabilities		69.47	-	69.47	135.95	-	135.95
(3) EQUITY							
(a) Equity Share capital		692.47	-	692.47	695.23	-	695.23
(b) Other Equity	1 to 10	4,997.72	(224.60)	4,773.12	7,226.80	4,399.30	11,626.10
Total Liabilities and Equity		46,042.37	(471.40)	45,570.97	69,248.39	6,036.23	75,284.62

Notes Forming part of Consolidated Financial Statements

for year ended March 31, 2020

Reconciliation of Total Comprehensive Income for the Year Ended March 31, 2019*:

(₹ in lakhs)

Particulars	Notes to Reconciliation	Previous GAAP#	Adjustment on transition to Ind AS	Ind AS
(1) Revenue from operations				
Interest Income	5,7	13,447.44	34.87	13,482.31
Fees and Commission Income	4	590.16	(202.45)	387.71
Income from Current Investment in Mutual Fund- Fair value through Profit & Loss	1(b)	-	21.04	21.04
Total Revenue from operations (1)		14,037.60	(146.54)	13,891.06
(2) Other Income		68.37	(1.18)	67.19
(3) Total Income (1+2)		14,105.97	(147.72)	13,958.25
(4) Expenses				
Finance Costs	7,4,8	6,282.14	(448.45)	5,833.69
Impairment of Financial Assets	3	836.69	(185.25)	651.44
Employee Benefits Expenses	2,6	2,636.59	(72.36)	2,564.23
Depreciation, amortization and impairment		48.44	-	48.44
Others expenses		1,237.60	-	1,237.60
Total Expenses (4)		11,041.46	(706.06)	10,335.40
(5) Profit / (loss) before exceptional items and tax (3-4)		3,064.51	558.34	3,622.85
(6) Tax Expense:				
(1) Current Tax		977.10	-	977.10
(2) Short / (excess) Provision of Income Tax of earlier years		26.35	-	26.35
(3) Deferred Tax	10	(72.25)	48.51	(23.74)
Profit/(loss) for the period (5-6)		2,133.31	509.83	2,643.14
(8) Other Comprehensive Income				
(A) (i) Items that will not be classified to Profit or loss	2	-	(6.74)	(6.74)
- Remeasurement of Defined Benefit Obligations				
(ii) Income tax relating to items that will not be reclassified to profit or loss	2	-	1.96	1.96
Subtotal (A)		-	(4.78)	(4.78)

Notes Forming part of Consolidated Financial Statements

for year ended March 31, 2020

(₹ in lakhs)				
Particulars	Notes to Reconciliation	Previous GAAP#	Adjustment on transition to Ind AS	Ind AS
(B) (i) Items that will be reclassified to profit or loss				
- Fair Value Gain/(loss) on Advances Through OCI	1(a)	-	(90.85)	(90.85)
(ii) Income tax relating to items that will be reclassified to profit or loss	1(a)	-	26.26	26.26
Subtotal (B)		-	(64.59)	(64.59)
Other Comprehensive Income (A + B)		-	(69.37)	(69.37)
(9) Total Comprehensive Income for the period (7+8) (Comprising Profit (Loss) and other Comprehensive Income for the period)		2,133.31	440.46	2,573.77

* Ind AS 101 requires reconciliations of its equity reported in accordance with previous GAAP to its equity in accordance with Ind AS and a reconciliation to its total comprehensive income in accordance with Ind AS for the latest period in the entity's most recent annual financial statements. The Company has chosen to provide reconciliation of amount reported in accordance with previous GAAP to amount reported under Ind AS for each line item of balance sheet and statement of profit and loss as an additional disclosure.

The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

Notes to the reconciliations of Consolidation:

1 Financial Assets

- a) The Company has business model of sale the loan portfolio through assignment or hold the loan portfolio and therefore, the Company recognizes its loan portfolio through FVOCI as per IND AS 109. While under Previous GAAP, loans and advances were carried at their carrying amount. Accordingly, at the date of transition to Ind AS, difference between the fair value of loan and Previous GAAP carrying amount has been recognised as a separate component of loans and advances, in the FVOCI reserve, net of related deferred taxes. An amount of ₹22.00 lakhs has been adjusted in retained earning as on 1 April 2018. Further, Fair value Loss of ₹90.85 lakhs has been recognised in FVOCI during the year ended 31 March 2019.
- b) Under Previous GAAP, the Company accounted for long term investments in Mutual Funds as investment measured at cost or net realisable value of investments, whichever is lower. Under Ind AS, financial assets representing investment in Mutual Funds have to be fair valued. At the date of transition to Ind AS, difference between the instruments fair value and Previous GAAP carrying amount has been recognised in the Statement of Profit & Loss, net of related deferred taxes. Accordingly, an amount of ₹21.04 lakhs has been recognised in Statement of Profit & Loss for the year ended 31 March 2019. Further an amount of ₹40.43 lakhs has been recognised as increase in investments as on 1 April 2018.

2 Actuarial gain and loss

Under Ind AS, all actuarial gains and losses are recognised in other comprehensive income. Under Previous GAAP, the Company recognised actuarial gains and losses in the statement of profit or loss. However, this has no major impact on the total comprehensive income and total equity as on 1 April 2018 or as on 31 March 2019.

3 Loss allowance

Under Previous GAAP, the Company has created provision for impairment of loans to customer as per the guidelines specified by RBI. Under Ind AS, the Company has recognised impairment loss on loans based on the expected credit loss model as required by Ind AS 109. Consequently, the Company impaired its loans and advances by ₹372.46 lakhs on 1st April 2018 which has been eliminated against retained earnings. Further, ₹185.25 lakhs has been recognised in the statement of profit and loss for the year ended on 31st March 2019.

4 EIR

Under Previous GAAP, transaction cost charged to customers were recognised upfront while under Ind AS, such costs are included in the initial recognition amount of financial asset and recognised as interest income using effective interest method. Consequently, loan to customer on the date of transition as on 1 April 2018 have decreased by ₹343.63 Lakhs which has been eliminated against retained earnings. The impact of ₹202.45 Lakhs for the year ended on 31 March 2019 has been recognised in the statement of profit and loss.

Under Previous GAAP, transaction cost incurred on borrowings were recognised upfront while under Ind AS, such cost are included in the initial recognition amount of financial Liabilities and recognised as Fees & Commission Expense using effective interest method. Consequently, borrowings on the date of transition date have decreased by ₹163.44 Lakhs and Fees and commission expense for the year ended 31 March 2019 has decreased by ₹114.93 Lakhs.

5 Interest reversal on stage 3 financial assets

Under Previous GAAP, the Company did not accrue interest on stage 3 assets. Under Ind AS, the Company has recognized interest on stage 3 assets resulting into an income of ₹63.65 Lakhs on the date of transition which has been recognised in retained earnings. The impact of ₹9.00 Lakhs for the year ended 31 March 2019 has been adjusted in the statement of profit and loss.

6 Employee Stock Option Scheme

Under Previous IGAAP, whole ESOP Expenses were booked on in the Year 2018-19, While under IND AS such Expenses were booked on Proportionate Basis.

7 Assignment of loan portfolio

Under Previous GAAP, financial assets were derecognized if the control criteria is met in accordance with relevant RBI guidelines. Under Ind AS, financial assets are derecognised only when the Company transfers substantially all the risks and rewards related to the cash flows. The Company derecognizes the loan portfolio Securitized under Previous GAAP. Under IND AS, these transactions does not meet the criteria for Derecognition, Hence such portfolio is Rerecognized in the books of account resulting in increase in Interest income and Interest expense as on 31 March 2019 by ₹70.12 Lakhs and ₹53.60 Lakhs Respectively.

8 Compulsorily convertible debentures

Under Previous GAAP, compulsorily convertible debentures ("CCD") were disclosed at their carrying amount and classified as Short Term Borrowing. Under Ind AS, these instruments are classified as financial liability Component and Equity Component measured at Fair Value as per Ind AS 32/109. For the year ended 31 March 2019, an impact positive of ₹387.13 Lakhs has been recognised in the statement of profit and loss.

Under Previous GAAP, interest in respect of debt were recorded in retained earning and the statement of profit and loss respectively. Under Ind AS, since the part of this convertible instruments is classified as financial liability at the present value of such interest payable on this instrument i.e. ₹656.28 Lakhs, and the Balance part is recognized as Equity Component for the year ended 31 March 2019.

9 Other comprehensive income

Under Previous GAAP, the Company did not present OCI separately. Hence, it has reconciled Previous GAAP profit and loss to profit and loss as per Ind AS. Further, Previous GAAP profit and loss is reconciled to total comprehensive income as per Ind AS.

10 Deferred tax

Previous GAAP requires deferred tax accounting using the profit and loss approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences arising on account of transitional differences adjustments which were not required under Previous GAAP.

In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the Company has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity.

Notes Forming part of Consolidated Financial Statements

for year ended March 31, 2020

32 Contingent liabilities not provided for:

(₹ in lakhs)

PARTICULARS	Year ended March 31, 2020	Year ended March 31, 2019
(A) Contingent liabilities		
Disputed Demand of Tax		
i) Income Tax Act	594.27	809.63
ii) TDS	0.45	13.72

33 Corporate social responsibility ("CSR") expenses:

The gross amount required to be spent by the Company during the year towards CSR is ₹36.33 lakhs (31 March 2019: 23.36 lakhs) as per section 135 of the Act. Details of amount spent towards CSR as below:

(₹ in lakhs)

Sr. No.	Particulars	In Cash	Yet to be paid in Cash	Total
1	Construction/ acquisition of assets	-	-	-
2	other purpose (Other than 1 above)	3.47	32.86	36.33

34 Leasing Arrangements:

The Company has entered into leave and license agreements for taking office premises along with furniture and fixtures as applicable and Branch premises on rental basis ranging from 11 to 60 months. The Company has given refundable, interest free security deposits under certain agreements. Certain agreements contain provision for renewal and further there are no sub-leases.

I. Transition to Ind AS 116 Leases:

The Ministry of Corporate Affairs ("MCA") through the Companies (Indian Accounting Standards) Amendment Rules, 2019 has notified Ind AS 116 Leases ('Ind AS 116') which replaces the existing lease standard, Ind AS 17 Leases. Ind AS 116 sets out the principles for recognition, measurement, presentation and disclosure of leases for both lessees and lessors.

Effective 1st April, 2019, the Company has adopted Ind AS 116 – Leases and applied the standard to all lease contracts existing on 1st April, 2019 using the modified retrospective method. The Company has recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate at the date of initial application and right of use asset at an amount equal to the lease liability adjusted for any prepayments/accruals recognized in the balance sheet as on 31st March, 2019. There is no impact on retained earnings as on 1st April, 2019.

The Company has elected below practical expedients on transition to Ind AS 116:

1. Applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
2. Applied the exemption not to recognise right of use assets and lease liabilities with less than 12 months of lease term on the date of initial application.
3. Excluded the initial direct costs from the measurement of right of use asset at the date of initial application.
4. Elected not to reassess whether a contract is, or contains a lease at the date of initial application.

Instead, for contracts entered into before the transition date, the Company relied on its assessment made applying Ind AS 17 Leases.

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified assets for a

Notes Forming part of Consolidated Financial Statements

for year ended March 31, 2020

period of time in exchange for consideration. The Company has adopted Ind AS 116, effective annual reporting period beginning 1st April, 2019 and applied the standards to its leases, prospectively, applying the standards on initial application without making any adjustment to opening balance of retained earnings.

The Company has elected not to apply the requirements of Ind AS 116 to short term leases of all the assets that have a lease term of twelve months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term. The weighted average incremental borrowing rate applied to lease liabilities as at 1st April, 2019 is 14.00%.

II. Amount Recognized in Profit & loss Account During the year

(₹ in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
i) Expenses related to Short Term Lease	243.19	172.83
ii) Lease Expenses (Interest Expense - Finance Cost)	6.74	172.83
Total	249.93	345.66

III. Amounts recognised in statement of cash flows (including Interest Component)

(₹ in lakhs)

Particulars	Year ended March 31, 2020
Total cash outflow for leases	16.65

IV. Maturity analysis of lease liabilities

(₹ in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Maturity Analysis of contractual undiscounted cash flows:		
Within one year	17.49	16.65
After one year but not more than five years	79.13	75.36
More than five years	-	21.25
Total undiscounted lease liabilities as at 31st March, 2020	96.62	113.26
Balances of Lease Liabilities		
Non-Current	67.20	-
Current	11.60	-
Total Lease Liability	78.80	-

35 Segment Reporting:

Operating segment are components of the Company whose operating results are regularly reviewed by the Chief Operating Decision Maker ("CODM") to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

The Company is engaged primarily on the business of "Financing" only, taking into account the risks and returns, the organization structure and the internal reporting systems. All the operations of the Company are in India. All non-current assets of the Company are located in India. Accordingly, there are no separate reportable segments as per Ind AS 108 – "Operating segments".

Notes Forming part of Consolidated Financial Statements

for year ended March 31, 2020

36 Related Party Disclosures as required by IND AS 24 - Related Party Disclosure:

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

A) Key Managerial Personnel

Mr. Jayendra Patel

Mr. Aalok Patel

Mr. Vivek Modi (C.F.O.)

Mr. Jaimish Patel (C.S.)

B) Non Executive Director & Relatives of Key Managerial Personnel

Name of Party	Related party Relationship
Mr. Chinubhai R Shah	Independent Director
Mr. Alok Prasad	Independent Director
Mr. K. D. Shah	Independent Director
Mr. Ramakant Nagpal	Independent Director
Mr. Mridul Arora	Nominee Director
Mrs. Ritaben Patel	Non Executive Director
Mr. Aakash Patel	Non Executive Director
J. B. Patel (HUF)	Key Managerial personnel is Karta
Raj Enterprise	Key Managerial personnel is proprietor
J. B. Patel & Co.	Key Managerial personnel is co-owner
Mrs. Sachi Patel	Relative of Director
Mrs. Sajni Patel	Relative of Key Managerial Personnel
Aalok Patel (HUF)	Key Managerial personnel is Karta
Aakash Patel (HUF)	Director is Karta

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

Namra Holdings & Consultancy Services LLP Key Managerial Personnel is partner

D) Details of Transactions with related parties carried out in the ordinary course of business: (₹ in lakhs)

Particulars	Year Ended March 31, 2020			
	Key Managerial Personnel	Director and Relatives of person who has control or significant influence on KMP	Entities in which KMP have control or significant influence	Total
Expenses				
Remuneration & perquisites Paid	106.62	-	-	106.62
Sitting fees	-	6.78	-	6.78
Interest expenses	40.64	47.36	34.73	122.72
Rent paid	-	19.19	-	19.19
Dividend paid	7.51	11.38	19.18	38.07
Unsecured Loan				
Unsecured Loan Taken	451.25	418.74	250.50	1,120.49
Unsecured Loan Repaid (Including Interest)	487.83	461.37	281.75	1,230.94

Notes Forming part of Consolidated Financial Statements

for year ended March 31, 2020

(₹ in lakhs)

Particulars	Year Ended March 31, 2019			
	Key Managerial Personnel	Director and Relatives of person who has control or significant influence on KMP	Entities in which KMP have control or significant influence	Total
Expenses				
Remuneration & perquisites Paid	102.11	-	-	102.11
Sitting fees	-	6.15	-	6.15
Interest expenses	29.49	35.46	37.88	102.82
Rent paid	-	18.28	-	18.28
Dividend paid	5.36	8.13	13.70	27.19
Unsecured Loan				
Unsecured Loan Taken	278.60	220.72	41.00	540.32
Unsecured Loan Repaid (Including Interest)	364.98	439.74	285.23	1,089.95

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

Unsecured Loan Taken:

(₹ in lakhs)

SRN	Name of Relative	2019-20	2018-19
1	Aakash J Patel (HUF)	97.49	55.25
2	Aalok J Patel	167.00	114.25
3	Jayendra B Patel	284.25	164.35
4	Jayendra B Patel (HUF)	104.75	30.00
5	Ritaben J Patel	156.00	94.72
6	Namra Holdings & Consultancy Services LLP	250.50	41.00

Unsecured Loan Repayments:

(₹ in lakhs)

SRN	Name of Relative	2019-20	2018-19
1	Aakash J Patel (HUF)	109.83	113.78
2	Aalok J Patel	181.79	146.32
3	Jayendra B Patel	306.03	218.66
4	Jayendra B Patel (HUF)	113.78	106.18
5	Ritaben J Patel	173.12	142.54
6	Namra Holdings & Consultancy Services LLP	281.75	285.23

Remuneration & Perquisites Paid:

(₹ in lakhs)

SRN	Name of Relative	2019-20	2018-19
1	Jayendra B Patel	46.42	46.15
2	Aalok J Patel	31.00	32.50
3	Vivek Modi	24.00	19.80

Notes Forming part of Consolidated Financial Statements

for year ended March 31, 2020

Interest expenses

(₹ in lakhs)

SRN	Name of Relative	2019-20	2018-19
1	Aalok J Patel	16.44	12.57
2	Jayendra B Patel	24.20	16.92
3	Jayendra B Patel (HUF)	10.03	12.18
4	Aakash J Patel (HUF)	13.70	8.37
5	Namra Holdings & Consultancy Services LLP	34.73	37.88
6	Ritaben J Patel	19.02	10.32

Sitting fees

(₹ in lakhs)

SRN	Name of Relative	2019-20	2018-19
1	Chinubhai R. Shah	-	0.53
2	Alok Prasad	1.65	0.97
3	K. D. Shah	1.58	1.70
4	Ramakant Nagpal	1.68	1.43
5	Ritaben J Patel	1.63	1.53
6	Aakash J Patel	0.25	-

Rent paid

(₹ in lakhs)

SRN	Name of Relative	2019-20	2018-19
1	Ritaben J Patel	15.22	14.50

Dividend paid

(₹ in lakhs)

SRN	Name of Relative	2019-20	2018-19
1	Aakash J Patel	3.90	2.79
2	Jayendra B Patel	4.04	2.89
3	Ritaben J Patel	4.15	2.97
4	Namra Holdings & Consultancy Services LLP	19.18	13.97

F) Outstanding Credit Balance of Related Parties are as Follows

(₹ in lakhs)

SRN	Name of relative	2019-20	2018-19	1st April, 2018
1	Aakash J Patel (HUF)	-	-	50.16
2	Aalok J Patel (HUF)	-	-	15.75
3	Aalok J Patel	-	-	19.50
4	Jayendra B Patel	-	-	37.39
5	Jayendra B Patel (HUF)	-	-	64.00
6	Ritaben J Patel	-	-	37.50
7	Namra Holdings & Consultancy Services LLP	-	-	206.35
8	Raaj Enterprise	-	-	16.15
9	Vivek Modi	-	1.80	1.80
10	Jaimish Patel	-	0.30	0.24

Notes Forming part of Consolidated Financial Statements

for year ended March 31, 2020

G) Outstanding Debit Balance of Related Parties are as Follows

(₹ in lakhs)

SRN	Name of relative	2019-20	2018-19	1st April, 2018
1	Jaimish Patel	0.05	0.55	0.90

H) Key managerial personnel who are under the employment of the Group are entitled to post employment benefits and other employee benefits recognised as per Ind AS 19 - Employee Benefits in the financial statements.

Transactions with key management personnel are as follows:

(₹ in lakhs)

	Year Ended March 31, 2020	Year Ended March 31, 2019
Post-employment benefits	0.96	0.37
Share Based Payment	7.68	1.16
Total	8.64	1.52

37 There have been no events after the reporting date that require disclosure in these financial statements.

38 Under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act") which came into force from October 2, 2006, certain disclosures are required to be made relating to micro, small and medium enterprises. There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments. The disclosure as required by section 22 of MSMED Act has been given below:

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Principal amount payable to suppliers as at year end	-	-	-
Interest due thereon as at year end	-	-	-
Interest amount for delayed payments to suppliers pursuant to provisions of MSMED Act actually paid during the year, irrespective of the year to which the interest relates.	-	-	-
Amount of delayed payment actually made to suppliers during the year	-	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	-	-	-
Interest accrued and remaining unpaid at the end of the year	-	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006.	-	-	-

39 Stock Option Scheme

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

During the year ended March 31, 2020, Group has not granted any new stock options (P.Y. 11,500) under the scheme of 'ARMAN-EMPLOYEE STOCK OPTION PLAN 2016' ("ESOP 2016"). The details are as under.

Notes Forming part of Consolidated Financial Statements

for year ended March 31, 2020

Employee stock option schemes:

ESOP 2016: Details of grant and exercise of such options are as follows:

Scheme	ESOP-2016			
Tranches	ESOP-2016 -1	ESOP-2016 -2	ESOP-2016 -3	
No. of options granted	97,500	9,000	2,500	
Date of grant	26.05.2017	25.05.2018	13.10.2018	
No of Employees	55	3	1	
Financial Year (F.Y.)	F.Y.	F.Y.	F.Y.	F.Y.
	2018-19	2019-20	2019-20	2019-20
No. of employees who have exercised the option	49	48	2	1
No. of options exercised	27,645	26,595	2,400	750

Particulars	ESOP 2016
Date of Grant	26 May 2017, 25 May 2018, 13 October 2018
Date of board meeting, where ESOP were approved	11 August 2016
Date of committee meeting where grant of options were approved	26 May 2017, 25 May 2018, 13 October 2018
Date of Shareholder's approval	22 September 2016
No. of options granted	1,09,000 out of 1,25,000
Method of Settlement	Through allotment of one equity share for each option granted
Vesting conditions	The actual vesting of options will depend on continuation to hold the services being provided to the Group at the time of exercise of options.
Vesting period	Option will be vested at the End of Year from the Grant Date:- 1 – 30% End of Year 2 – 30% End of Year 3 – 40% End of Year Subject to lock in period of one year from the date of allotment of shares and other terms as stipulated in the Scheme and prescribed under the law in force.
Exercise period	It shall commence from the date of vesting of options and expire not later than 3 months from the vesting date of each grant of options

Details of Vesting and Exercise of Options (ESOP 2016):

Vesting Date	Vested Options	No of Option Exercised
26-May-18	29,250	27,645
25-May-19	2,700	2,400
26-May-19	28,485	26,595
13-Oct-19	750	750

Notes Forming part of Consolidated Financial Statements

for year ended March 31, 2020

The following table sets forth a summary of ESOP 2016:

Particulars	2019-20	2018-19
Options		
Outstanding at the beginning of the year	77,965	97,500
Vested but not exercised at the beginning of the year	-	840
Granted during the year	-	11,500
Forfeited during the year	3,920	2,550
Exercised during the year	29,745	27,645
Expired during the year	1,890	840
Outstanding at the end of the year	42,410	77,965
Exercisable at the end of the year	42,410	77,965
Weighted average exercise price per option	₹50/-	₹50/-

The fair value of the options granted is determined on the date of the grant using the "Black-Scholes option pricing model" with the following assumptions, as certified by an independent valuer:

Vesting Date	25-May-20	24-May-20	24-May-21	13-Aug-20	13-Aug-21
Date of Grant	25-May-17	24-May-18		13-Aug-18	
Stock Price as on Grant Date (₹)	181.5	376	376	364.5	364.5
Exercise price (₹)	50/-	50/-	50/-	50/-	50/-
Expected volatility (%)	140.69%	140.69%	140.69%	140.69%	140.69%
Expected option life (weighted average) (Years)	3.25	2.25	3.25	1.25	2.25
Expected dividends yield	0.00%	0.00%	0.00%	0.00%	0.00%
Risk free interest rate (%)	5.76%	5.25%	5.76%	5.00%	5.25%
Fair Value of Option (₹)	165.45	347.27	355.57	325.07	336

The Group has recognised share based payment expense of ₹30.11 Lakhs (March 31, 2019: ₹60.40 Lakhs) during the year as proportionate cost.

Scheme	ESOP-2016		
Tranches	ESOP-2016 -1	ESOP-2016 -2	ESOP-2016 -3
Date of grant	26.05.2017	25.05.2018	13.10.2018
Date of Board approval	11.08.2016	11.08.2016	11.08.2016
Date of Shareholder's approval	22.09.2016	22.09.2016	22.09.2016
Number of options granted	97,500	9,000	2,500
Exercise price	₹50/-	₹50/-	₹50/-
Method of Settlement	Through allotment of one equity share for each option granted.	Through allotment of one equity share for each option granted.	Through allotment of one equity share for each option granted.
Vesting period	I. 30% of the options at the end of one year from the date of grant; II. 30% of the options at the end of the two years from the date of grant;	I. 30% of the options at the end of one year from the date of grant; II. 30% of the options at the end of the two years from the date of grant;	I. 30% of the options at the end of one year from the date of grant; II. 30% of the options at the end of the two years from the date of grant;

Notes Forming part of Consolidated Financial Statements

for year ended March 31, 2020

Scheme		ESOP-2016		
Tranches	ESOP-2016 -1	ESOP-2016 -2	ESOP-2016 -3	
	III. 40% of the Options at the end of the three years from the date of grant.	III. 40% of the Options at the end of the three years from the date of grant.	III. 40% of the Options at the end of the three years from the date of grant.	
Exercise period	3 months from the date of vesting	3 months from the date of vesting	3 months from the date of vesting	
Vesting conditions	The Option holders are required to continue to hold the services being provided to the Group at the time of exercise of options.	The Option holders are required to continue to hold the services being provided to the Group at the time of exercise of options.	The Option holders are required to continue to hold the services being provided to the Group at the time of exercise of options.	
Name of the plan	'ARMAN-EMPLOYEE STOCK OPTION PLAN 2016' ("ESOP 2016")	'ARMAN-EMPLOYEE STOCK OPTION PLAN 2016' ("ESOP 2016")	'ARMAN-EMPLOYEE STOCK OPTION PLAN 2016' ("ESOP 2016")	

40 The Board of Directors has not recommended any dividend for the financial year 2019-20 (P.Y. Dividend of ₹1.40 per equity share of face value of ₹10 each).

41 Additional Information as required by Paragraph 2 of the general Instruction for Preparation of the Consolidated Financial Statements to the Schedule III of the Act

(₹ in lakhs)

Name of the entity	Net Assets i.e. Total assets minus Total liabilities		Share in Profit or Loss		Share in Other Comprehensive income	
	As % of Consolidated net assets	Amounts	As % of Consolidated Profit & Loss	Amounts	As % of Consolidated net assets	Amounts
Parent						
Arman Financial Services Limited	68.09%	11,726.49	42.44%	1,762.23	56.18%	29.59
Subsidiaries Indian						
Namra Finance Limited	31.91%	5,496.04	57.56%	2,389.77	43.82%	23.08
Foreign	-	-	-	-	-	-
Minority interests in all subsidiaries associates (investments as per the equity method)						
Parent Subsidiaries Indian						
Namra Finance Limited	-	-	-	-	-	-
Foreign	-	-	-	-	-	-
Total	100.00%	17,222.53	100.00%	4,152.00	100.00%	52.67

Notes Forming part of Consolidated Financial Statements

for year ended March 31, 2020

42: Maturity Analysis of Assets and Liabilities

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

(₹ in lakhs)

Particulars	Note No.	As at March 31, 2020			As at March 31, 2019			As at April 01, 2018		
		Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
ASSETS										
Financial Assets										
Cash and cash equivalents	1	5,842.09	-	5,842.09	3,832.02	-	3,832.02	798.01	-	798.01
Bank Balance other than above	2	2,916.57	925.04	3,841.61	1,232.69	1,789.24	3,021.93	1,087.48	1,050.41	2,137.89
Loans	3	48,519.20	29,330.12	77,849.32	51,994.83	15,049.99	67,044.82	35,845.07	5,416.16	41,261.23
Investments	4	325.90	-	325.90	-	331.64	331.64	-	310.59	310.59
Other Financial assets	5	560.46	188.00	748.46	250.08	201.81	451.89	289.40	205.18	494.58
Non-financial Assets										
Current tax assets (Net)	6	50.30	-	50.30	-	-	-	-	-	-
Deferred tax Assets (Net)	7	478.68	-	478.68	192.31	-	192.31	253.07	-	253.07
Property, Plant and Equipment	8	-	352.91	352.91	-	325.01	325.01	-	259.13	259.13
Other Intangible assets	8	-	17.69	17.69	-	25.88	25.88	-	22.38	22.38
Right-of-Use Assets	8	-	73.93	73.93	-	-	-	-	-	-
Other non-financial assets	9	35.50	-	35.50	59.12	-	59.12	34.09	-	34.09
Total Assets		58,728.70	30,887.69	89,616.39	57,561.05	17,723.57	75,284.62	38,307.12	7,263.85	45,570.97

Notes Forming part of Consolidated Financial Statements

for year ended March 31, 2020

(₹ in lakhs)

Particulars	Note No.	As at March 31, 2020			As at March 31, 2019			As at April 01, 2018		
		Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
LIABILITIES AND EQUITY										
LIABILITIES										
Financial Liabilities										
(I) Other Payables	10									
(i) total outstanding dues of micro enterprises and small enterprises		-	-	-	-	-	-	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		78.00	-	78.00	96.91	-	96.91	26.57	-	26.57
Debt Securities	11	-	10,570.98	10,570.98	3,973.47	2,712.80	6,686.27	-	3,302.26	3,302.26
Borrowings (Other than Debt Securities)	12	30,398.21	27,307.42	57,705.63	28,397.22	24,619.64	53,016.86	22,346.76	12,204.76	34,551.52
Subordinated Liabilities	13	-	1,500.00	1,500.00	-	1,500.00	1,500.00	-	1,500.00	1,500.00
Other financial liabilities	14	2,265.46	67.20	2,332.66	1,186.87	-	1,186.87	576.82	-	576.82
Non-Financial Liabilities										
Current tax Liability (Net)	15	-	-	-	293.55	-	293.55	52.32	-	52.32
Provisions	6	33.91	46.07	79.98	19.44	27.44	46.88	12.23	14.19	26.42
Other non-financial liabilities	16	126.68	-	126.68	135.95	-	135.95	69.47	-	69.47
EQUITY										
Equity Share capital	17	-	845.09	845.09	-	695.23	695.23	-	692.47	692.47
Other Equity	18	-	16,377.37	16,377.37	-	11,626.10	11,626.10	-	4,773.12	4,773.12
Total Liabilities and Equity		32,902.26	56,714.13	89,616.39	34,103.41	41,181.21	75,284.62	23,084.17	22,486.80	45,570.97

Notes Forming part of Consolidated Financial Statements

for year ended March 31, 2020

43 Fair Value Measurements:

A Financial instrument by category and their fair value

(₹ in lakhs)

As at March 31, 2020		Note No.	Carrying Amount		Fair Value			
			Amortised Cost	FVOCI	Level 1	Level 2	Level 3	Total
Financial Assets Measured at Fair value								
Loans	3	-	77,968.82	-	77,968.82	-	77,968.82	
Investment In Mutual Funds	4	325.90	-	325.90	-	-	325.90	
Financial Assets Not Measured at Fair value								
Cash and Cash Equivalents	1	5,842.09	-	-	-	-	-	
Bank Balances other than cash and Cash Equivalent	2	3,841.61	-	-	-	-	-	
Security Deposits	5	444.94	-	-	-	-	-	
Other Advance	5	150.97	-	-	-	-	-	
Interest Due but not Received on Loans and Advances	5	119.49	-	-	-	-	-	
Interest Accrued but not due on Bank Deposits	5	33.06	-	-	-	-	-	
Total		10,758.06	77,968.82	325.90	77,968.82	-	78,294.72	
Financial Liabilities Not Measured at Fair value								
Other Payables	10	78.00	-	-	-	78.00	78.00	
Debt Securities	11	10,570.98	-	-	-	10,570.98	10,570.98	
Borrowings (Other than Debt Securities)	12	57,705.63	-	-	-	57,705.63	57,705.63	
Subordinated Liabilities	13	1,500.00	-	-	-	1,500.00	1,500.00	
Other financial liabilities	14	2,332.66	-	-	-	2,332.66	2,332.66	
Total Financial Liabilities		72,187.27	-	-	-	72,187.27	72,187.27	

Notes Forming part of Consolidated Financial Statements

for year ended March 31, 2020

(₹ in lakhs)

As at March 31, 2019		Note No.	Carrying Amount		Fair Value			
			Amortised Cost	FVOCI	Level 1	Level 2	Level 3	Total
Financial Assets Measured at Fair value								
Loans		3	-	67,122.46	-	67,122.46	-	67,122.46
Investment In Mutual Funds		4	331.64	-	331.64	-	-	331.64
Financial Assets Not Measured at Fair value								
Cash and Cash Equivalents		1	3,832.02	-	-	-	-	-
Bank Balances other than cash and Cash Equivalent		2	3,021.93	-	-	-	-	-
Security Deposits		5	343.47	-	-	-	-	-
Other Advance		5	12.90	-	-	-	-	-
Interest Due but not Received on Loans and Advances		5	77.64	-	-	-	-	-
Interest Accrued but not due on Bank Deposits		5	17.88	-	-	-	-	-
Total			7,637.48	67,122.46	331.64	67,122.46	-	67,454.10
Financial Liabilities Not Measured at Fair value								
Other Payables		10	96.91	-	-	-	96.91	96.91
Debt Securities		11	6,686.27	-	-	-	6,686.27	6,686.27
Borrowings (Other than Debt Securities)		12	53,016.85	-	-	-	53,016.85	53,016.85
Subordinated Liabilities		13	1,500.00	-	-	-	1,500.00	1,500.00
Other financial liabilities		14	1,186.88	-	-	-	1,186.88	1,186.88
Total Financial Liabilities			62,486.91	-	-	-	62,486.91	62,486.91

Notes Forming part of Consolidated Financial Statements

for year ended March 31, 2020

(₹ in lakhs)

As at April 01, 2018	Note No.	Carrying Amount	FVOCI	Level 1	Level 2	Level 3	Total
Financial Assets Measured at Fair value							
Loans	3	-	41,346.66	-	41,346.66	-	41,346.66
Investment In Mutual Funds	4	310.59	-	310.59	-	-	310.59
Financial Assets Not Measured at Fair value							
Cash and Cash Equivalents	1	798.01	-	-	-	-	-
Bank Balances other than cash and Cash Equivalent	2	2,137.89	-	-	-	-	-
Security Deposits	5	388.75	-	-	-	-	-
Other Advances	5	12.42	-	-	-	-	-
Interest Due but not Received on Loans and Advances	5	85.43	-	-	-	-	-
Interest Accrued but not due on Bank Deposits	5	7.98	-	-	-	-	-
Total		3,741.07	41,346.66	310.59	41,346.66	-	41,657.25
Financial Liabilities Not Measured at Fair value							
Other Payables	10	26.57	-	-	-	26.57	26.57
Debt Securities	11	3,302.26	-	-	-	3,302.26	3,302.26
Borrowings (Other than Debt Securities)	12	34,551.52	-	-	-	34,551.52	34,551.52
Subordinated Liabilities	13	1,500.00	-	-	-	1,500.00	1,500.00
Other financial liabilities	14	576.82	-	-	-	576.82	576.82
Total Financial Liabilities		39,957.17	-	-	-	39,957.17	39,957.17

The Group has not disclosed the fair values for cash and cash equivalents, bank balances, Security Deposits, other Advances, interest Due but not received on loans and advances and Interest Accrued but not due on Bank Deposits, Other Payables and other financial liabilities as these are short term in nature and their carrying amounts are a reasonable approximation of fair value.

Notes Forming part of Consolidated Financial Statements

for year ended March 31, 2020

B Measurement of fair values

I. Valuation techniques and significant unobservable inputs

The carrying amounts of financial assets and liabilities which are at amortised cost are considered to be the same as their fair values as there is no material differences from the carrying values presented.

II. Financial instruments - fair value

The fair value of financial instruments as referred to in note (A) above have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurement).

The categories used are as follows:

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices;

Level 2: The fair value of financial instruments that are not traded in active market is determined using valuation technique which maximizes the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value on instrument are observable, the instrument is included in level 2; and

Level 3: If one or more of significant input is not based on observable market data, the instrument is included in level 3.

III. Transfers between levels I and II

There has been no transfer in between level I and level II.

IV. Valuation techniques

Loans

The Group has computed fair value of the loans and advances through OCI considering its business model. These have been fair valued using the base of the interest rate of loan disbursed in the last seven days of the year end which is an observable input and therefore these has been considered to be fair valued using Level 3 inputs.

C Capital

The Group maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of the local banking supervisor, RBI. The adequacy of the Group's capital is monitored using, among other measures, the regulations issued by RBI.

The Group has complied in full with all its externally imposed capital requirements over the reported period. Equity share capital and other equity are considered for the purpose of Group's capital management.

C.1 Capital management

The primary objectives of the Group's capital management policy are to ensure that the Group complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximize shareholder value.

The Group manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board

Notes Forming part of Consolidated Financial Statements

for year ended March 31, 2020

44 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES:

The Group's principal financial liabilities comprise borrowings and trade payables. The main purpose of these financial liabilities is to finance the Group's operations and to support its operations. The Group's financial assets include loan and advances, cash and cash equivalents that derive directly from its operations.

The Group is exposed to credit risk, liquidity risk and market risk. The Group's board of directors has an overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports regularly to the board of directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group's risk management committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

I Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counter-party to financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables from customers and loans.

The carrying amounts of financial assets represent the maximum credit risk exposure.

Loans and advances:

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry.

The risk management committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information, industry information etc.

The Group's exposure to credit risk for loans and advances by type of counterparty is as follows: (₹ in lakhs)

Particulars	Carrying amount		
	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
Retail assets (refer note 3)	77,849.32	67,044.82	41,261.23
Loans to NBFC-to Create the underlying assets	-	-	-
Total	77,849.32	67,044.82	41,261.23

An impairment analysis is performed at each reporting date based on the facts and circumstances existing on that date to identify expected losses on account of time value of money and credit risk. For the purposes of this analysis, the loan receivables are categorised into groups based on days past due. Each group is then assessed for impairment using the ECL model as per the provisions of Ind AS 109 - financial instruments.

As per Ind AS 109, Group is required to group the portfolio based on the shared risk characteristics. Group has assessed the risk and its impact on the various portfolios and has divided the portfolio into following groups.

Notes Forming part of Consolidated Financial Statements

for year ended March 31, 2020

- a TW Loans
- b SME Loans
- c Retail Asset Channel Loans
- d Microfinance

Staging:

As per the requirement of Ind AS 109 general approach all financial instruments are allocated to stage 1 on initial recognition except originated credit-impaired financial assets which are considered to be under stage 3 on day of origination. However, if a significant increase in credit risk is identified at the reporting date compared with the initial recognition, then an instrument is transferred to stage 2. If there is objective evidence of impairment, then the asset is credit impaired and transferred to stage 3.

The Group considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments

For financial assets in stage 1, the impairment calculated based on defaults that are possible in next twelve months, whereas for financial instrument in stage 2 and stage 3 the ECL calculation considers default event for the lifespan of the instrument

As per Ind AS 109, Group assesses whether there is a significant increase in credit risk at the reporting date from the initial recognition. Group has staged the assets based on the Day past dues criteria and other market factors which significantly impacts the portfolio

Days past dues status	Stage	Provisions
Current	Stage 1	12 months provision
1-30 days	Stage 1	12 months provision
31-60 days	Stage 2	Lifetime Provision
61-90 days	Stage 2	Lifetime Provision
90+ days	Stage 3	Lifetime Provision

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group is exposed to credit risk from its operating activities, cash and cash equivalents and other financial instruments.

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to the customer credit risk management. Outstanding customer receivables are regularly monitored and taken up on case to case basis. The Group has adopted a policy of dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit scores of its counterparties are continuously monitored. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management team on a regular basis. The Group evaluates the concentration of risk with respect to Loan receivables as low, as its customers are located in several jurisdictions representing large number of minor receivables operating in largely independent markets. The credit risk on cash and bank balances and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

EXPECTED CREDIT LOSS FOR LOANS:

The Group considers default in all cases when the borrower becomes 90 days past due on its contractual payments. The Expected Credit Loss (ECL) is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL

Notes Forming part of Consolidated Financial Statements

for year ended March 31, 2020

for Stage 2 and Stage 3 loan assets. ECL is the product of the Probability of Default, Exposure at Default and Loss Given Default.

Marginal probability of default:

PD is defined as the probability of whether borrowers will default on their obligations in the future. Historical PD is derived from NBFC internal data calibrated with forward looking macroeconomic factors. For computation of probability of default ("PD"), Vasicek Single Factor Model was used to forecast the PD term structure over lifetime of loans. As per Vasicek model, given long term PD and current macroeconomic conditions, conditional PD corresponding to current macroeconomic condition is estimated. Group has worked out on PD based on the last five years historical data.

Marginal probability:

The PDs derived from the Vasicek model, are the cumulative PDs, stating that the borrower can default in any of the given years, however to compute the loss for any given year, these cumulative PDs have to be converted to marginal PDs. Marginal PDs is probability that the obligor will default in a given year, conditional on it having survived till the end of the previous year.

Conditional marginal probability:

As per Ind AS 109, expected loss has to be calculated as an unbiased and probability-weighted amount for multiple scenarios.

Based on the historical loss experience, adjustments need to be made on the average PD computed to give effect of the current conditions which is done through management overlay by assigning probability weightages to different scenarios.

LGD:

LGD is an estimate of the loss from a transaction given that a default occurs. Under Ind AS 109, lifetime LGD's are defined as a collection of LGD's estimates applicable to different future periods. Various approaches are available to compute the LGD. Group has considered workout LGD approach. The following steps are performed to calculate the LGD:

- 1) Analysis of historical credit impaired accounts at cohort level.
- 2) The computation consists of five components, which are:
 - a) Outstanding balance (POS).
 - b) Recovery amount (discounted yearly) by initial contractual rate.
 - c) Expected recovery amount (for incomplete recoveries), discounted to reporting date using initial contractual rate.
 - d) Collateral (security) amount.

The formula for the computation is as below:

$$\% \text{ Recovery rate} = (\text{discounted recovery amount} + \text{security amount} + \text{discounted estimated recovery}) / (\text{total POS})$$

$$\% \text{ LGD} = 1 - \text{recovery rate}$$

EAD:

As per Ind AS 109, EAD is estimation of the extent to which the financial entity may be exposed to counterparty in the event of default and at the time of counterparty's default. Group has modelled EAD based on the contractual and behavioral cash flows till the lifetime of the loans considering the expected prepayments. Group has considered expected cash flows for all the loans at DPD bucket level for each of the segments, which was

Notes Forming part of Consolidated Financial Statements

for year ended March 31, 2020

used for computation of ECL. Moreover, the EAD comprised of principal component, accrued interest and also the future interest for the outstanding exposure. So discounting was done for computation of expected credit loss."

Discounting:

As per Ind AS 109, ECL is computed by estimating the timing of the expected credit shortfalls associated with the defaults and discounting them using effective interest rate.

Changes in ECL allowances in relation to loans from beginning to end of reporting period:

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Opening provision of ECL	800.28	781.26
Addition during the year	1,744.03	691.42
Utilization / reversal during the year	(593.36)	(672.40)
Closing provision of ECL	1,950.95	800.28

II Liquid Risk:

Liquidity risk is the risk that the Group will encounter difficulty in meeting its obligations associated with its financial liabilities. The Group's approach in managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due.

The Group is monitoring its liquidity risk by estimating the future inflows and outflows during the start of the year and planned accordingly the funding requirement. The Group manages its liquidity by unutilized cash credit facility, term loans and direct assignment.

The composition of the Group's liability mix ensures healthy asset liability maturity pattern and well diverse resource mix.

Capital adequacy ratio of the Holding Company, as on 31 March 2020 is 34.70% against regulatory norms of 15%. Tier I capital is 31.73% as against requirement of 10%. Tier II capital is 2.97% which may increase from time to time depending on the requirement and also as a source of structural liquidity to strengthen asset liability maturity pattern.

Capital adequacy ratio of the Subsidiary Company, as on 31 March 2020 is 21.61% against regulatory norms of 15%. Tier I capital is 19.34% as against requirement of 10%. Tier II capital is 2.26% which may increase from time to time depending on the requirement and also as a source of structural liquidity to strengthen asset liability maturity pattern.

The total cash credit limit available to the Group is ₹4,824 lakhs spread across 6 banks. The utilization level is maintained in such a way that ensures sufficient liquidity on hand. Majority of the Group's portfolio is MSME loans which qualifies as Priority Sector Lending. During the year, the Group has maintained around 5% to 10% of assets under management as off book through direct assignment transactions. It is with door to door maturity and without recourse to the Group. This further strengthens the liability management.

The table below summarizes the maturity profile of the Group's non derivative financial liabilities based on contractual undiscounted payments along with its carrying value as at the balance sheet date.

Notes Forming part of Consolidated Financial Statements

for year ended March 31, 2020

(₹ in lakhs)

Particular	1 Day to 30/31 Days (One Month)	Over One Month up to 2 Months	Over 2 Months up to 3 Months	Over 3 Months up to 6 Months	Over 6 Months up to 1 Year	Over 1 Year up to 3 Years	Over 3 Year up to 5 Years	Over 5 Years	Total
As At March 31, 2020									
Debt Securities (Refer Note 11)	-	-	-	-	-	6,839.18	3,731.80	-	10,570.98
Borrowings & Subordinated Liabilities (Refer Notes 12 & 13)	1,856.57	2,044.23	3,920.95	10,583.61	11,992.85	21,162.57	7,644.86	-	59,205.63
Trade Payables	-	-	-	-	-	-	-	-	-
As At March 31, 2019									
Debt Securities (Refer Note 11)	-	-	-	1,658.60	2,314.88	2,712.80	-	-	6,686.27
Borrowings & Subordinated Liabilities (Refer Notes 12 & 13)	2,263.56	1,976.30	2,372.11	9,376.77	12,408.47	24,267.77	1,851.88	-	54,516.86
Trade Payables	-	-	-	-	-	-	-	-	-
As At April 01, 2018									
Debt Securities (Refer Note 11)	-	-	-	-	-	3,302.26	-	-	3,302.26
Borrowings & Subordinated Liabilities (Refer Notes 12 & 13)	1,066.30	992.09	992.09	2,158.89	17,137.39	10,296.75	2,024.12	1,383.89	36,051.52
Trade Payables	-	-	-	-	-	-	-	-	-

III Market risk :

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk includes interest rate risk and foreign currency risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

IV Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's investment in bank deposits and variable interest rate borrowings and lending. Whenever there is a change in borrowing interest rate for the Group, necessary change is reflected in the lending interest rates over the timeline in order to mitigate the risk of change in interest rates of borrowings

Notes Forming part of Consolidated Financial Statements

for year ended March 31, 2020

The sensitivity analysis have been carried out based on the exposure to interest rates for bank deposits, lending and borrowings carried at variable rate.

(₹ in lakhs)

	For the year ended on March 31, 2020	
	50 bp increase	50 bp decrease
Change in interest rates		
Bank Deposits (Refer Note 2)	3,834.24	3,834.24
Impact on profit for the year	19.17	(19.17)
Variable Rate Borrowings (refer Note 12)	58,219.35	58,219.35
Impact on profit for the year	(291.10)	291.10

V Foreign currency risk:

As at March 31, 2020, the Group has outstanding foreign currency borrowings of Euro 5 million (March 31, 2019: nil and April 1, 2018: Nil). The Group has undertaken principal swaps and cross currency swaps to hedge the foreign currency risk of the ECB principals. Whereas the Group has entered into floating to fixed coupon only swaps and interest rate swaps along with forward contracts to hedge the floating interest and foreign currency risk of the coupon payments. All the derivative instruments are purely for hedging the underlying ECB transactions as per applicable RBI guidelines and not for any speculative purpose.

The Group is exposed to foreign exchange risk arising from foreign currency transactions. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the functional currency of the Group. To mitigate the Group's exposure to foreign currency risk, non-rupee cash flows are monitored and derivative contracts are entered into in accordance with the Group's risk management policies.

Foreign currency risk exposure

The Group exposure to foreign currency risk at the end of the reporting period expressed in Rs., are as follows

(₹ in lakhs)

Particulars	Currency	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Financial liabilities				
External commercial borrowings	Euro	4,150.37	-	-
(including interest accrued)				
(Gain)/loss: Derivative contract	-	171.80	-	-

Sensitivity*

The sensitivity of profit and loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Euro Sensitivity		
INR/Euro-increase by 5%	(207.52)	-
INR/Euro-decrease by 5%	207.52	-

* Holding all other variables constant

- 45** Reserve Bank of India (RBI) has issued guidelines relating to COVID-19 Regulatory Package dated March 27, 2020 and May 23, 2020 allowing the lending institutions to offer moratorium to their borrowers on instalments falling due between march 1, 2020 to August 31, 2020. The company has extended / will be extending moratorium to its borrowers in accordance with its board approved policy. In managements view providing moratorium to the

Notes Forming part of Consolidated Financial Statements

for year ended March 31, 2020

borrowers at a large scale based on RBIs directives by itself is not considered to result in a significant increase in the credit risk (SICR) for such borrowers. Further considering the unique and widespread impact of COVID-19 the Company has estimated the expected credit loss in its provisions, based on the information available at this point of time.

Accordingly, the provision for expected credit loss on financial assets as at 31 March 2020 aggregates, ₹611.10 lakh (as at 31 March 2019, ₹276.95 lakh) which includes potential impact on account of the pandemic of ₹214.72 lakh. Based on the current indicators of future economic conditions, the Company considers this provision to be adequate.

These estimates are based on the early indicators that are subject to uncertainty and severity and duration of the pandemic. Given these circumstances the business and financial metrics, including the expected credit losses could be different from that estimated by the company.

- 46** The outbreak of COVID-19 pandemic across the globe and in India has contributed to a significant decline and volatility in the global and Indian financial markets and slowdown in the economic activities. The Government of India announced nation-wide lockdown on March 24, 2020 till April 14, 2020 with subsequent extension till 31st May 2020 to contain the spread of virus. The lockdown has led to significant disruptions, impacting company's regular operations, including disbursements and collections activities due to inability of employees to physically reach the borrowers. The companies major operations are in rural parts of India where the impact of COVID-19 has been relatively lower. The government has announced series of relief packages for rural India. This is expected to support the rural borrowers repayment capacity. The relaxations announced in the lockdown since June 1, 2020 has helped the company's employees to contact the borrowers and resume business activities.
- 47** Previous year's figures have been regrouped and rearranged wherever necessary, to make them comparable with those of current year.

As per our report of even date attached herewith

For **Samir M Shah & Associates**

Chartered Accountants
[Firm Regd. No. 122377W]

[Samir M Shah]

Partner
[M.No.111052]
UDIN: 20111052AAAIV8520

Place: Ahmedabad
Date: 29.06.2020

For, **Arman Financial Services Limited**

Jayendra Patel

Vice Chairman & Managing Director
(DIN - 00011814)

Aalok Patel

Joint Managing Director
(DIN - 02482747)

Vivek Modi

Chief Financial Officer

Jaimish Patel

Company Secretary
(M.No. A42244)

Standalone

Financial Statements

199	Auditor's Report
208	Balance Sheet
209	Statement of Profit & Loss
210	Statement of Change in Equity
212	Statement of Cash Flow
214	Notes

INDEPENDENT AUDITORS' REPORT

To,

The Members of

ARMAN FINANCIAL SERVICES LIMITED

Ahmedabad

Report on the Audit of the Standalone Financial Statements

Opinion

1. We have audited the accompanying Standalone Financial Statements of **Arman Financial Services Limited** (the 'Company') which comprise the Balance Sheet as at **March 31, 2020**, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (the 'Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2020 and its profit and its cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those standards are further, described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together

with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matters

4. As described in Note 46 to the standalone annual financial results, in respect of accounts overdue but standard as at 29 February 2020 where moratorium benefit has been granted, the staging of those accounts as at March 31, 2020 is based on the days past due status as on 29 February 2020, in accordance with Reserve Bank of India COVID-19 Regulatory Package.

As described in Note 47 to the Standalone Financial Results, the extent to which the COVID-19 pandemic will impact the company's operations and financial performance is dependent on future developments, which are highly uncertain.

Our opinion is not modified in respect of the above matters.

Key Audit Matters

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

Key audit matters identified in our audit are in respect of Adoption of Indian Accounting Standards Framework and Provision for Expected Credit Losses on loans as follows:

Adoption of Indian Accounting Standards Framework

[Refer para 2 for the accounting policy and Note 28 for the related disclosures]

Key Audit Matter	How our audit addressed the key audit matter
<p>The standalone financial statements for the year ended March 31, 2020 are the first financial statements prepared in accordance with Indian Accounting Standards ('Ind AS') as notified by the Ministry of Corporate Affairs ('MCA') under Section 133 of the Act.</p> <p>The Company has applied Ind AS 101, First-time Adoption of Indian Accounting Standards. Note 28 in the standalone financial statements sets forth the reconciliation of balances from previous GAAP to the new Ind AS framework as at the transition date and the impact of restatement on the financial position of the comparative year due to such transition. Refer to para 1 for significant accounting policies selected by the Company on transition to the Ind-AS.</p> <p>This change in the financial reporting framework required an end-to-end evaluation of the potential impact on each item included in the standalone financial statements including presentation thereof, additional notes and disclosures.</p> <p>This evaluation required significant audit efforts. Considering the significance of impact of this matter in the current year to the standalone financial statements, and the audit efforts required, this matter has been identified as a key audit matter for the current year audit.</p>	<p>Our key audit procedures in respect of the first time adoption of Ind-AS framework included, but were not limited to, the following:</p> <p>(a) obtaining an understanding of the management's processes and controls to identify the potential impact areas in the financial statements due to the adoption of Ind AS;</p> <p>(b) reviewing the options chosen and exemptions availed and by the Company and its implementation in accordance with the Ind AS 101;</p> <p>(c) assessing the appropriateness of the adjustments made to the opening balance sheet as at 1st April, 2018;</p> <p>(d) assessing the appropriateness of the adjustments recorded in the standalone financial statements as of and for the year-ended March 31, 2019 which were prepared in the previous GAAP;</p> <p>(e) evaluating the appropriateness of accounting policies selected by the Company on transition to Ind AS on the basis of our understanding of the Company, the nature and size of its operations and the requirements of the relevant accounting standards under the Ind AS framework;</p> <p>(f) evaluating the adequacy and appropriateness of the standalone financial statements disclosures arising on adoption of the Ind AS to determine if these are in compliance with the requirements of the Ind AS; and</p> <p>(g) obtaining written representations from management and those charged with governance on whether the financial statements comply with the Ind AS in all respects.</p>

Provision for Expected Credit Losses on loans

[Refer para 3.6 for the accounting policy and Note 3.1 for the related disclosures]

Key Audit Matter	How our audit addressed the key audit matter
<p>As at March 31, 2020, the Company has financial assets (loans) amounting to ₹22,314.24 Lakhs. As per Ind AS 109- Financial Instruments, the Company is required to recognise allowance for expected credit losses on financial assets.</p> <p>Since this was the first year for the preparation and presentation of the standalone financial statements under Ind-AS framework, the management had to also estimate the provision for expected credit losses for the loans outstanding as at 1st April, 2018 and as at March 31, 2019. Expected credit loss cannot be measured precisely, but can only be estimated through use of statistics. The calculation of expected credit losses is</p>	<p>Our audit procedures in relation to expected credit losses were focused on obtaining sufficient appropriate audit evidence as to whether the expected credit losses recognised in the standalone financial statements were reasonable and the related disclosures in the standalone financial statements made by the management were adequate. These procedures included, but not limited, to the following:</p> <p>(a) obtaining an understanding of the model adopted by the Company for calculation of expected credit losses including how management calculated the expected credit losses and the appropriateness data on which the calculation is based; complex</p>

Key Audit Matter	How our audit addressed the key audit matter
<p>and requires exercise of judgment around both the timing of recognition of impairment provisions and estimation of the amount of provisions required in relation to loss events. Further, due to COVID Pandemic, the calculation of expected credit loss had further challenges as the future outcome is dependent on various events, the outcome of which is uncertain.</p> <p>The management has recognised a provision of ₹334.15 Lakhs in the Statement of Profit and Loss for the year ended March 31, 2020.</p> <p>Considering the significance of the above matter to the standalone financial statements and since the matter required our significant attention to test the calculation of expected credit losses, we have identified this as a key audit matter for current year audit.</p>	<p>b) testing the accuracy of inputs through substantive procedures and assessing the reasonableness of the assumptions used;</p> <p>(c) developing a point estimate by making reference to the expected credit losses recognised by entities that carry comparable financial assets;</p> <p>(d) testing the arithmetical calculation of the expected credit losses;</p> <p>(e) verifying the adequacy of the related disclosures; and</p> <p>(f) obtaining written representations from management and those charged with governance whether they believe significant assumptions used in calculation of expected credit losses are reasonable.</p>

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

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

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

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

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

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

7. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit and cash flows of the

Company in accordance with the accounting principles generally accepted in India specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

10. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due

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

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

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

are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

Report on Other Legal and Regulatory Requirements

15. As required by the Companies (Auditor's Report) Order, 2016 (the 'Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order.
16. Further to our comments in Annexure A, as required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were

necessary for the purpose of our audit;

- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c) The standalone financial statements dealt with by this report are in agreement with the books of account;
- d) In our opinion, the aforesaid standalone financial statements comply accounting principles generally accepted in India specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act;
- f) We have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on March 31, 2020 in conjunction with our audit of the standalone

financial statements of the Company for the year ended on that date and our report as per Annexure B expressed an unmodified opinion;

- g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in the standalone financial statements; (Refer Note 29 to the financial statements);
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

(Samir M Shah)
Partner

[M. No. 111052]

UDIN: 20111052AAAAIU4472

Place: Ahmedabad

Date: 29.06.2020

ANNEXURE "A" TO INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 15 of our report of even date to the Members of **ARMAN FINANCIAL SERVICES LIMITED** for the year ended **March 31, 2020**.

1. In respect of Fixed Assets:

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

2. In respect of its Inventories:

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

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

As per information and explanation given to us, the Company has granted secured and unsecured loans to Companies covered in the registered maintained under section 189 of the Companies Act, 2013 and with respect to the same.

- a. in our opinion the terms and conditions of grant of such loans are, prima facie, not prejudicial to the Company's interest.
- b. the schedule of repayment of principal and payment of interest has been stipulated and the repayment / receipts of the principal amount and the interest are regular;
- c. there is no overdue amount in respect of loans granted to such companies.

4. Loans, Investments and Guarantees:

According to the information and explanation given to us, the Company has not given loans, secured or unsecured to Companies, Firms, Limited Liability Partnerships or others under section 189 of

the Companies Act, 2013 but provided Corporate Guarantees in respect of loans taken by its Wholly Owned Subsidiary Company having the year-end balance of ₹25,200 Lakhs (amount of Loan O/s is of ₹13,950.03 Lakhs) and the maximum amount involved during the year was ₹28,050.00 Lakhs (maximum amount of Loan O/s is of ₹21,356.50 Lakhs). As provided in section 185 and 186 and as specified in The Companies (Meetings of Board and its Powers) Rules, 2014, loans and guarantee given by Holding Company to Wholly Owned Subsidiary Company is exempt.

5. During the year, the Company has not accepted any deposits from public and hence the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under are not applicable to the Company. Therefore clause (v) of Companies (Auditor's Report) Order, 2016 is not applicable.

6. According to the information and explanations given to us, the Company is not required to maintain cost records as required by the central government under sub section (1) of section 148 of the Companies Act, 2013. Hence clause (vi) of the (Auditor's Report) Order, 2016 is not applicable.

7. In respect of Statutory Dues :

- (a) According to the records of the Company, the Company is by and large regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employee's state insurance, income tax, goods and service tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities applicable to it.

According to the information and explanations given to us, no undisputed amounts payable in respect statutory dues which remained outstanding as at March 31, 2020 for a period of more than six months from the date they became payable.

- (b) According to the records of the Company, following dues of income tax, sales tax, wealth tax or service tax or duty of customs or duty of excise or value added tax which have not been deposited on account of dispute.

Name of Statute	Nature of Dues	Amount (₹ In Lakhs)	Period to Which amount Relates (A.Y.)	Forum Where Dispute is Pending	Remarks, if any
Income Tax Act, 1961	Income Tax	594.23	2012-13	CIT(Appeals)	--

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

For, **Samir M Shah & Associates**

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

(**Samir M Shah**)

Partner

[M. No. 111052]

UDIN: 20111052AAAAIU4472

Place: Ahmedabad

Date: 29.06.2020

ANNEXURE "B" TO INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 16 (f) of our Report of even date to the Members of **ARMAN FINANCIAL SERVICES LIMITED** for the year ended **March 31, 2020**.

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

We have audited the internal financial controls over financial reporting of **ARMAN FINANCIAL SERVICES LIMITED** as of March 31, 2020, in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

Our audit involves performing procedures to obtain

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

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

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that: (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over

financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over

financial reporting criteria established by the Company considering the essential components of internal control stated in the guidance note on audit of internal financial controls over financial reporting issued by the Institute of Chartered Accountants of India.

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

(**Samir M Shah**)
Partner

[M. No. 111052]

UDIN: 20111052AAAAIU4472

Place: Ahmedabad

Date: 29.06.2020

Standalone Balance Sheet

as at March 31, 2020

(₹ in lakhs)

Particulars	Note	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
ASSETS				
(1) Financial Assets				
(a) Cash and cash equivalents	1	34.14	460.73	33.88
(b) Bank Balance other than (a) above	2	561.29	739.88	646.57
(c) Loans	3	22,314.24	19,788.16	11,010.16
(d) Investments	4	6,236.69	5,109.17	2,339.69
(e) Other Financial assets	5	232.66	143.69	155.12
(2) Non-financial Assets				
(a) Current tax assets (Net)	6	130.63	47.40	104.73
(b) Deferred tax Assets (Net)	7	106.48	Nil	57.09
(c) Property, Plant and Equipment	8	82.30	77.12	140.99
(d) Other Intangible assets	8	0.81	2.13	3.66
(e) Other non-financial assets	9	20.41	21.15	16.29
Total Assets		29,719.65	26,389.43	14,508.18
LIABILITIES AND EQUITY				
LIABILITIES				
(1) Financial Liabilities				
(a) Debt Securities	10	6,453.90	3,369.08	Nil
(b) Borrowings (Other than Debt Securities)	11	10,118.96	12,367.05	9,608.58
(c) Subordinated Liabilities	12	500.00	500.00	500.00
(d) Other financial liabilities	13	498.07	422.29	270.93
(2) Non-Financial Liabilities				
(a) Provisions	14	35.21	22.84	14.18
(b) Deferred Tax Liabilities (Net)	7	Nil	52.70	Nil
(c) Other non-financial liabilities	15	39.86	74.78	23.03
(3) EQUITY				
(a) Equity Share capital	16	845.09	695.23	692.47
(b) Other Equity	17	11,228.56	8,885.46	3,398.99
Total Liabilities and Equity		29,719.65	26,389.43	14,508.18
Significant Accounting Policies and Notes on Financial Statements		1 to 48		

As per our report of even date attached herewith

For **Samir M Shah & Associates**

Chartered Accountants

[Firm Regd. No. 122377W]

[Samir M Shah]

Partner

[M.No.1111052]

UDIN: 20111052AAAAIU4472

Place: Ahmedabad

Date: June 29, 2020

For, **Arman Financial Services Limited**
Jayendra Patel

Vice Chairman & Managing Director

(DIN - 00011814)

Aalok Patel

Joint Managing Director

(DIN - 02482747)

Vivek Modi

Chief Financial Officer

Jaimish Patel

Company Secretary

(M.No. A42244)

Standalone Statement of Profit & Loss

for the year ended March 31, 2020

(₹ in lakhs)

Particulars	Note	As at March 31, 2020	As at March 31, 2019
(1) Revenue from operations			
Interest Income based on Effective Interest Method	18	6,537.64	4,660.15
Gain on Assignment of Financial Assets	19	173.66	Nil
Total Revenue from operations (1)		6,711.30	4,660.15
(2) Other Income	20	298.86	177.69
(3) Total Income (1+2)		7,010.16	4,837.84
(4) Expenses			
Finance Costs	21	2,202.72	1,569.32
Impairment of Financial Assets	22	668.79	280.48
Employee Benefits Expenses	23	1,323.13	945.70
Depreciation, amortization and impairment	24	11.14	10.99
Others expenses	25	521.78	463.70
Total Expenses (4)		4,727.56	3,270.19
(5) Profit / (loss) before tax (3-4)		2,282.60	1,567.65
(6) Tax Expense:			
(1) Current Tax	26	516.10	297.10
(2) Short / (excess) Provision of Income Tax of earlier years	26	0.78	26.35
(3) Deferred Tax	26	(58.04)	8.60
(7) Profit/(loss) for the period (5-6)		1,823.76	1,235.60
(8) Other Comprehensive Income			
(A) (i) Items that will not be reclassified to profit or loss			
- Remeasurement of Defined Benefit plan		(4.87)	(4.09)
(ii) Income tax relating to items that will not be reclassified to profit or loss		1.23	1.19
Subtotal (A)		(3.64)	(2.90)
(B) (i) Items that will be reclassified to profit or loss			
- Net change in value of loans measured at fair value through Other Comprehensive Income		46.05	(35.79)
(ii) Income tax relating to items that will be reclassified to profit or loss		(12.81)	10.36
Subtotal (B)		33.24	(25.43)
Other Comprehensive Income (A + B)		29.60	(28.33)
(9) Total Comprehensive Income for the period (7+8) (Comprising Profit (Loss) and other Comprehensive Income for the period)		1,853.36	1,207.27
(10) Earnings per equity share (for continuing operations)			
Basic (₹)	27	24.51	17.81
Diluted (₹)	27	24.39	14.78

As per our report of even date attached herewith

For **Samir M Shah & Associates**

Chartered Accountants
[Firm Regd. No. 122377W]

[Samir M Shah]

Partner
[M.No.111052]
UDIN: 20111052AAAAIU4472

Place: Ahmedabad
Date: June 29, 2020

For, **Arman Financial Services Limited**

Jayendra Patel

Vice Chairman & Managing Director
(DIN - 00011814)

Aalok Patel

Joint Managing Director
(DIN - 02482747)

Vivek Modi

Chief Financial Officer

Jaimish Patel

Company Secretary
(M.No. A42244)

Statement of Change in Equity

for the Year Ended March 31, 2020

(A) Equity share capital (Refer Note 16)							(₹ In lakhs)
Particulars	Balance as at April 1, 2018	Changes during the year	Balance as at March 31, 2019	Changes during the year	Balance as at March 31, 2020		
Ordinary Equity share capital	572.02	2.76	574.78	270.31	845.09		
Class "A" Ordinary Equity shares	120.45	-	120.45	(120.45)	-		
(B) Other equity (Refer note 17)							
Particulars	Equity component of compound financial instruments	Reserves and surplus					Total
		General Reserve	Reserve u/s. 45-IA of RBI Act, 1934	Securities premium	Retained earnings	Share Based Payment Reserve	
Balance at April 1, 2018	Nil	104.35	547.00	1,191.24	1,494.06	65.63	3,398.99
Profit for the year	Nil	Nil	Nil	Nil	1,235.60	Nil	1,235.60
Other comprehensive income (net of taxes)	Nil	Nil	Nil	Nil	Nil	Nil	(28.33)
Total Comprehensive Income for the period	Nil	Nil	Nil	Nil	1,235.60	Nil	1,207.27
Transactions with Owners in the capacity as Owners	Nil	Nil	Nil	Nil	(83.49)	Nil	(83.49)
Final Dividend on equity shares including dividend distribution tax ("DDT")	Nil	Nil	Nil	Nil	(83.49)	Nil	Nil
Transfer to reserve u/s. 45-IA of RBI Act, 1934	Nil	Nil	128.00	Nil	(128.00)	Nil	Nil
Additions during the year in securities premium	Nil	Nil	Nil	49.76	Nil	(38.70)	11.06
Transfer during the year in General Reserve	Nil	10.00	Nil	Nil	(10.00)	Nil	Nil
Share based payment to employees (ESOP) (Refer note 17)	Nil	Nil	Nil	Nil	Nil	59.22	59.22
Issue of Compulsory convertible Debenture	4,292.41	Nil	Nil	Nil	Nil	Nil	4,292.41
Balance at March 31, 2019	4,292.41	114.35	675.00	1,241.00	2,508.17	86.15	8,885.46
Profit for the year	Nil	Nil	Nil	Nil	1,823.76	Nil	1,823.76
Other comprehensive income (net of taxes)	Nil	Nil	Nil	Nil	Nil	Nil	29.60
Total Comprehensive Income for the period	Nil	Nil	Nil	Nil	1,823.76	Nil	1,853.36

Statement of Change in Equity

for the Year Ended March 31, 2020

Particulars	Equity component of compound financial instruments	Reserves and surplus					Other Comprehensive Income	Total
		General Reserve	Reserve u/s. 45-IA of RBI Act, 1934	Securities premium	Retained earnings	Share Based Payment Reserve		
Transactions with Owners in the capacity as Owners								
Final Dividend on equity shares including dividend distribution tax ("DDT")	Nil	Nil	Nil	Nil	(117.34)	Nil	Nil	(117.34)
Transfer to reserve u/s. 45-IA of RBI Act, 1934	Nil	Nil	365.00	Nil	(365.00)	Nil	Nil	Nil
Reversal of Corporate Guarantee due to closure of loan of subsidiary company	Nil	Nil	Nil	Nil	(62.70)	Nil	Nil	(62.70)
Additions during the year in securities premium	Nil	Nil	Nil	583.44	Nil	(47.18)	Nil	536.26
Share Issue Expense securities premium	Nil	Nil	Nil	(5.67)	Nil	Nil	Nil	(5.67)
Transfer during the year in General Reserve	Nil	10.00	Nil	Nil	(10.00)	Nil	Nil	Nil
Share based payment to employees (ESOP) (Refer note 17)	Nil	Nil	Nil	Nil	Nil	26.46	Nil	26.46
Reversal of Deferred Tax Impact on Compulsory convertible Debenture	112.73	Nil	Nil	Nil	Nil	Nil	Nil	112.73
Conversion of Compulsory convertible Debenture	(4,405.14)	Nil	Nil	5,000.00	(594.86)	Nil	Nil	Nil
Balance at March 31, 2020	Nil	124.35	1,040.00	6,818.77	3,182.03	65.43	(2.02)	11,228.56

As per our report of even date attached herewith

For **Samir M Shah & Associates**

Chartered Accountants
[Firm Regd. No. 122377W]

[Samir M Shah]

Partner

[M.No.111052]

UDIN: 20111052AAAAIU4472

Place: Ahmedabad

Date: June 29, 2020

For, **Arman Financial Services Limited**

Jayendra Patel

Vice Chairman & Managing Director
(DIN - 00011814)

Aalok Patel

Joint Managing Director
(DIN - 02482747)

Vivek Modi

Chief Financial Officer

Jaimish Patel

Company Secretary
(M.No. A42244)

Standalone Statement of Cash Flows

for the Year Ended March 31, 2020

(₹ in lakhs)

PARTICULARS	Year ended March 31, 2020	Year ended March 31, 2019
A: Cash from Operating Activities:		
Net profit before taxation	2,282.60	1,567.65
Adjustment For:		
Depreciation and amortisation	11.15	10.99
Interest Income	(6,537.65)	(4,660.15)
Finance cost Expense	2,195.44	1,553.42
Provision for impairment on financial assets	334.15	40.73
(Profit) / loss on sale of property, plant and equipment	Nil	(6.31)
Remeasurement of define benefit plan	(4.87)	(4.09)
Employee Stock Option Plan Expense	17.56	29.88
Interest on shortfall of advance Tax	7.30	15.90
Financial Gaurantee Income	(191.32)	(160.13)
	(4,168.24)	(3,179.76)
Operating profit before working Capital changes :	(1,885.64)	(1,612.11)
Adjustment For Increase/(Decrease) in Operating Assets:		
Loans and Advances	(2,814.19)	(8,854.52)
Financial Assets	(71.49)	12.54
Non Financial Assets	(4.58)	1.05
Bank balance other than Cash and Cash equivalents	178.59	(93.31)
Adjustment For Increase/(Decrease) in Operating Liabilities:		
Other Non Financial liability	(34.92)	51.76
Other Financial Liabilities	37.74	99.99
Provision	12.37	8.66
	(2,696.48)	(8,773.83)
Cash Generated From Operations	(4,582.12)	(10,385.94)
Interest Income Received	6,525.50	4,653.12
Finance Cost Paid	(2,136.84)	(1,576.90)
Income tax paid	(607.41)	(282.02)
	3,781.25	2,794.20
Net Cash From Operating Activities:	(800.87)	(7,591.74)
B: Cash Flow From Investing Activities:		
Purchase of Property, Plant & Equipment	(15.00)	(4.28)
Purchase of investments	(990.00)	(2,580.00)
Proceeds from Sale of Property, Plant & Equipment	Nil	65.00
	(1,005.00)	(2,519.28)
Net Cash from Investment Activities:	(1,005.00)	(2,519.28)
C: Cash Flow From Financing Activities :		
Proceeds from issue of share capital (including Premium)	14.86	13.81
Dividend paid	(115.70)	(84.61)
Share Issue Expense	(5.67)	Nil
Proceeds from long term borrowings	9,789.79	17,273.39
Repayment of borrowings	(6,925.56)	(5,256.65)
Net increase / (decrease) in working capital borrowings	(1,378.44)	(1,408.07)
	1,379.28	10,537.87
Net Cash from Financing Activities:	1,379.28	10,537.87
Net Increase/(Decrease) in Cash & Cash Equivalents	(426.59)	426.85
Cash & cash equivalents at the beginning of the year	460.73	33.88
Cash & cash equivalents at the end of the year	34.14	460.73

Standalone Statement of Cash Flows

for the Year Ended March 31, 2020

Notes :

1 Cash and bank balance at the end of the year comprises:

(₹ in lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Cash on hand	4.77	26.41
Balance with Bank	29.37	34.32
Total	34.14	60.73
Bank deposit with original maturity of 3 months or less	Nil	400.00
Cash & cash equivalents as per Balance Sheet	34.14	460.73

2 The above cash flow statement has been prepared under the "Indirect Method" set out in Ind AS - 7 on statement of cash flows specified under section 133 of the Companies Act, 2013.

3 Non cash financing and investing Activities

During the Current Year, the convertible instruments were converted into equity shares of the Company. Refer note 16.5 and 16.6 for non cash financing and investing Activities of the company.

4 Change in liabilities arising from financing activities:

(₹ in lakhs)

Particulars	01-Apr-19	Cash Flows	Non Cash Changes	31-Mar-20
Debt Securities	3,369.08	3,737.62	(652.80)	6,453.90
Borrowing other than debt Securities	12,367.05	(2,251.83)	3.74	10,118.96
Total	15,736.13	1,485.79	(649.06)	16,572.86

As per our report of even date attached herewith

For **Samir M Shah & Associates**

Chartered Accountants
[Firm Regd. No. 122377W]

[Samir M Shah]

Partner
[M.No.111052]
UDIN: 20111052AAAAIU4472

Place: Ahmedabad
Date: June 29, 2020

For, **Arman Financial Services Limited**

Jayendra Patel

Vice Chairman & Managing Director
(DIN - 00011814)

Aalok Patel

Joint Managing Director
(DIN - 02482747)

Vivek Modi

Chief Financial Officer

Jaimish Patel

Company Secretary
(M.No. A42244)

Forming Part of the Standalone Financial Statements

for the year ended March 31, 2020

1. CORPORATE INFORMATION

ARMAN Financial Services Limited (the "Company") is a public Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. It is registered as a deposit taking non-banking finance Company ("NBFC") with Reserve Bank of India ("RBI"). The Company is engaged in the business of providing Small and Medium Enterprise loans ("SME"), Two-Wheeler loans ("TW") to create the underlying assets of SME and TW. Its shares are listed on two recognised stock exchanges in India i.e. BSE Limited ("BSE") and the National Stock Exchange of India Limited ("NSE").

The Company's registered office is at 502-503, Sakar III, Opp. Old High Court, Off. Ashram Road, Ahmedabad - 380 014, Gujarat. INDIA.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The standalone financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (the "Ind AS") prescribed under section 133 of the Companies Act, 2013 (the "Act").

Up to the year ended March 31, 2019, the Company had prepared the Financial Statements under the historical cost convention on accrual basis in accordance with the Generally Accepted Accounting Principles (Previous GAAP) applicable in India and the applicable Accounting Standards as prescribed under the provisions of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014.

These standalone financial statements for the year ended 31 March 2020 are the Company's first financial statements prepared in accordance with Ind AS.

2.2 Basis of measurement

The standalone financial statements have been prepared on historical cost basis except for following assets and liabilities which have been measured at fair value amount:

- i) Loans at fair value through other comprehensive income ("FVOCI") and

- ii) Defined benefit plans - plan assets

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Functional and presentation currency

The standalone financial statements are presented in Indian Rupees (Rs.) which is the currency of the primary economic environment in which the Company operates (the "functional currency"). The values are rounded to the nearest lakhs, except when otherwise indicated.

2.3 Use of estimates, judgements and assumptions

The preparation of the standalone financial statements in conformity with Ind AS requires management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Judgements

In the process of applying the Company's accounting policies, management has made judgements, which have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year.

i) Business model assessment

Classification and measurement of financial assets depends on the results of business model and the solely payments of principal and interest ("SPPI") test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason

for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the standalone financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

i) Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. For further details about determination of fair value refer note 3.8 and note 37.

ii) Effective interest rate ("EIR") method

The Company's EIR methodology, as explained in para 3.1(A), recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other

characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behaviour and lifecycle of the instruments, as well as expected changes to interest rates and other fee income/expense that are integral parts of the instrument.

iii) Impairment of financial asset

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The Company's expected credit loss ("ECL") calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- a) The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a life time expected credit loss ("LTECL") basis.
- b) Development of ECL models, including the various formulas and the choice of inputs.
- c) Determination of associations between macroeconomic scenarios and economic inputs, such as gross domestic products, lending interest rates and collateral values, and the effect on probability of default ("PD"), exposure at default ("EAD") and loss given default ("LGD").
- d) Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into ECL models.

iv) Provisions and other contingent liabilities

The Company operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various litigation, arbitration and regulatory investigations and proceedings in the ordinary course of the Company's business.

When the Company can reliably measure the

outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Company records a provision against the case. Where the outflow is considered to be probable, but a reliable estimate cannot be made, a contingent liability is disclosed.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Company takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

For further details on provisions and other contingencies refer note 3.16.

These estimates and judgements are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances. Management believes that the estimates used in preparation of the standalone financial statements are prudent and reasonable.

2.4 Presentation of the standalone financial statements

The Company presents its balance sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date and more than 12 months after the reporting date is presented in Note 36.

Financial assets and financial liability are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:

- i) The normal course of business
- ii) The event of default

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Recognition of interest income

A. EIR method

Under Ind AS 109, interest income is recorded using the effective interest rate method for all financial instruments measured at amortised cost and financial instrument measured at FVOCI. The EIR is the rate that exactly discounts estimated

future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the financial instrument.

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest income in the statement of profit and loss.

B. Interest income

The Company calculates interest income by applying EIR to the gross carrying amount of financial assets other than credit impaired assets. When a financial asset becomes credit impaired and is, therefore, regarded as 'stage 3', the Company calculates interest income on the net basis. If the financial asset cures and is no longer credit impaired, the Company reverts to calculating interest income on a gross basis.

3.2 Financial instrument - initial recognition

A. Date of recognition

Debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

B. Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments (Refer para 3.3(A)). Financial instruments are initially measured at their fair value (as defined in para 3.8), except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs are added to, or subtracted from this amount.

C. Measurement categories of financial assets and liabilities

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- i) Amortised cost
- ii) FVOCI
- iii) FVTPL

3.3 Financial assets and liabilities

A. Financial assets

Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- a. How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Company's key management personnel.
- b. The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.
- c. managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).
- d. The expected frequency, value and timing of sales are also important aspects of the Company's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

SPPI test

As a second step of its classification process, the Company assesses the contractual terms of

financial assets to identify whether they meet SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the period for which the interest rate is set. In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL

Accordingly, financial assets are measured as follows:

i) Financial assets carried at amortised cost ("AC")

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ii) Financial assets measured at FVOCI

A financial asset is measured at FVOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Since, the loans and advances are held to sale and collect contractual cash flows, they are measured at FVOCI.

iii) Financial assets at fair value through profit or loss ("FVTPL")

A financial asset which is not classified in any of the above categories are measured at FVTPL

iv) Investments in Mutual Funds

The Company has accounted for its investments in subsidiaries at cost.

B. Financial liability

i) Initial recognition and measurement

All financial liability are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liability, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition.

ii) Subsequent measurement

Financial liabilities are carried at amortized cost using the effective interest method..

3.4 Reclassification of financial assets and liabilities

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified. The Company did not reclassify any of its financial assets or liabilities in the year ended 31 March 2020 and 31 March 2019.

3.5 Derecognition of financial assets and liabilities

A. Derecognition of financial assets due to substantial modification of terms and conditions

The Company derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. Where the substantial modification is because of financial difficulties of the borrower and the old loan was classified as credit-impaired, the new loan will initially be identified as originated credit-impaired financial asset. On satisfactory performance of the new loan, the new loan is transferred to stage I or stage II of ECL.

B. Derecognition of financial assets other than due to substantial modification

i) Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the contractual rights to the cash flows from the financial asset expires or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of

the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. On derecognition of a financial asset in its entirety, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in the statement of profit and loss. Accordingly, gain on sale or derecognition of assigned portfolio are recorded upfront in the statement of profit and loss as per Ind AS 109. Also, the Company recognises servicing income as a percentage of interest spread over tenure of loan in cases where it retains the obligation to service the transferred financial asset. As per the guidelines of RBI, the company is required to retain certain portion of the loan assigned to parties in its books as Minimum Retention Requirement ("MRR"). Therefore, it continue to recognise the portion retained by it as MRR.

ii) Financial liability

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in the statement of profit and loss.

3.6 Impairment of financial assets

A. Overview of ECL principles

In accordance with Ind AS 109, the Company uses ECL model, for evaluating impairment of financial assets other than those measured at FVTPL. Expected credit losses are measured through a loss allowance at an amount equal to:

- i) The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument

that are possible within 12 months after the reporting date); or Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument) Both LTECLs and 12 months ECLs are calculated on collective basis.

Based on the above, the Company categorises its loans into Stage 1, Stage 2 and Stage 3, as described below:

Stage 1: When loans are first recognised, the Company recognises an allowance based on 12 months ECL. Stage 1 loans includes those loans where there is no significant credit risk observed and also includes facilities where the credit risk has been improved and the loan has been reclassified from stage 2 or stage 3.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the life time ECL. Stage 2 loans also include facilities where the credit risk has improved and the loan has been reclassified from stage 3.

Stage 3: Loans considered credit impaired are the loans which are past due for more than 90 days. The Company records an allowance for life time ECL.

Loan commitments: When estimating LTECLs for undrawn loan commitments, the Company estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down.

B. Calculation of ECLs

The mechanics of ECL calculations are outlined below and the key elements are, as follows:

PD Probability of Default ("PD") is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

EAD Exposure at Default ("EAD") is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest **LGD** Loss Given Default ("LGD") is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash

flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

The Company has calculated PD, EAD and LGD to determine impairment loss on the portfolio of loans and discounted at an approximation to the EIR. At every reporting date, the above calculated PDs, EAD and LGDs are reviewed and changes in the forward looking estimates are analysed.

The mechanics of the ECL method are summarised below:

Stage 1: The 12 months ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12 months ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-months default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument.

The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3: For loans considered credit-impaired, the Company recognises the lifetime expected credit losses for these loans. The method is similar to that for stage 2 assets, with the PD set at 100%.

C. Loans and advances measured at FVOCI

The ECLs for loans and advances measured at FVOCI do not reduce the carrying amount of these financial assets in the balance sheet, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the assets.

D. Forward looking information

In its ECL models, the Company relies on a broad

range of forward looking macro parameters and estimated the impact on the default at a given point of time.

i) Gross fixed investment (% of GDP)

ii) Lending interest rates

iii) Deposit interest rates

3.7 Write-offs

Financial assets are written off when the Company has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to impairment on financial instruments in the statement of profit and loss.

3.8 Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company has taken into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- **Level 1** financial instruments: Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date;

- **Level 2** financial instruments: Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include

quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads; and

- **Level 3** financial instruments: Those that include one or more unobservable input that is significant to the measurement as whole.

3.9 (I) Recognition of other income

Revenue (other than for those items to which Ind AS 109 - Financial Instruments are applicable) is measured at fair value of the consideration received or receivable. Ind AS 115 - Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found within Ind ASs. The Company recognises revenue from contracts with customers based on a five step model as set out in Ind AS 115 :

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation

A. Dividend income

Dividend income (including from FVOCI investments) is recognised when the Company's right to receive the payment is established, it is probable that the economic

benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably. This is generally when the shareholders approve the dividend.

B. Income from assignment transactions

Income from assignment transactions i.e. present value of excess interest spread is recognised when the related loan assets are de-recognised. Interest income is also recognised on carrying value of assets over the remaining period of such assets.

C. Other interest income

Other interest income is recognised on a time proportionate basis.

D. Other Charges in Respect of Loans

Income in case of late payment charges are recognized when there is no significant uncertainty of regarding its recovery.

3.9(II) Recognition of other expense

A. Borrowing costs

Borrowing costs are the interest and other costs that the Company incurs in connection with the borrowing of funds. Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets.

A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

All other borrowing costs are charged to the statement of profit and loss for the period for which they are incurred.

3.10 Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

3.11 Property, plant and equipment

Property, plant and equipment ("PPE") are carried at cost, less accumulated depreciation and impairment losses, if any. The cost of PPE comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other

than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use and other incidental expenses. Subsequent expenditure on PPE after its purchase is capitalized only if it is probable that the future economic benefits will flow to the enterprise and the cost of the item can be measured reliably. Depreciation is calculated using the straight line method to write down the cost of property and equipment to their residual values over their estimated useful lives which are in line with as specified under schedule II of the Act. Land is not depreciated. The estimated useful lives are, as follows:

- i) Buildings - 60 years
- ii) Vehicles - 8 years
- iii) Office equipment - 3 to 10 years
- iv) Furniture and fixtures - 10 years

Depreciation is provided on a pro-rata basis from the date on which such asset is ready for its intended use. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. PPE is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / expense in the statement of profit and loss in the year the asset is derecognised.

3.12 Intangible assets

The Company's intangible assets include the value of software. An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Company.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives (three years) using the straight-line method, and is included in depreciation and amortisation in the statement of profit and loss.

3.13 Impairment of non financial assets - property, plant and equipments and intangible assets

The carrying values of assets / cash generating units at the each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and if the carrying amount of these assets exceeds their recoverable amount, impairment loss is recognised in the statement of profit and loss as an expense, for such excess amount. The recoverable amount is the greater of the net selling price and value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the statement of profit and loss.

3.14 Corporate guarantees

Corporate guarantees are initially recognised in the standalone financial statements (within "other non-financial liabilities") at fair value, being the notional commission. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

Any increase in the liability relating to financial guarantees is recorded in the statement of profit and loss. The notional commission is recognised in the statement of profit and loss under the head fees and commission income on a straight line basis over the life of the guarantee.

3.15 Retirement and other employee benefits Defined contribution plans

The Company's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

Defined benefit plans

The Company pays gratuity to the employees whoever has completed five years of service with the Company at the time of resignation / retirement. The gratuity is paid @15 days salary for every completed year of service as per the Payment of Gratuity Act, 1972.

The gratuity liability amount is contributed by

the Company to the Life insurance corporation of India who administers the fund of the Company.

The liability in respect of gratuity and other post-employment benefits is calculated using the Projected Unit Credit Method and spread over the period during which the benefit is expected to be derived from employees' services. As per Ind AS 19, the service cost and the net interest cost are charged to the statement of profit and loss. Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI.

Short-term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages etc. and the expected cost of ex-gratia are recognised in the period in which the employee renders the related service. A liability is recognised for the amount expected to be paid when there is a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. The cost of short-term compensated absences is accounted as under:

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.

3.16 Provisions, contingent liabilities and contingent assets

A. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the Company determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

B. Contingent liability

A possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or; present obligation that arises from past events where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability are disclosed as contingent liability and not provided for.

C. Contingent asset

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are neither recognised nor disclosed except when realisation of income is virtually certain, related asset is disclosed.

3.17 Taxes

A. Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. Current tax is the amount of tax payable on the taxable income for the period as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961.

B. Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the standalone financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of deferred tax liabilities and assets are reviewed at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity).

Deferred tax items are recognised in correlation to the underlying transaction either in OCI or equity.

Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off.

C. Goods and services tax paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the goods and services tax paid, except when the tax incurred on a purchase of assets or availing of services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

3.18 Earnings per share

Basic earnings per share ("EPS") is computed by dividing the profit after tax (i.e. profit attributable to ordinary equity holders) by the weighted average number of equity shares outstanding during the year.

Diluted EPS is computed by dividing the profit after tax (i.e. profit attributable to ordinary equity holders) as adjusted for after-tax amount of dividends and interest recognised in the period in respect of the dilutive potential ordinary shares and is adjusted for any other changes in income or expense that would result from the conversion of the dilutive potential ordinary shares, by the weighted average number of equity shares considered for deriving basic earnings per share as increased by the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits, right issue and bonus shares, as appropriate.

Financial Statements

Auditor's Report

Balance Sheet

Statement of Profit & Loss

Statement of Change in Equity

Statement of Cash Flow

→ Notes

3.19 Dividends on ordinary shares

The Company recognises a liability to make cash or non-cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the Act, final dividend is authorised when it is approved by the shareholders and interim dividend is authorised when the it is approved by the Board of Directors of the Company. A corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of profit and loss.

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE

Till the date of approval of these financial statements, no amendments to Ind AS that would be effective in future periods have been notified.

Notes Forming part of Standalone Financial Statements

for year ended March 31, 2020

(₹ in lakhs)

1	Cash and Bank Balance	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
	Cash on hand	4.77	26.41	11.32
	Balance with banks	29.37	34.32	22.56
	Deposits with original maturity less than 3 months	Nil	400.00	Nil
	Total	34.14	460.73	33.88

(₹ in lakhs)

2	Other Bank Balance	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
	In fixed deposit accounts:			
	Deposits given as security against borrowings and other commitments	562.55	727.86	631.16
	Earmarked balances with banks	7.37	18.87	19.99
	Less: Interest Accrued but not due on Bank Deposits (Refer Note 5)	(8.63)	(6.85)	(4.58)
	Total	561.29	739.88	646.57

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

2.2 Earmarked balance with banks represents ₹7.37 lakhs (As at 31 March 2019 ₹18.87 lakhs, As at 1 April 2018 ₹19.99 lakhs) in Unpaid Dividend Account.

(₹ in lakhs)

3	Loans	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
	At Amortised Cost:			
	Inter Corporate Deposit	251.48	Nil	Nil
	At FVOCI:			
	Secured by Tangible Asset	9,141.79	9,915.64	8,407.78
	Unsecured Loans	12,974.76	9,915.93	2,641.03
	Total Loans	22,368.03	19,831.57	11,048.81
	Less: Interest Due but not Received on Loans and Advances (Note No.5)	(53.79)	(43.41)	(38.65)
		22,314.24	19,788.16	11,010.16
	(1) Loans In India			
	Public Sector	Nil	Nil	Nil
	Others	22,314.24	19,788.16	11,010.16
		22,314.24	19,788.16	11,010.16
	(2) Loans Outside India	Nil	Nil	Nil
	Total	22,314.24	19,788.16	11,010.16

Notes Forming part of Standalone Financial Statements

for year ended March 31, 2020

3.1 An analysis of changes in the gross carrying amount and the corresponding ECL Allowances: (₹ in lakhs)

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at April 1, 2018	10,602.06	290.66	353.66	11,246.38
New Assets originated*	15,245.04	182.01	105.91	15,532.96
Net transfer between stages				
Transfer from stage 1	(338.03)	117.96	220.07	Nil
Transfer from stage 2	19.55	(172.17)	152.62	Nil
Transfer from stage 3	3.27	2.36	(5.63)	Nil
Assets derecognised or collected	6,191.98	104.99	164.34	6,461.31
Write - offs	Nil	Nil	252.92	252.92
Gross carrying amount as at March 31, 2019	19,339.91	315.83	409.37	20,065.11
New Assets originated*	17,023.31	195.75	114.31	17,333.37
Net transfer between stages				
Transfer from stage 1	(601.62)	271.73	329.89	Nil
Transfer from stage 2	10.97	(139.67)	128.70	Nil
Transfer from stage 3	1.94	3.13	(5.07)	Nil
Assets derecognised or collected	13,983.30	121.47	251.23	14,356.00
Write - offs	Nil	Nil	368.62	368.62
Gross carrying amount as at March 31, 2020	21,791.21	525.30	357.35	22,673.86

***Note:** New assets originated are those assets which have either remained in stage 1 or have become stage 2 or 3 at the year end

3.2 Reconciliation of ECL balance is given below: (₹ in lakhs)

Particulars	Stage 1	Stage 2	Stage 3	Total
ECL Allowances As at April 01, 2018	62.31	39.89	134.02	236.22
Addition During the Year	65.47	29.90	108.59	203.96
Reversal During the Year	(31.07)	(27.07)	(105.09)	(163.23)
ECL Allowances As at March 31, 2019	96.71	42.72	137.52	276.95
Addition During the Year	288.90	105.88	80.76	475.54
Reversal During the Year	(82.36)	(27.77)	(31.26)	(141.39)
ECL Allowances As at March 31, 2020	303.25	120.83	187.02	611.10

Note: Increase in ECLs of the portfolio was driven by an increase in the gross size of the portfolio and movements between stages as a result of increases in credit risk.

3.3 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.

3.4 Refer Note 33 for Loans to company in which directors are interested.

Notes Forming part of Standalone Financial Statements

for year ended March 31, 2020

(₹ in lakhs)

4 Investments (At Cost)	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Subsidiary			
Investment in shares of subsidiary	5,812.19	4,822.19	2,242.19
Investment in subsidiary on account of:			
- Corporate financial guarantee given to bank on behalf of subsidiary	347.20	218.58	58.45
- Issuance of equity shares to the employees of subsidiary at discount	77.30	68.40	39.05
	6,236.69	5,109.17	2,339.69
(1) Investment In India	6,236.69	5,109.17	2,339.69
(2) Investment outside India	Nil	Nil	Nil
Total	6,236.69	5,109.17	2,339.69

4.1 For the investment in subsidiary entity, the Company has opted for the exemption provided in para D15(b)(ii) of Ind AS 101 and accordingly the same has been measured at previous GAAP carrying amount.

4.2 As per para 10 of Ind AS 27, the Company has opted to value the investments in subsidiary entity at cost.

(₹ in lakhs)

5 Other Financial Assets	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Interest Due but not Received on Loans and Advances (Note No.3)	53.79	43.41	38.65
Interest Accrued but not due on Bank Deposits (Note No.2)	8.63	6.85	4.58
Deposits	109.85	84.27	106.06
Other Advances	60.39	9.16	5.83
Total	232.66	143.69	155.12

5.1 Deposits includes deposits ₹100.23/- lakhs (P.Y. ₹75.16 lakhs, As At 1st April 2018 ₹103.58 lakhs), given as collateral security against loans from financial Institutes.

(₹ in lakhs)

6 Current Tax (Net)	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Advance Tax and TDS	1,114.03	793.30	1,218.53
Less: Provision for Tax	(983.40)	(745.90)	(1,113.80)
Total	130.63	47.40	104.73

Notes Forming part of Standalone Financial Statements

for year ended March 31, 2020

(₹ in lakhs)

7	Deferred Tax	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
A	Deferred Tax Assets on Account of:			
	Provision for employee benefits that are allowable for tax purpose in the year of payment	8.86	6.65	3.95
	Financial assets measured at amortised cost	Nil	Nil	7.39
	Shares issue expenses that are allowable for tax purpose on deferred basis	1.14	Nil	Nil
	Fair valuation of financial instruments through Other Comprehensive Income	Nil	9.00	Nil
	Impairment on Financial Assets	153.80	80.65	65.72
	Total Deferred Tax Assets	163.80	96.30	77.06
B	Deferred Tax Liability on Account of:			
	Difference in written down value as per Companies Act and Income Tax Act	(5.83)	(7.33)	(12.10)
	Financial liabilities measured at amortised cost	(33.86)	(28.94)	(6.51)
	Income Taxable on Realised Basis	(13.82)	Nil	Nil
	Financial liabilities in Respect of Compulsorily Convertible Debenture measured at amortised cost	Nil	(112.73)	Nil
	Fair valuation of financial instruments through Other Comprehensive Income	(3.81)	Nil	(1.36)
	Total Deferred Tax Liabilities	(57.32)	(149.00)	(19.97)
	Total Asset/(Liability) (Net)	106.48	(52.70)	57.09

7.1 The following table shows deferred tax recorded in the balance sheet and changes recorded in the income tax expense:

(₹ in lakhs)

Particulars	As at April 1, 2019	(Charged)/ credited to Other Equity	(Charged)/ credited to statement of profit and loss	(Charged)/ credited to other comprehensive income	As at March 31, 2020
Assets					
Provision for employee benefits that are allowable for tax purpose in the year of payment	6.66	Nil	0.98	1.23	8.87
Shares issue expenses that are allowable for tax purpose on deferred basis	Nil	Nil	1.14	Nil	1.14
Fair valuation of financial instruments through Other Comprehensive Income	9.00	Nil	Nil	(9.00)	Nil
Impairment on Financial Assets	80.65	Nil	73.15	Nil	153.80

Notes Forming part of Standalone Financial Statements

for year ended March 31, 2020

(₹ in lakhs)

Particulars	As at April 1, 2019	(Charged)/ credited to Other Equity	(Charged)/ credited to statement of profit and loss	(Charged)/ credited to other comprehensive income	As at March 31, 2020
Liabilities					
Difference in written down value as per Companies Act and Income Tax Act	(7.32)	Nil	1.50	Nil	(5.82)
Financial liabilities measured at amortised cost	(28.94)	Nil	(4.92)	Nil	(33.86)
Income Taxable on Realised Basis	Nil	Nil	(13.82)	Nil	(13.82)
Financial liabilities in Respect of Compulsorily Convertible Debenture measured at amortised cost	(112.73)	112.73	Nil	Nil	Nil
Fair valuation of financial instruments through Other Comprehensive Income	Nil	Nil	Nil	(3.81)	(3.81)
Total Asset/(Liability) (Net)	(52.68)	112.73	58.03	(11.58)	106.50

(₹ in lakhs)

Particulars	As at April 1, 2018	(Charged)/ credited to Other Equity	(Charged)/ credited to statement of profit and loss	(Charged)/ credited to other comprehensive income	As at March 31, 2019
Assets					
Provision for employee benefits that are allowable for tax purpose in the year of payment	3.95	Nil	1.52	1.19	6.66
Financial assets measured at amortised cost	7.39	Nil	(7.39)	Nil	Nil
Fair valuation of financial instruments through Other Comprehensive Income	Nil	Nil	Nil	9.00	9.00
Impairment on Financial Assets	65.72	Nil	14.93	Nil	80.65
Liabilities					
Difference in written down value as per Companies Act and Income Tax Act	(12.10)	Nil	4.78	Nil	(7.32)
Financial liabilities measured at amortised cost	(6.51)	Nil	(22.43)	Nil	(28.94)
Financial liabilities in Respect of Compulsorily Convertible Debenture measured at amortised cost	Nil	(112.73)	Nil	Nil	(112.73)
Fair valuation of financial instruments through Other Comprehensive Income	(1.36)	Nil	Nil	1.36	Nil
Total Asset/(Liability) (Net)	57.09	(112.73)	(8.59)	11.55	(52.68)

Notes Forming part of Standalone Financial Statements

for year ended March 31, 2020

8. Property, Plant & Equipment

Carrying Value	Buildings	Furniture & Fixtures	Office Equipments	Vehicles	Computers	Total Property, Plant & Equipment	Intangible Assets	Total Assets
(₹ in lakhs)								
At 01.04.2018	115.20	47.70	18.88	17.01	33.40	232.19	8.05	240.24
Addition	0.17	2.55	1.16	Nil	0.40	4.28	Nil	4.28
Disposal	63.14	Nil	Nil	Nil	Nil	63.14	Nil	63.14
Other Adjustment	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
At 31.03.2019	52.23	50.25	20.04	17.01	33.80	173.33	8.05	181.38
Addition	Nil	5.82	3.83	Nil	5.35	15.00	Nil	15.00
Disposal	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Other Adjustment	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
At 31.03.2020	52.23	56.07	23.87	17.01	39.15	188.33	8.05	196.38
Accumulated Depreciation	Buildings	Furniture & Fixtures	Office Equipments	Vehicles	Computers	Total Property, Plant & Equipment	Intangible Assets	Total Assets
At 01.04.2018	19.30	30.32	12.91	0.79	27.88	91.20	4.39	95.59
Change for the year	1.16	2.98	1.26	2.41	1.65	9.46	1.53	10.99
Disposal	4.45	Nil	Nil	Nil	Nil	4.45	Nil	4.45
At 31.03.2019	16.01	33.30	14.17	3.20	29.53	96.21	5.92	102.13
Change for the year	0.83	3.51	1.58	1.98	1.92	9.82	1.32	11.14
Disposal	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
At 31.03.2020	16.84	36.81	15.75	5.18	31.45	106.03	7.24	113.27
Net Carrying Value								
AS AT 01.04.2018	95.90	17.38	5.97	16.22	5.52	140.99	3.66	144.65
AS AT 31.03.2019	36.22	16.95	5.87	13.81	4.27	77.12	2.13	79.25
AS AT 31.03.2020	35.39	19.26	8.12	11.83	7.70	82.30	0.81	83.11

8.1 Deemed Cost of Property, Plant & Equipment - reconciliation of gross block and net carrying amount

Carrying Value	Furniture & Fixtures	Buildings	Office Equipments	Computers	Vehicles	Total Property, Plant & Equipment	Intangible Assets	Total Assets
(₹ in lakhs)								
Gross Block as at April 1, 2018	115.20	47.70	18.88	17.01	33.40	232.19	8.05	240.24
Accumulated Depreciation as at April 1, 2018	19.30	30.32	12.91	0.79	27.88	91.20	4.39	95.59
Net Carrying amount as at April 1, 2018	95.90	17.38	5.97	16.22	5.52	140.99	3.66	144.65

Notes Forming part of Standalone Financial Statements

for year ended March 31, 2020

(₹ in lakhs)

9 Other Non - Financial Assets	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Prepaid Expenses	9.91	3.72	0.30
Balance with Government Authorities	3.28	4.90	9.36
Advances to staff	7.22	12.53	6.63
Total	20.41	21.15	16.29

(₹ in lakhs)

10 Debt Securities (At Amortised Cost)	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Secured Debenture (Refer note 10.2)			
12.60% Secured, Redeemable, Non Convertible Debenture of ₹10 Lakh Each (C.Y. 275 Unit, P.Y. 275 Unit)	2,750.00	2,750.00	Nil
13.15% Secured, Redeemable, Non Convertible Debenture of ₹10 Lakh Each (C.Y. 378 Unit, P.Y. Nil)	3,780.00	Nil	Nil
Liability Component of Compound Financial Instrument - Unsecured, Compulsorily Convertible Debentures	Nil	656.28	Nil
Less: Unamortised borrowing costs	(76.10)	(37.20)	Nil
Total Debt Securities	6,453.90	3,369.08	Nil
Debt Securities in India	Nil	Nil	Nil
Debt Securities Outside India	6,453.90	3,369.08	Nil
Total	6,453.90	3,369.08	Nil

10.1 In respect of Liability Component of Compound Financial Instrument - Compulsorily Convertible Debentures Refer Note 16.5.

10.2 Details of terms of Redemption/ Repayment and security provided in respect of Debt Securities (Refer Note 12.1)

(₹ in lakhs)

11 Borrowings (at Amortized Cost)	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Term Loans			
Secured			
From Banks	1,723.94	2,125.23	1,784.13
From Financial Institutions	6,276.88	6,748.99	2,884.78
Loans repayable on demand from banks - cash credit	2,176.56	3,538.41	3,936.67
Loans from Related Parties			
From Directors and their relatives	Nil	Nil	446.80
Inter Corporate Deposits - Unsecured	Nil	16.59	579.60
Less: Unamortised borrowing costs	(58.42)	(62.17)	(23.40)
Total Borrowings	10,118.96	12,367.05	9,608.58
Borrowings in India	10,118.96	12,367.05	9,608.58
Borrowings Outside India	Nil	Nil	Nil
Total	10,118.96	12,367.05	9,608.58

Security:-

11.1 Note: Term Loans & Working Capital Loans are secured under hypothecation of exclusive first charge on specific assets portfolio & personal guarantee of some of the directors. The same are further secured by cash collateral security in the form of fixed deposit which are shown under "Other Bank Balance".

Interest:

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

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

Notes Forming part of Standalone Financial Statements

for year ended March 31, 2020

11.2 The Company has not defaulted in repayment of borrowings and interest.

11.3 Details of terms of Repayment and security provided in respect of borrowings (Refer Note 12.1)

(₹ in lakhs)

12 Subordinated Liabilities	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Unsecured			
15%, Unsecured Subordinated Term Loan in India	500.00	500.00	500.00
Unsecured Subordinated Debt outside India	Nil	Nil	Nil
Total	500.00	500.00	500.00

12.1: Details of terms of Redemption/ Repayment and security provided in respect of Debt securities, Borrowings and Subordinated Liabilities:

(₹ in lakhs)

Particular	31-Mar-20	31-Mar-19	01-Apr-18	Terms of Redemption / Repayment	Security
Debt Securities					
16,66,667, 10 % Unsecured, Compulsory Convertible Debentures of ₹300 each	Nil	5,000.00	Nil	Convertible into Ordinary Equity Share at the end of the tenor	Unsecured
275, 12.60% Secured, Redeemable, Non Convertible Debenture of ₹10 Lakh Each	2,750.00	2,750.00	Nil	Bullet Payment at the end of the tenure of 42 Months from 19-09-2018	Secured Under Hypothecation of Specific Assets Portfolio
378, 13.15% Secured, Redeemable, Non Convertible Debenture of ₹10 Lakh Each	3,780.00	Nil	Nil	Bullet Payment at the end of the tenure of 60 Months From 03-03-2020	Secured Under Hypothecation of Specific Assets Portfolio
Total Debt Securities	6,530.00	7,750.00	Nil		

Borrowings (Other than Debt Securities)

(₹ in lakhs)

Particular	31-Mar-20	31-Mar-19	01-Apr-18	Terms of Redemption / Repayment	Security
Term Loan From Bank 1	4.23	8.95	13.30	Repayable in 36 monthly installments Stating From from 05 February 2017	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Bank 2	Nil	562.50	1,312.50	Repayable in 24 monthly installments Stating From from 31 January 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Bank 3	125.00	291.67	458.33	Repayable in 36 monthly installments Stating From from 27 January 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Bank 4	555.56	888.89	Nil	Repayable in 36 monthly installments Stating From from 15 December 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Bank 5	233.60	1,262.11	Nil	Repayable in 17 monthly installments Stating From from 17 April 2019	Secured by a first and exclusive charge on specific receivables of the company sold out to the SPV
Term Loan From Bank 6	805.56	Nil	Nil	Repayable in 36 monthly installments Stating From from 18 September 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Total Term Loans From Banks	1,723.94	3,014.12	1,784.13		

Notes Forming part of Standalone Financial Statements

for year ended March 31, 2020

(₹ in lakhs)

Particular	31-Mar-20	31-Mar-19	01-Apr-18	Terms of Redemption / Repayment	Security
Term Loan From Financial Institution 1	Nil	79.97	203.35	Repayable in 24 monthly installments Stating From from 25 November 2017	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 2	709.50	1,000.00	Nil	Repayable in 36 monthly installments Stating From from 30 April 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 3	83.33	416.67	750.00	Repayable in 36 monthly installments Stating From from 29 July 2017	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 4	125.00	291.67	458.33	Repayable in 36 monthly installments Stating From from 25 January 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 5	666.67	1,000.00	Nil	Repayable in 12 Quarterly installments Stating From from 31 May 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 6	522.67	834.12	Nil	Repayable in 36 monthly installments Stating From from 03 September 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 7	551.91	860.65	Nil	Repayable in 36 monthly installments Stating From from 02 October 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 8	Nil	192.96	542.53	Repayable in 24 monthly installments Stating From from 10 October 2017	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 9	Nil	109.07	255.57	Repayable in 24 monthly installments Stating From from 15 December 2017	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 10	75.00	375.00	675.00	Repayable in 30 monthly installments Stating From from 15 January 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 11	286.20	500.00	Nil	Repayable in 24 monthly installments Stating From from 01 May 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 12	141.95	200.00	Nil	Repayable in 36 monthly installments Stating From from 15 April 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 13	1,393.75	Nil	Nil	Repayable in 36 monthly installments Stating From from 31 January 2020	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 14	887.56	Nil	Nil	Repayable in 36 monthly installments Stating From from 31 January 2020	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.

Notes Forming part of Standalone Financial Statements

for year ended March 31, 2020

(₹ in lakhs)

Particular	31-Mar-20	31-Mar-19	01-Apr-18	Terms of Redemption / Repayment	Security
Term Loan From Financial Institution 15	208.33	Nil	Nil	Repayable in 36 monthly installments Stating From from 25 October 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 16	208.33	Nil	Nil	Repayable in 36 monthly installments Stating From from 25 October 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 17	208.33	Nil	Nil	Repayable in 36 monthly installments Stating From from 25 October 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution 18	208.33	Nil	Nil	Repayable in 36 monthly installments Stating From from 25 October 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Total Term Loan From Financial Institution	6,276.88	5,860.10	2,884.78		
Subordinated Liabilities					
Subordinated Term Loan From Bank 1	500.00	500.00	500.00	Single Bullet Payment at the end of the tenure	Unsecured
Total Subordinated Term Loan From Bank	500.00	500.00	500.00		

(₹ in lakhs)

13 Other Financial Liabilities	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Interest accrued but not due on Borrowings	99.86	63.47	10.97
Payable to Employees	5.53	66.79	42.01
Security deposits received from Borrowers	24.97	24.79	24.85
Unpaid expenses	257.23	248.37	173.11
Unpaid dividend	20.51	18.87	19.99
Payable toward assignment transactions	89.97	Nil	Nil
Total	498.07	422.29	270.93

13.1 Unpaid dividend outstanding as on 31st March 2020 is not due for transfer to investor education and protection fund by the Company.

(₹ in lakhs)

14 Provisions	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Provisions for employee benefits - Gratuity	35.21	22.84	14.18
Total	35.21	22.84	14.18

(₹ in lakhs)

15 Other Non Financial Liabilities	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Other statutory dues	10.76	6.74	9.81
TDS payable	29.10	68.04	13.22
Total	39.86	74.78	23.03

Notes Forming part of Standalone Financial Statements

for year ended March 31, 2020

(₹ in lakhs)

16	Equity Share Capital	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Authorized Shares				
1,50,00,000	Equity Shares of ₹10 each (As at 31 March 2019: 1,12,50,000 Equity Shares of ₹10 each) (As at 1 April 2018: 1,12,50,000 Equity Shares of ₹10 each)	1,500.00	1,125.00	1,125.00
Nil	(As at 31 March 2019: 37,50,000) (As at 1 April 2018: 37,50,000) Class "A" Ordinary Equity shares of par value of ₹10/- each	Nil	375.00	375.00
	Total	1,500.00	1,500.00	1,500.00
Issued, subscribed and fully paid-up shares:				
84,50,894	Equity Shares of (As at 31 March 2019: 57,47,824 Equity Shares) (As at 1 April 2018: 57,20,179 Equity Shares) of ₹10 each fully paid up (Ordinary)	845.09	574.78	572.02
Nil	Equity Shares of (As at 31 March 2019: 12,04,474 Equity Shares) (As at 1 April 2018: 12,04,474 Equity Shares) of ₹10 each fully paid up (Class "A")	Nil	120.45	120.45
	Total	845.09	695.23	692.47

16.1 The reconciliation of the number of shares outstanding and the amount of ordinary equity share capital as at 31st March, 2020; 31st March, 2019 & 31st March, 2018 is set out below: (₹ in lakhs)

Particulars	As at March 31, 2020		As at March 31, 2019		As at April 01, 2018	
	No. of Shares	(₹ In Lakhs)	No. of Shares	(₹ In Lakhs)	No. of Shares	(₹ In Lakhs)
Ordinary Equity Shares:						
Outstanding at the beginning of the year	57,47,824	574.78	57,20,179	572.02	57,20,179	572.02
Issued during the year	27,03,070	270.31	27,645	2.76	Nil	Nil
Outstanding at the end of the year	84,50,894	845.09	57,47,824	574.78	57,20,179	572.02

16.2 The reconciliation of the number of shares outstanding and the amount of Class "A" ordinary equity share capital as at 31st March, 2020; 31st March, 2019 & 31st March, 2018 is set out below: (₹ in lakhs)

Particulars	As at March 31, 2020		As at March 31, 2019		As at April 01, 2018	
	No. of Shares	(₹ In Lakhs)	No. of Shares	(₹ In Lakhs)	No. of Shares	(₹ In Lakhs)
Equity Shares						
Outstanding at the beginning of the year	12,04,474	120.45	12,04,474	120.45	12,04,474	120.45
Converted to Ordinary Equity Share	(12,04,474)	(120.45)	Nil	Nil	Nil	Nil
Issued during the year	Nil	Nil	Nil	Nil	Nil	Nil
Outstanding at the end of the year	Nil	Nil	12,04,474	120.45	12,04,474	120.45

16.3 Details of shareholders holding more than 5 % of ordinary shares of the Company are as follows: (₹ in lakhs)

Class of shares / Name of shareholder	As at March 31, 2020		As at March 31, 2019		As at April 01, 2018	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Jayendrabhai Patel	4,12,987	4.89	2,88,522	5.01	2,88,522	5.04
Ritaben Patel	4,21,139	4.98	2,96,674	5.16	2,96,674	5.18
Mukul Agrawal	4,34,262	5.14	5,75,000	10.00	5,75,000	10.05
Saif Partners India V Limited	18,90,417	22.37	Nil	Nil	Nil	Nil
Namra Holdings & Consultancy Services LLP	9,48,308	11.22	Nil	Nil	Nil	Nil

Notes Forming part of Standalone Financial Statements

for year ended March 31, 2020

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

Class of shares / Name of shareholder	As at March 31, 2020		As at March 31, 2019		As at April 01, 2018	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Namra Holdings & Consultancy Services LLP	Nil	Nil	12,04,474	100.00	12,04,474	100.00

16.5 Conversion of Compulsorily Convertible Instruments

10% Compulsorily Convertible Debentures were converted into 18,90,417 equity shares having face value of ₹10 each at a premium of ₹290 per equity share on 11th October 2019.

16.6 Extinguishment of Class "A" ordinary shares

Pursuant to approval of the scheme of arrangement by Hon'ble NCLT, Ahmedabad bench, vide it's order dated November 18, 2019, 12,04,474 Class "A" ordinary shares of ₹10/- each were extinguished and 7,82,908 ordinary equity shares of ₹10/- each were allotted to the holder of the Class "A" ordinary equity shares. The premium of ₹42,15,660/- on extinguishment of Class 'A' Equity and fresh issue of Ordinary Equity, were credited to share premium account.

16.7 Shares reserved for issue under options

For details of shares reserved for issue under the Employees Stock Option Plan (ESOP) refer note 39.

16.8 Terms / rights attached to equity shares

- In respect of Ordinary Equity Shares having face value of ₹10/-. Each holder of Ordinary Equity Share is entitled to 1 vote per share and in respect of Class "A" Ordinary Shares having face value of ₹10/-. Each holder of Class "A" Ordinary Shares is entitle to one vote for one lakh shares.
- 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.

Notes Forming part of Standalone Financial Statements

for year ended March 31, 2020

(₹ in lakhs)

17	Other Equity (Refer Note 17.1)	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
A. Reserves and Surplus				
i. General Reserve				
	Balance as per last financial statement	114.35	104.35	94.35
	Add: Transfer from statement of profit and loss	10.00	10.00	10.00
	Closing Balance	124.35	114.35	104.35
ii. Special Reserve u/s 45-IC of the RBI Act, 1934				
	Balance as per last financial statement	675.00	547.00	482.00
	Add: Transfer from statement of profit and loss	365.00	128.00	65.00
	Closing Balance	1,040.00	675.00	547.00
iii. Securities Premium				
	Balance as per last financial statement	1,241.00	1,191.24	1,224.99
	Add: Share Premium on shares issued during the year	5,583.44	49.76	Nil
	Less: Share Issue Expenses	5.67	Nil	33.75
	Closing Balance	6,818.77	1,241.00	1,191.24
iv. Share Based Payment Reserve				
	Balance as per last financial statements	86.15	65.63	Nil
	Add/(Less): Stock option expenditure for the year	30.11	60.40	65.63
	Less: amount transferred towards option expired unexercised	3.65	1.18	Nil
	Less: Transfer to security premium on exercise of stock option	47.18	38.70	Nil
	Closing Balance	65.43	86.15	65.63
v. Surplus in the Statement of Profit and Loss				
	Balance as per last financial statement	2,508.17	1,494.06	1,350.37
	Add : Profit for the year	1,823.76	1,235.60	302.04
	Less: Appropriations			
	Amount transfer to General Reserve	(10.00)	(10.00)	(10.00)
	Amount transfer to Special Reserve u/s 45-IC of RBI Act, 1934	(365.00)	(128.00)	(65.00)
	Conversion of Compulsory Convertible Debenture	(594.86)	Nil	Nil
	Reversal of Corporate Guarantee due to closure of loan of subsidiary company	(62.70)	Nil	Nil
	Dividend Paid	(97.33)	(69.25)	(69.25)
	Tax paid on Dividend	(20.01)	(14.24)	(14.10)
	Closing Balance	3,182.03	2,508.17	1,494.06
B. Other Comprehensive Income				
	Balance as per last financial statement	(31.62)	(3.29)	Nil
	Additions during the year	29.60	(28.33)	(3.29)
	Closing Balance	(2.02)	(31.62)	(3.29)
C. Equity Component of Financial Instruments				
	Balance as per last financial statement	4,292.41	Nil	Nil
	Additions during the year	Nil	4,292.41	Nil
	Converted to equity shares during the year	(4,405.15)	Nil	Nil
	Reversal of Deferred Tax Impact on Compulsory Convertible Debenture	112.73	Nil	Nil
	Closing Balance	Nil	4,292.41	Nil
	Total	11,228.56	8,885.46	3,398.99

Notes Forming part of Standalone Financial Statements

for year ended March 31, 2020

17.1 NATURE AND PURPOSE OF RESERVE

- 1 **Reserve under Section 45-IA of the Reserve Bank of India Act, 1934 (the "RBI Act, 1934"):**
Reserve under Section 45-IA of RBI Act, 1934 is created in accordance with section 45 IC(1) of the RBI Act, 1934. As per Section 45 IC(2) of the RBI Act, 1934, no appropriation of any sum from this reserve fund shall be made by the NBFC except for the purpose as may be specified by RBI.
- 2 **Securities premium:**
Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes in accordance with the provisions of section 52 of the Act.
- 3 **Surplus in the statement of profit and loss:**
Surplus in the statement of profit and loss is the accumulated available profit of the Company carried forward from earlier years. These reserve are free reserves which can be utilised for any purpose as may be required.
- 4 **FVOCI - loans and advances:**
The Company has elected to recognise changes in the fair value of loans and advances in other comprehensive income. These changes are accumulated within the FVOCI - loans and advances reserve within equity.
- 5 **FVOCI - Remeasurement of the defined benefit liabilities:**
Remeasurement of the net defined benefit liabilities comprise actuarial gain or loss, return on plan assets excluding interest and the effect of asset ceiling, if any
- 6 **General reserve:**
The Company has transferred a portion of the net profit to general reserve before declaring dividend pursuant to the provision of erstwhile Companies Act.
- 7 **Equity component of compound financial instruments:**
Compulsorily Convertible Debentures issued by the Company have been classified as compound financial instruments and recognised at amortised cost. The difference between transaction value and amortised cost has been recognised as a separate component in other equity.
- 8 **Share Based Payment Reserve:**
The reserve is used to recognise the fair value of the options issued to employees of the Company and subsidiary Companies under Company's employee stock option plan.

Notes Forming part of Standalone Financial Statements

for year ended March 31, 2020

18 Interest Income (Amortised Cost)

(₹ in lakhs)

Particulars	Year ended March 31, 2020		Year ended March 31, 2019	
	On Financial assets measured at FVOCI	On Financial assets measured at Amortised Cost	On Financial assets measured at FVOCI	On Financial assets measured at Amortised Cost
Interest on Loans	6,462.22	Nil	4,580.53	Nil
Interests on Deposits as Security	Nil	56.46	Nil	56.50
Interests on Others	Nil	18.96	Nil	23.12
Total	6,462.22	75.42	4,580.53	79.62
Total Interest		6,537.64		4,660.15

19 Gain on Assignment of Financial Assets

(₹ in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Gain on Assignment of Assets (Net of Expense)	173.66	Nil
Total	173.66	Nil

20 Other Income

(₹ in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Net gain on Derecognition of Property, Plant & Equipment	Nil	6.31
Income on Financial Guarantee given to banks on behalf of Subsidiary	191.32	160.13
Income from Loan	107.54	11.25
Total	298.86	177.69

21 Finance Costs (on financial liabilities measured at amortized cost)

(₹ in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Interest on Borrowings	1,330.58	934.13
Interest on Debt Securities	443.94	281.97
Interest on Subordinated Liabilities	82.30	75.00
Other interest expense	262.63	236.88
Other Borrowing Costs	83.27	41.34
Total	2,202.72	1,569.32

22 Impairment of Loan Assets (on financial assets measured at FVOCI)

(₹ in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Bad debts written off (Net)	334.64	239.75
Expected Credit Loss (Net)	334.15	40.73
Total	668.79	280.48

Notes Forming part of Standalone Financial Statements

for year ended March 31, 2020

23 Employee Benefit Expenses

(₹ in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Salaries and wages	1,241.44	894.07
Contribution to provident and other funds	60.15	38.83
Gratuity	9.26	4.57
Staff welfare expenses	12.28	8.23
Total	1,323.13	945.70

23.1 Employee Benefit Plan:

Disclosure in respect of employee benefits under Ind AS 19 - Employee Benefit are as under:

a) Defined contribution plan:

The Company's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans. The Company's contribution to provident fund aggregating ₹49.33 lakhs (31 March 2019: ₹24.18 lakhs) has been recognised in the statement of profit and loss under the head employee benefits expense

b) Defined benefit plan:

Financial assets not measured at fair value:

The Company operates a defined benefit plan (the "gratuity plan") covering eligible employees. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age/ resignation date.

The defined benefit plans expose the Company to risks such as actuarial risk, investment risk, liquidity risk, market risk, legislative risk. These are discussed as follows:

Actuarial risk: It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:

Adverse salary growth experience: Salary hikes that are higher than the assumed salary escalation will result into an increase in obligation at a rate that is higher than expected.

Variability in mortality rates: If actual mortality rates are higher than assumed mortality rate assumption than the gratuity benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cash flow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

Variability in withdrawal rates: If actual withdrawal rates are higher than assumed withdrawal rate assumption than the gratuity benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

Investment risk: For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

Liquidity risk: Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign / retire from the Company, there can be strain on the cash flows.

Market risk: Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in defined benefit obligation of the plan benefits and vice versa. This assumption depends on the yields on the government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

Notes Forming part of Standalone Financial Statements

for year ended March 31, 2020

Legislative risk: Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation/ regulation. The government may amend the Payment of Gratuity Act, 1972, thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the defined benefit obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

The status of gratuity plan required under Ind AS 19 is an under:

(₹ in lakhs)

I) Reconciliation of opening and closing balances of defined benefit obligation	Year ended March 31, 2020	Year ended March 31, 2019
Opening Defined Benefit Obligation	23.44	15.21
Transfer in/(out) obligation	Nil	Nil
Current service cost	7.88	3.66
Interest cost	1.40	1.02
Components of actuarial gain/losses on obligations:	Nil	Nil
Due to Change in financial assumptions	1.31	0.40
Due to change in demographic assumption	0.28	Nil
Due to experience adjustments	3.33	3.15
Past service cost	Nil	Nil
Loss (gain) on curtailments	Nil	Nil
Liabilities extinguished on settlements	Nil	Nil
Liabilities assumed in an amalgamation in the nature of purchase	Nil	Nil
Exchange differences on foreign plans	Nil	Nil
Benefits paid	(0.88)	Nil
Closing Defined Benefit Obligation	36.76	23.44

(₹ in lakhs)

II) Reconciliation of plan assets	As at March 31, 2020	As at March 31, 2020
Opening value of plan assets	0.59	1.02
Transfer in/(out) plan assets	Nil	Nil
Expense deducted from the fund	Nil	Nil
Interest Income	0.02	0.12
Return on plan assets excluding amounts included in interest income	0.05	(0.55)
Assets Distributed on settlements	Nil	Nil
Contribution by the company	1.76	Nil
Assets acquired in an amalgamation in the nature of purchase	Nil	Nil
Exchange difference on foreign plans	Nil	Nil
Benefits paid	(0.88)	Nil
Fair value of plan assets at the end of the year	1.54	0.59

(₹ in lakhs)

III) Reconciliation of net defined benefit liability	As at March 31, 2020	As at March 31, 2020
Net opening provision in books of accounts	22.84	14.18
Transfer in/(out) obligation	Nil	Nil
Transfer (in)/out plan assets	Nil	Nil
Employee Benefit Expense as per note 23	9.26	4.57
Amounts recognized in Other Comprehensive Income	4.87	4.09
	36.97	22.84
Benefits paid by the Company	Nil	Nil
Contributions to plan assets	(1.76)	Nil
Closing provision in books of accounts	35.21	22.84

Notes Forming part of Standalone Financial Statements

for year ended March 31, 2020

(₹ in lakhs)

IV) Composition of plan assets	As at March 31, 2020	As at March 31, 2020
Government of India Securities	0%	0%
High quality corporate bonds	0%	0%
Equity shares of listed companies	0%	0%
Property	0%	0%
Policy of Insurance	100%	100%
Total	100%	100%

(₹ in lakhs)

V) Expense recognised during the year	As at March 31, 2020	As at March 31, 2020
Current service cost	7.88	3.66
Interest cost	1.38	0.91
Past service cost	Nil	Nil
Expense recognised in the statement of profit and loss	9.26	4.57

(₹ in lakhs)

VI) Other comprehensive income	As at March 31, 2020	As at March 31, 2020
Components of actuarial gains/losses on obligations:		
Due to change in financial assumptions	1.31	0.40
Due to change in demographic assumption	0.28	Nil
Due to experience adjustments	3.33	3.15
Return of plan assets excluding amounts included in interest income	(0.05)	0.55
Components of defined benefits cost recognised in other comprehensive income	4.87	4.10

(₹ in lakhs)

VII) Principal actuarial assumptions	As at March 31, 2020	As at March 31, 2020
Discount rate (per annum)	6.25%	6.95%
Rate of return on plan assets (per annum)	6.25%	6.95%
Annual increase in salary cost	6.00%	6.00%
Withdrawal rates per annum		
25 and below	25%	25%
26 to 35	25%	25%
36 to 45	25%	25%
46 to 55	5%	10%
56 and above	5%	10%

The discount rate is based on the prevailing market yield of government of India's bond as at the balance sheet date for the estimated terms of the obligations.

VIII) Sensitivity analysis

Sensitivity analysis is performed by varying a single parameter while keeping all the other parameters unchanged.

Sensitivity analysis fails to focus on the interrelationship between underlying parameters. Hence, the results may vary if two or more variables are changed simultaneously.

The method used does not indicate anything about the likelihood of change in any parameter and the extent of the change if any.

Notes Forming part of Standalone Financial Statements

for year ended March 31, 2020

(₹ in lakhs)

Particulars	For the year ended March 31, 2020		For the year ended March 31, 2019	
	Decrease	Increase	Decrease	Increase
Discount rate (- / +0.5%)	37.75	35.81	23.96	22.94
(% change compared to base due to sensitivity)	2.71%	-2.57%	2.21%	-2.11%
Salary growth rate (- / + 0.5%)	35.81	37.75	22.94	23.96
(% change compared to base due to sensitivity)	-2.59%	2.70%	-2.13%	2.22%
Withdrawal rate (W.R.) (W.R.*x 90%/W.R.x 110%)	37.69	35.88	23.83	23.06
(% change compared to base due to sensitivity)	2.53%	-2.39%	1.69%	-1.61%

IX) Asset liability matching strategies

The Company contributes to the insurance fund based on estimated liability of next financial year end. The projected liability statements is obtained from the actuarial valuer.

X) Effect of plan on the company's future cash flows

a) Funding arrangements and funding policy

The Company has purchased an insurance policy to provide for payment of gratuity to the employees. Every year, the insurance company carries out a funding valuation based on the latest employee data provided by the Company. Any deficit in the assets arising as a result of such valuation is funded by the Company.

b) Maturity analysis of defined benefit obligation

The Weighted Average Duration (Years) as at valuation date is 4.97 years.

(₹ in lakhs)

Particulars	Cash flows	Distributions(%)
1st Following year	7.30	13.50%
2nd Following year	3.36	6.20%
3rd Following year	3.69	6.80%
4th Following year	5.00	9.20%
5th Following year	4.19	7.70%
Sum of years 6 to 10	14.15	26.10%

The future accrual is not considered in arriving at the above cash-flows

XI) The expected contribution for the next year is ₹10.13 lakhs

24 Depreciation and Amortisation

(₹ in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Depreciation of Property, Plant & Equipment	9.82	9.46
Amortisation of Intangible Asset	1.32	1.53
Total	11.14	10.99

Notes Forming part of Standalone Financial Statements

for year ended March 31, 2020

25 Other Expenses

(₹ in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Electricity & fuel charges	9.04	6.33
Repairs to Building	7.80	2.54
Insurance	6.67	1.67
Rent (Refer Note 31)	42.25	25.33
Rates & taxes	5.42	7.23
Bank Charges	28.66	41.61
Stationery & printing	26.27	23.60
Advertisement expenses	1.73	1.18
Communication	13.10	9.57
Traveling & conveyance expenses	67.31	42.81
Professional fees	129.08	129.80
Auditor's Remuneration		
Audit fees	4.00	2.66
For certification	0.21	0.06
	4.21	2.72
Corporate social responsibility expenditure (Refer Note 30)	1.70	Nil
Director sitting fees	5.88	5.40
Marketing & incentive expenses	130.91	131.98
General charges (including security charges & membership fees etc.)	41.75	31.93
Total	521.78	463.70

26 Tax Expenses

(₹ in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Current Tax	516.10	297.10
Adjustment in respect of current tax of prior years	0.78	26.35
Deferred tax	(58.04)	8.60
Total Tax Expense	458.84	332.05
Total tax charge		
Current Tax	516.88	323.45
Deferred Tax	(58.04)	8.60

26.1 Reconciliation of the total tax charge

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the years ended 31 March 2020 and 31 March 2019 is, as follows:

Notes Forming part of Standalone Financial Statements

for year ended March 31, 2020

(₹ in lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Accounting profit before tax expense	2,282.60	1,567.65
Income tax rate %	25.168%	29.120%
Computed tax expense	574.48	456.50
Tax effect of :		
Exempted Items	(50.93)	(49.21)
Additional deduction	(76.04)	(114.57)
Non Deductible items	2.63	12.62
Adjustment on Account of Change in Tax Rate	7.96	0.35
Others	0.74	26.36
Tax expense Recognised in the Statement of Profit and Loss	458.84	332.05
Effective Tax Rate	20.102%	21.181%

27 Earning Per Share:

(₹ in lakhs)

Particulars	Unit	Year ended March 31, 2020	Year ended March 31, 2019
Numerator used for calculating Basic Earning per share (PAT)	₹ In Lakhs	1,823.76	1,235.60
Dilutive impact of compulsorily convertible debentures	₹ In Lakhs	Nil	69.32
Numerator used for calculating Diluted Earning per share (PAT)	₹ In Lakhs	1,823.76	1,304.92
Weighted average no. of shares used as denominator for calculating basic earnings per share	Shares	74,40,395	69,38,816
Effect of dilution:			
compulsorily convertible debentures	Shares	Nil	18,33,446
Employee Share Options	Shares	35,670	57,896
Weighted average no. of shares used as denominator for calculating diluted earnings per share	Shares	74,76,065	88,30,158
Nominal value per Share	₹	10	10
Basic earnings per share	₹	24.51	17.81
Diluted earnings per share	₹	24.39	14.78

28. Explanation to transition to Ind AS

As stated in para 2, these are the Company's first financial statements prepared in accordance with Ind AS. For the year ended March 31, 2020, the Company had prepared its financial statements in accordance with Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act ("Previous GAAP").

The significant accounting policies set out in para 3 have been applied in preparing these financial statements for the year ended March 31, 2020 including the comparative information for the year ended March 31, 2019 and the opening Ind AS balance sheet on the date of transition i.e. April 01, 2018.

In preparing the Ind AS balance sheet as at April 01, 2018 and in presenting the comparative information for the year ended March 31, 2019, the Company has adjusted amounts reported previously in the financial statements prepared in accordance with Previous GAAP. This note explains the principal adjustments made by the Company in restating its financial statements prepared in accordance with Previous GAAP, and how the transition from Previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

Notes Forming part of Standalone Financial Statements

for year ended March 31, 2020

Optional exemptions available and mandatory exceptions

In preparing these financial statements, the Company has applied the below mentioned optional exemptions and mandatory exceptions.

A. Optional exemptions available

1) Property plant and equipment and intangible assets

As per Ind AS 101 an entity may elect to:

- i. measure an item of property, plant and equipment at the date of transition at its fair value and use that fair value as its deemed cost at that date.
- ii. use a Previous GAAP revaluation of an item of property, plant and equipment at or before the date of transition as deemed cost at the date of the revaluation, provided the revaluation was, at the date of the revaluation, broadly comparable to:
 - Fair value;
 - or cost or depreciated cost under Ind AS adjusted to reflect, for example, changes in a general or specific price index.

The elections under (i) and (ii) above are also available for intangible assets that meets the recognition criteria in Ind AS 38, Intangible Assets, (including reliable measurement of original cost); and criteria in Ind AS 38 for revaluation (including the existence of an active market).

- iii. use carrying values of property, plant and equipment, intangible assets and investment properties as on the date of transition to Ind AS (which are measured in accordance with Previous GAAP) if there has been no change in its functional currency on the date of transition.

As permitted by Ind AS 101, the Company has elected to continue with the carrying values under Previous GAAP for all the items of property, plant and equipment. The same election has been made in respect of intangible assets also.

2) Investments in subsidiaries

Ind-AS 101 allows a first-time adopter to use a deemed cost when measuring an investment in a subsidiary in the separate opening statement of financial position. This deemed cost can be determined using either fair value at the date of transition to Ind-AS or a Previous GAAP carrying amount at that date. A first-time adopter is able to choose whether to use the deemed cost exemption on an investment-by-investment basis for its subsidiary.

Accordingly, the Company has elected to avail the exemption and use the Previous GAAP carrying value as deemed cost.

B. Mandatory exceptions

1. Accounting Estimates

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS at the end of the comparative period presented in the entity's first Ind AS financial statements, as the case may be, should be consistent with estimates made for the same date in accordance with the Previous GAAP unless there is objective evidence that those estimates were in error. However, the estimates should be adjusted to reflect any differences in accounting policies.

As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under Previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

Notes Forming part of Standalone Financial Statements

for year ended March 31, 2020

The Company's estimates under Ind AS are consistent with the above requirement. Key estimates considered in preparation of the financial statements that were not required under the Previous GAAP are listed below:

- Fair valuation of financial instruments carried at FVOCI.
- Impairment of financial assets based on the expected credit loss model.
- Determination of the discounted value for financial instruments carried at amortised cost.
- EIR on borrowings.
- Expected life of portfolio.
- Classification of equity and liability.

2. Derecognition of financial assets and liabilities

As per Ind AS 101, an entity should apply the derecognition requirements in Ind AS 109 - Financial Instruments, prospectively for transactions occurring on or after the date of transition to Ind AS. However, an entity may apply the derecognition requirements retrospectively from a date chosen by it if the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Company has applied the de-recognition criteria for financial assets/liabilities prospectively. Hence, it has not recognised financial assets/financial liabilities previously derecognised.

3. Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable. Accordingly, the company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition.

4. Impairment of financial assets

The Company being NBFC Company is required to assess the impairment of financial assets based upon the new model i.e. Expected Credit Loss (ECL) instead of rule-based guidance (RBI Prudential Norms) as prevailed under Previous GAAP. Accordingly, the Company has applied the impairment requirement of Ind-AS 109 on all financial assets recognised as per Ind-AS 109 retrospectively except:

1. The Company has sought to approximate the credit risk on initial recognition by considering all reasonable and supportable information that is available without undue cost or effort.
2. The Company has determined whether the financial asset is having low credit risk, as specified in Ind-AS 109, and whether there is a significant increase in credit risk since initial recognition of financial assets by applying rebuttable presumption of 30 days past due.
3. If the Company is unable to determine whether there is a significant increase in credit risk since initial recognition of a financial asset, without involving undue cost or effort, the Company shall recognise a loss amount equal to life time expected losses at each reporting date till the financial asset is derecognised.

Accordingly, the Company has developed ECL model for testing of impairment of loans and advances.

Notes Forming part of Standalone Financial Statements

for year ended March 31, 2020

Reconciliation of Equity*

(₹ in lakhs)

Particulars	Notes to Reconciliation	As at date of transition April 01, 2018			As at March 31, 2019		
		Previous GAAP#	Adjustment on transition to Ind AS	Ind AS	Previous GAAP#	Adjustment on transition to Ind AS	Ind AS
ASSET							
(1) Financial Assets							
(a) Cash and cash equivalents		33.88	Nil	33.88	460.73	Nil	460.73
(b) Bank Balance other than (a) above		646.57	Nil	646.57	739.88	Nil	739.88
(c) Loans	1,3,8	11,183.04	(172.88)	11,010.16	18,800.34	987.82	19,788.16
(d) Investments	5,7	2,242.19	97.50	2,339.69	4,822.19	286.98	5,109.17
(e) Other Financial assets	6,7	128.69	26.43	155.12	225.60	(81.91)	143.69
(2) Non-financial Assets							
(a) Current tax assets (Net)		104.73	Nil	104.73	47.40	Nil	47.40
(b) Deferred tax Assets (Net)	11	15.95	41.14	57.09	34.56	(87.26)	(52.70)
(c) Property, Plant and Equipment		140.99	Nil	140.99	77.12	Nil	77.12
(d) Other Intangible assets		3.66	Nil	3.66	2.13	Nil	2.13
(e) Other non-financial assets		16.29	Nil	16.29	21.15	Nil	21.15
Total Assets		14,515.99	(7.81)	14,508.18	25,231.10	1,105.63	26,336.73
LIABILITIES AND EQUITY							
LIABILITIES							
(1) Financial Liabilities							
(a) Debt Securities	4	Nil	Nil	Nil	2,750.00	619.08	3,369.08
(b) Borrowings (Other than Debt Securities)	4,8	9,631.98	(23.40)	9,608.58	16,167.11	(3,800.06)	12,367.05
(c) Subordinated Liabilities		500.00	Nil	500.00	500.00	Nil	500.00
(d) Other financial liabilities	9	326.55	(55.62)	270.93	959.71	(537.42)	422.29
(2) Non-Financial Liabilities							
(a) Provisions		14.18	Nil	14.18	22.84	Nil	22.84
(b) Other non-financial liabilities		23.03	Nil	23.03	74.78	Nil	74.78
(3) EQUITY							
(a) Equity Share capital		692.47	Nil	692.47	695.23	Nil	695.23
(b) Other Equity	1 to 11	3,327.78	71.21	3,398.99	4,061.43	4,824.03	8,885.46
Total Liabilities and Equity		14,515.99	(7.81)	14,508.18	25,231.10	1,105.63	26,336.73

Notes Forming part of Standalone Financial Statements

for year ended March 31, 2020

Reconciliation of Total Comprehensive Income for the Year Ended March 31, 2019*:

(₹ in lakhs)

Particulars	Notes to Reconciliation	Previous GAAP	Adjustment on transition to Ind AS	Ind AS
(1) Revenue from operations				
Interest Income	6,8	4,674.98	(14.83)	4,660.15
Total Revenue from operations (1)		4,674.98	(14.83)	4,660.15
(2) Other Income	5,8	18.74	158.95	177.69
(3) Total Income (1+2)		4,693.72	144.12	4,837.84
(4) Expenses				
Finance Costs	8,9	2,025.80	(456.48)	1,569.32
Impairment of Financial Assets	3	274.19	6.29	280.48
Employee Benefits Expenses	2,7	976.36	(30.66)	945.70
Depreciation, amortization and impairment		10.99	Nil	10.99
Others expenses		463.70	Nil	463.70
Total Expenses (4)		3,751.04	(480.85)	3,270.19
(5) Profit / (loss) before tax (3-4)		942.68	624.97	1,567.65
(6) Tax Expense:				
(1) Current Tax		297.10	Nil	297.10
(2) Short / (excess) Provision of Income Tax of earlier years		26.35	Nil	26.35
(3) Deferred Tax	11	(18.64)	27.24	8.60
Total Tax Expense:		304.81	27.24	332.05
(7) Profit/(loss) for the period (5-6)		637.87	597.73	1,235.60
(8) Other Comprehensive Income				
(A) (i) Items that will not be reclassified to profit or loss				
- Remeasurement of Defined Benefit Obligations	2	Nil	(4.09)	(4.09)
(ii) Income tax relating to items that will not be reclassified to profit or loss	2	Nil	1.19	1.19
Subtotal (A)		Nil	(2.90)	(2.90)
(B) (i) Items that will be reclassified to profit or loss				
- Fair valuation gain / (loss) on financial instruments measured at FVOCI	1	Nil	(35.79)	(35.79)
(ii) Income tax relating to items that will be reclassified to profit or loss	1	Nil	10.36	10.36
Subtotal (B)		Nil	(25.43)	(25.43)
Other Comprehensive Income (A+B)		Nil	(28.33)	(28.33)
(9) Total Comprehensive Income for the period (7+8) (Comprising Profit (Loss) and other Comprehensive Income for the period)		637.87	569.40	1,207.27

* Ind AS 101 requires reconciliations of its equity reported in accordance with previous GAAP to its equity in accordance with Ind AS and a reconciliation to its total comprehensive income in accordance with Ind AS for the latest period in the entity's most recent annual financial statements. The Company has chosen to provide reconciliation of amount reported in accordance with previous GAAP to amount reported under Ind AS for each line item of balance sheet and statement of profit and loss as an additional disclosure.

The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

Notes Forming part of Standalone Financial Statements

for year ended March 31, 2020

Notes to the reconciliations:

1) FVOCI of Financial Assets

The Company has business model of sale the loan portfolio through assignment or hold the loan portfolio and therefore, the Company recognizes its loan portfolio through FVOCI as per IND AS 109. While under Previous GAAP, loans and advances were carried at their carrying amount. Accordingly, at the date of transition to Ind AS, difference between the fair value of loan and Previous GAAP carrying amount has been recognised as a separate component of loans and advances, in the FVOCI reserve, net of related deferred taxes. An amount of ₹4.88 lakhs has been adjusted in retained earning as on 1 April 2018. Further, ₹35.79 lakhs has been recognised in FVOCI during the year ended 31 March 2019.

2) Actuarial gain and loss

Under Ind AS, all actuarial gains and losses are recognised in other comprehensive income. Under Previous GAAP, the Company recognised actuarial gains and losses in the statement of profit or loss. However, this has no major impact on the total comprehensive income and total equity as on 1 April 2018 or as on 31 March 2019.

3) Loss allowance

Under Previous GAAP, the Company has created provision for impairment of loans to customer as per the guidelines specified by RBI. Under Ind AS, the Company has recognised impairment loss on loans based on the expected credit loss model as required by Ind AS 109. Consequently, the Company impaired its loans and advances by ₹149.57 lakhs on 1st April 2018 which has been eliminated against retained earnings. Further, ₹6.30 lakhs has been recognised in the statement of profit and loss for the year ended on 31st March 2019.

4) EIR

Under Previous GAAP, transaction cost incurred on borrowings were recognised upfront while under Ind AS, such cost are included in the initial recognition amount of financial Liabilities and recognised as Fees & Commission Expense using effective interest method. Consequently, borrowings on the date of transition date have decreased by ₹23.40 Lakhs and Fees and commission expense for the year ended 31 March 2019 has decreased by ₹75.97 Lakhs.

5) Corporate financial guarantees

The Company has given various corporate guarantees to banks on behalf of its subsidiary. Under Previous GAAP, guarantees were disclosed in the financial statements as part of notes to accounts as contingent liabilities. Under Ind AS, these guarantees are initially measured at fair value and recognised as investment in subsidiary and corresponding financial liability. It has resulted into increase of income by ₹58.45 Lakhs on the date of transition which has been recognised in the retained earnings and an amount of ₹160.13 Lakhs for the year ended 31 March 2019 has been recognised in the statement of profit and loss.

6) Interest reversal on stage 3 financial assets

Under Previous GAAP, the Company did not accrue interest on stage 3 assets. Under Ind AS, the Company has recognized interest on stage 3 assets resulting into an income of ₹26.44 Lakhs on the date of transition which has been recognised in retained earnings. The impact of ₹3.43 Lakhs for the year ended 31 March 2019 has been adjusted in the statement of profit and loss.

7) Employee Stock Option Scheme

Under Previous IGAAP, ESOP Expenses were booked on amortization Basis in the Year 2018-19, While under IND AS such Expenses were booked as per Proportionate Method. Under Previous IGAAP, ESOP granted to the Employees of Subsidiary company were shown as part of other Loans & Advances under Other Financial Assets, while under IND AS such amount is shown as Investment in Subsidiary.

Notes Forming part of Standalone Financial Statements

for year ended March 31, 2020

8) Assignment of loan portfolio

Under Previous GAAP, financial assets were derecognized if the control criteria is met in accordance with relevant RBI guidelines. Under Ind AS, financial assets are derecognised only when the Company transfers substantially all the risks and rewards related to the cash flows. The Company derecognizes the loan portfolio Securitized under Previous GAAP. Under IND AS, these transactions does not meet the criteria for Derecognition, Hence such portfolio is Rerecognized in the books of account resulting in increase in Interest income and Interest expense as on 31 March 2019 by ₹9.15 Lakhs and ₹6.62 Lakhs Respectively.

9) Compulsorily Convertible Debentures

Under Previous GAAP, compulsorily convertible debentures ("CCD") were disclosed at their carrying amount and classified as Short Term Borrowing. Under Ind AS, these instruments are classified as financial liability Component and Equity Component measured at Fair Value as per Ind AS 32/109. For the year ended 31 March 2019, an impact positive of ₹387.13 Lakhs has been recognised in the statement of profit and loss.

Under Previous GAAP, interest in respect of debt were recorded in retained earning and the statement of profit and loss respectively. Under Ind AS, since the part of this convertible instruments is classified as financial liability at the present value of such interest payable on this instrument i.e. ₹656.28 Lakhs, and the Balance part is recognized as Equity Component for the year ended 31 March 2019.

10) Other comprehensive income

Under Previous GAAP, the Company did not present OCI separately. Hence, it has reconciled Previous GAAP profit and loss to profit and loss as per Ind AS. Further, Previous GAAP profit and loss is reconciled to total comprehensive income as per Ind AS.

11) Deferred tax

Previous GAAP requires deferred tax accounting using the profit and loss approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences arising on account of transitional differences adjustments which were not required under Previous GAAP.

In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the Company has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity.

Notes Forming part of Standalone Financial Statements

for year ended March 31, 2020

29 Contingent liabilities not provided for:

(₹ in lakhs)

PARTICULARS	Year ended March 31, 2020	Year ended March 31, 2019
(A) Contingent liabilities		
Guarantees given on behalf of subsidiary company : (Refer note below)		
a) To banks		
-Amount of guarantees	25,200.00	17,050.00
-Amount of loans outstanding	13,950.03	10,356.50
(B) Disputed Demand of Tax		
i) Income Tax Act	594.23	809.63
ii) TDS	0.31	11.34

Notes:

Guarantees are given by the Company to various banks and Financial Institution no behalf of Subsidiary company for the loan taken and accordingly, the same has been shown as contingent liability.

30. Corporate social responsibility ("CSR") expenses:

The gross amount required to be spent by the Company during the year towards CSR is ₹13.05 lakhs (March 31, 2019: Nil) as per section 135 of the Act. Details of amount spent towards CSR as below

Sr. No.	Particulars	In Cash	Yet to be paid in Cash	Total
1	Construction/ acquisition of assets	Nil	Nil	Nil
2	other purpose (Other than 1 above)	1.70	11.35	13.05

31 Leasing Arrangements:

The company has taken various office premises under lease. The lease terms in respect of such premises are on the basis of individual agreement entered into with the respective landlords. All lease agreements are cancellable at the discretion of the lessee i.e. The company by serving a notice to the lessor and hence there are no obligation or commitments with reference to such short-term lease as at reporting date.

Amount Recognized in Profit & loss Account During the year

(₹ In Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Expenses related to Short Term Lease	42.25	25.32

32 Segment Reporting:

Operating segment are components of the Company whose operating results are regularly reviewed by the Chief Operating Decision Maker ("CODM") to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

The Company is engaged primarily on the business of "Financing" only, taking into account the risks and returns, the organization structure and the internal reporting systems. All the operations of the Company are in India. All non-current assets of the Company are located in India. Accordingly, there are no separate reportable segments as per Ind AS 108 – "Operating segments".

Notes Forming part of Standalone Financial Statements

for year ended March 31, 2020

33. Related Party Disclosures as required by IND AS 24 - Related Party Disclosure:

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

A) Subsidiary

Namra Finance Limited

B) Key Managerial Personnel

Mr. Jayendra Patel

Mr. Aalok Patel

Mr. Vivek Modi (C.F.O.)

Mr. Jaimish Patel (C.S.)

C) Non-Executive Directors and Relatives of Key Managerial Personnel

Name of Party	Related party Relationship
Mr. Chinubhai R Shah	Independent Director
Mr. Alok Prasad	Independent Director
Mr. K. D. Shah	Independent Director
Mr. Ramakant Nagpal	Independent Director
Mr. Mridul Arora	Nominee Director
Mrs. Ritaben Patel	Non-Executive Director
Mr. Aakash Patel	Non-Executive Director
Jayendra B Patel (HUF)	Key Managerial personnel is Karta
Raaj Enterprise	Key Managerial personnel is proprietor
J. B. Patel & Co.	Key Managerial personnel is co-owner
Mrs. Sachi Patel	Relative of Director
Mrs. Sajni Patel	Relative of Key Managerial Personnel
Aalok Patel (HUF)	Key Managerial personnel is Karta
Aakash Patel (HUF)	Director is Karta

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

Namra Holdings & Consultancy Services LLP	Key Managerial Personnel is partner
---	-------------------------------------

Notes Forming part of Standalone Financial Statements

for year ended March 31, 2020

E) Details of Transactions with related parties carried out in the ordinary course of business: (₹ In Lakhs)

Year Ended March 31, 2020					
Particulars	Subsidiary	Key Managerial Personnel	Other Directors and Relatives of person who has control or significant influence on KMP	Entities in which KMP have control or significant influence	Total
Income					
Corporate Financial Guarantee Income	191.32	-	-	-	191.32
Interest Income	8.11	-	-	-	8.11
Expenses					
Remuneration & perquisites Paid	-	59.08	-	-	59.08
Sitting fees	-	-	5.88	-	5.88
Interest expenses	137.89	40.64	47.36	34.73	260.61
Rent paid	-	-	0.21	-	0.21
Dividend paid	-	7.51	11.38	19.18	38.07
Unsecured Loan					
Unsecured Loan Taken	82,676.51	451.25	418.74	250.50	83,797.01
Unsecured Loan Repaid (Including Interest)	83,068.68	487.83	461.37	281.75	84,299.62
Investments					
Investments in Subsidiary	990.00	-	-	-	990.00
Corporate Guarantee given					
Corporate Guarantee Given for loan taken by subsidiary company during the year (Amount of Loan Outstanding for the said loans of ₹10,727.27 lakhs)	11,000.00	-	-	-	11,000.00
(₹ In Lakhs)					
Year Ended March 31, 2019					
Particulars	Subsidiary	Key Managerial Personnel	Other Directors and Relatives of person who has control or significant influence on KMP	Entities in which KMP have control or significant influence	Total
Income					
Corporate Financial Guarantee Income	160.13	-	-	-	160.13
Expenses					
Remuneration & perquisites Paid	-	54.57	-	-	54.57
Sitting fees	-	-	5.40	-	5.40
Interest expenses	117.13	29.49	35.46	37.88	219.96
Rent paid	-	-	0.21	-	0.21
Dividend paid	-	5.36	8.13	13.70	27.19
Unsecured Loan					
Unsecured Loan Taken during the year	54,620.20	278.60	220.72	41.00	55,160.52
Unsecured Loan Repaid during the year	55,300.34	364.98	439.74	285.23	56,390.29
Investments					
Investments in Subsidiary	2,580.00	-	-	-	2,580.00
Corporate Guarantee given					
Corporate Guarantee Given for loan taken by subsidiary company during the year (Amount of Loan Outstanding for the said loans of ₹2,617.42 lakhs)	2,750.00	-	-	-	2,750.00

Notes Forming part of Standalone Financial Statements

for year ended March 31, 2020

F) 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:

i. Unsecured Loans Taken and Repayments

Unsecured loan taken (₹ In Lakhs)

SRN	Name of relative	2019-20	2018-19
1	Namra Finance Limited	82,676.51	54,620.20

Unsecured loan repayments (₹ In Lakhs)

SRN	Name of relative	2019-20	2018-19
1	Namra Finance Limited	83,068.68	55,300.33

ii. Income

Corporate Financial Guarantee Income (₹ In Lakhs)

SRN	Name of relative	2019-20	2018-19
1	Namra Finance Limited	191.32	160.13

Interest Income (₹ In Lakhs)

SRN	Name of relative	2019-20	2018-19
1	Namra Finance Limited	8.11	-

iii. Expenses

Interest expenses (₹ In Lakhs)

SRN	Name of relative	2019-20	2018-19
1	Namra Finance Limited	137.89	117.13
2	Namra Holding & Cons. Services LLP	34.73	37.88

Remuneration and perquisites (₹ In Lakhs)

SRN	Name of relative	2019-20	2018-19
1	Jayendra Patel	19.92	19.65
2	Aalok Patel	9.96	11.46
3	Vivek Modi	24.00	19.80

The remuneration of key management personnel are determined by the nomination and remuneration committee having regard to the performance of individuals and market trends.

Sitting fees Paid (₹ In Lakhs)

SRN	Name of relative	2019-20	2018-19
1	Ritaben Patel	1.13	1.13
2	Aakash Patel	0.25	-
3	Alok Prasad	1.65	0.97
4	Ramakant Nagpal	1.28	1.08
5	K. D. Shah	1.58	1.70
6	Chinubhai Shah	-	0.53

Notes Forming part of Standalone Financial Statements

for year ended March 31, 2020

Rent paid (₹ In Lakhs)

SRN	Name of relative	2019-20	2018-19
1	J. B. Patel & Co.	0.21	0.21

Dividend Paid (₹ In Lakhs)

SRN	Name of relative	2019-20	2018-19
1	Aakash Patel	3.90	2.79
2	Aalok Patel	3.47	2.48
3	Jayendra Patel (HUF)	2.74	1.96
4	Jayendra Patel	4.04	2.89
5	Ritaben Patel	4.15	2.97
6	Namra Holdings & Consultancy Services LLP	19.18	13.70

iv. Investments in subsidiary Company during the year (₹ In Lakhs)

SRN	Name of relative	2019-20	2018-19
1	Namra Finance Limited	990.00	2,580.00

G) Outstanding balances with related parties in ordinary course of business

i. Outstanding Credit Balance of Related Parties are as Follows (₹ In Lakhs)

SRN	Name of relative	2019-20	2018-19	1st April, 2018
1	Namra Finance Limited	-	16.59	579.60
2	Aakash J Patel (HUF)	-	-	50.16
3	Aalok J Patel (HUF)	-	-	15.75
4	Aalok J Patel	-	-	19.50
5	Jayendra B Patel	-	-	37.39
6	Jayendra B Patel (HUF)	-	-	64.00
7	Ritaben J Patel	-	-	37.50
8	Namra Holding & Consultancy Service LLP	-	-	206.35
9	Raaj Enterprise	-	-	16.15
10	Vivek Modi	-	1.80	1.80
11	Jaimish Patel	-	0.30	0.24

ii. Outstanding Debit Balance of Related Parties are as follows: (₹ In Lakhs)

SRN	Name of relative	2019-20	2018-19	1st April, 2018
1	Jaimish Patel	0.05	0.55	0.90
2	Namra Finance Limited	251.48	-	-

iii. Investments in subsidiary company (₹ In Lakhs)

SRN	Name of relative	2019-20	2018-19	1st April, 2018
1	Namra Finance Limited			
	Investments	6,236.69	5,109.17	2,339.69
	(Including investments on account of:			
	(a) Corporate financial guarantee given to bank on behalf of subsidiary			
	(b) Issuance of equity shares to the employees of subsidiary at discount			

Notes Forming part of Standalone Financial Statements

for year ended March 31, 2020

- H) Key managerial personnel who are under the employment of the Company are entitled to post employment benefits and other employee benefits recognised as per Ind AS 19 - Employee Benefits in the financial statements.

Transactions with key management personnel are as follows:

(₹ In Lakhs)

	Year Ended March 31, 2020	Year Ended March 31, 2019
Post-employment benefits	0.96	0.37
Share Based Payment	7.68	1.16
Total	8.64	1.52

34. There have been no events after the reporting date that require disclosure in these financial statements.
35. Under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act") which came into force from October 2, 2006, certain disclosures are required to be made relating to micro, small and medium enterprises. There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments. The disclosure as required by section 22 of MSMED Act has been given below:

(₹ In Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Principal amount payable to suppliers as at year end	-	-	-
Interest due thereon as at year end	-	-	-
Interest amount for delayed payments to suppliers pursuant to provisions of MSMED Act actually paid during the year, irrespective of the year to which the interest relates.	-	-	-
Amount of delayed payment actually made to suppliers during the year	-	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	-	-	-
Interest accrued and remaining unpaid at the end of the year	-	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006.	-	-	-

Notes Forming part of Standalone Financial Statements

for year ended March 31, 2020

36. The Amount expected to be Recovered or Settleed within or after 12 months from reporting date:

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.											(₹ In Lakhs)
Particulars	Note No.	As at March 31, 2020			As at March 31, 2019			As at April 01, 2018			
		Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total	
ASSETS											
Financial Assets											
Cash and cash equivalents	1	34.14	Nil	34.14	460.73	Nil	460.73	33.88	Nil	33.88	
Bank Balance other than above	2	511.29	50.00	561.29	689.88	50.00	739.88	310.69	335.88	646.57	
Loans	3	13,485.27	8,828.97	22,314.24	13,176.33	6,611.83	19,788.16	8,661.40	2,348.76	11,010.16	
Investments	4	Nil	6,236.69	6,236.69	Nil	5,109.17	5,109.17	Nil	2,339.69	2,339.69	
Other Financial assets	5	190.81	41.85	232.66	84.42	59.27	143.69	109.15	45.97	155.12	
Non-financial Assets											
Current tax assets (Net)	6	130.63	Nil	130.63	47.40	Nil	47.40	104.73	Nil	104.73	
Deferred tax Assets (Net)	7	106.48	Nil	106.48	Nil	Nil	Nil	57.09	Nil	57.09	
Property, Plant and Equipment	8	Nil	82.30	82.30	Nil	77.12	77.12	Nil	140.99	140.99	
Other Intangible assets	8	Nil	0.81	0.81	Nil	2.13	2.13	Nil	3.66	3.66	
Other non-financial assets	9	20.41	Nil	20.41	21.15	Nil	21.15	16.29	Nil	16.29	
Total Assets		14,479.03	15,240.62	29,719.65	14,479.91	11,909.52	26,389.43	9,293.23	5,214.95	14,508.18	

Notes Forming part of Standalone Financial Statements

for year ended March 31, 2020

(₹ In Lakhs)

Particulars	Note No.	As at March 31, 2020			As at March 31, 2019			As at April 01, 2018		
		Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
LIABILITIES AND EQUITY										
LIABILITIES										
Financial Liabilities										
Debt Securities	10	Nil	6,453.90	6,453.90	656.28	2,712.80	3,369.08	Nil	Nil	Nil
Borrowings (Other than Debt Securities)	11	6,407.82	3,711.14	10,118.96	5,468.27	6,898.78	12,367.05	7,294.75	2,313.83	9,608.58
Subordinated Liabilities	12	Nil	500.00	500.00	Nil	500.00	500.00	Nil	500.00	500.00
Other financial liabilities	13	498.07	Nil	498.07	422.29	Nil	422.29	270.93	Nil	270.93
Non-Financial Liabilities										
Provisions	14	10.13	25.08	35.21	5.87	16.97	22.84	3.66	10.52	14.18
Deferred Tax Liabilities (Net)	7	Nil	Nil	Nil	52.70	Nil	52.70	Nil	Nil	Nil
Other non-financial liabilities	15	39.86	Nil	39.86	74.78	Nil	74.78	23.03	Nil	23.03
EQUITY										
Equity Share capital	16	Nil	845.09	845.09	Nil	695.23	695.23	Nil	692.47	692.47
Other Equity	17	Nil	11,228.56	11,228.56	Nil	8,885.46	8,885.46	Nil	3,398.99	3,398.99
Total Liabilities and Equity		6,955.88	22,763.77	29,719.65	6,680.19	19,709.24	26,389.43	7,592.37	6,915.81	14,508.18

Notes Forming part of Standalone Financial Statements

for year ended March 31, 2020

37 Fair Value Measurements:

A Financial instrument by category and their fair value

(₹ In Lakhs)

As at March 31, 2020	Note No.	Carrying Amount		Fair Value			Total
		Amortised Cost	FVOCI	Level 1	Level 2	Level 3	
Financial Assets Measured at Fair value							
Loans	3	251.48	22,116.55	Nil	22,116.55	Nil	22,116.55
Financial Assets Not Measured at Fair value							
Cash and Cash Equivalents	1	34.14	Nil	Nil	Nil	Nil	Nil
Bank Balances other than cash and Cash Equivalent	2	561.29	Nil	Nil	Nil	Nil	Nil
Security Deposits	5	109.85	Nil	Nil	Nil	Nil	Nil
Other Advance	5	60.39					
Interest Due but not Received on Loans and Advances	5	53.79	Nil	Nil	Nil	Nil	Nil
Interest Accrued but not due on Bank Deposits	5	8.63	Nil	Nil	Nil	Nil	Nil
Total		1,079.57	22,116.55	Nil	22,116.55	Nil	22,116.55

Financial Liabilities Not Measured at Fair value

Debt Securities	10	6,453.90	Nil	Nil	Nil	6,453.90	6,453.90
Borrowings (Other than Debt Securities)	11	10,118.97	Nil	Nil	Nil	10,118.97	10,118.97
Subordinated Liabilities	12	500.00	Nil	Nil	Nil	500.00	500.00
Other financial liabilities	13	498.07	Nil	Nil	Nil	498.07	498.07
Total Financial Liabilities		17,570.94	Nil	Nil	Nil	17,570.94	17,570.94

(₹ In Lakhs)

As at March 31, 2019	Note No.	Carrying Amount		Fair Value			
		Amortised Cost	FVOCI	Level 1	Level 2	Level 3	Total
Financial Assets Measured at Fair value							
Loans	3	Nil	19,831.57	Nil	19,831.57	Nil	19,831.57
Financial Assets Not Measured at Fair value							
Cash and Cash Equivalents	1	460.73	Nil	Nil	Nil	Nil	Nil
Bank Balances other than cash and Cash Equivalent	2	739.88	Nil	Nil	Nil	Nil	Nil
Security Deposits	5	84.27	Nil	Nil	Nil	Nil	Nil
Other Advance	5	9.16	Nil	Nil	Nil	Nil	Nil
Interest Due but not Received on Loans and Advances	5	43.41	Nil	Nil	Nil	Nil	Nil
Interest Accrued but not due on Bank Deposits	5	6.85	Nil	Nil	Nil	Nil	Nil
Total		1,344.30	19,831.57	Nil	19,831.57	Nil	19,831.57

Notes Forming part of Standalone Financial Statements

for year ended March 31, 2020

(₹ In Lakhs)

As at March 31, 2019	Note No.	Carrying Amount		Fair Value			
		Amortised Cost	FVOCI	Level 1	Level 2	Level 3	Total
Financial Liabilities Not Measured at Fair value							
Debt Securities	10	3,369.08	Nil	Nil	Nil	3,369.08	3,369.08
Borrowings (Other than Debt Securities)	11	12,367.05	Nil	Nil	Nil	12,367.05	12,367.05
Subordinated Liabilities	12	500.00	Nil	Nil	Nil	500.00	500.00
Other financial liabilities	13	422.29	Nil	Nil	Nil	422.29	422.29
Total Financial Liabilities		16,658.42	Nil	Nil	Nil	16,658.42	16,658.42

(₹ In Lakhs)

As at March 31, 2018	Note No.	Carrying Amount		Fair Value			
		Amortised Cost	FVOCI	Level 1	Level 2	Level 3	Total
Financial Assets Measured at Fair value							
Loans	3	Nil	11,048.81	Nil	11,048.81	Nil	11,048.81
Financial Assets Not Measured at Fair value							
Cash and Cash Equivalents	1	33.88	Nil	Nil	Nil	Nil	Nil
Bank Balances other than cash and Cash Equivalent	2	646.57	Nil	Nil	Nil	Nil	Nil
Security Deposits	5	106.06	Nil	Nil	Nil	Nil	Nil
Other Advances	5	5.83					
Interest Due but not Received on Loans and Advances	5	38.65	Nil	Nil	Nil	Nil	Nil
Interest Accrued but not due on Bank Deposits	5	4.58	Nil	Nil	Nil	Nil	Nil
Total		835.57	11,048.81	Nil	11,048.81	Nil	11,048.81

Financial Liabilities Not Measured at Fair value

Debt Securities	10	Nil	Nil	Nil	Nil	Nil	Nil
Borrowings (Other than Debt Securities)	11	9,608.58	Nil	Nil	Nil	9,608.58	9,608.58
Subordinated Liabilities	12	500.00	Nil	Nil	Nil	500.00	500.00
Other financial liabilities	13	270.93	Nil	Nil	Nil	270.93	270.93
Total Financial Liabilities		10,379.51	Nil	Nil	Nil	10,379.51	10,379.51

The Company has not disclosed the fair values for cash and cash equivalents, bank balances, Security Deposits, other Advances, interest Due but not received on loans and advances and Interest Accrued but not due on Bank Deposits and other financial liabilities as these are short term in nature and their carrying amounts are a reasonable approximation of fair value.

B Measurement of fair values

I. Valuation techniques and significant unobservable inputs

The carrying amounts of financial assets and liabilities which are at amortised cost are considered to be the same as their fair values as there is no material differences from the carrying values presented.

II. Financial instruments - fair value

The fair value of financial instruments as referred to in note (A) above have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices

Notes Forming part of Standalone Financial Statements

for year ended March 31, 2020

in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurement).

The categories used are as follows:

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices;

Level 2: The fair value of financial instruments that are not traded in active market is determined using valuation technique which maximizes the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value on instrument are observable, the instrument is included in level 2; and

Level 3: If one or more of significant input is not based on observable market data, the instrument is included in level 3.

III. Transfers between levels I and II

There has been no transfer in between level I and level II.

IV. Valuation techniques

Loans

The Company has computed fair value of the loans and advances through OCI considering its business model. These have been fair valued using the base of the interest rate of loan disbursed in the last seven days of the year end which is an observable input and therefore these has been considered to be fair valued using Level 3 inputs.

C Capital

The Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of the local banking supervisor, RBI. The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI.

The Company has complied in full with all its externally imposed capital requirements over the reported period. Equity share capital and other equity are considered for the purpose of Company's capital management.

C.1 Capital management

The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximize shareholder value.

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board

C.2 Regulatory capital

(₹ In Lakhs)

	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Tier 1 Capital	7,350.84	5,714.26	2,191.61
Tier 2 Capital	687.99	776.95	736.22
Risk Weighted Assets	23,168.27	20,226.55	11,496.77
Tier 1 Capital Ratio (%)	31.73%	28.25%	19.06%
Total Capital Ratio (%)	34.70%	32.09%	25.47%

Tier 1 capital consists of shareholders' equity and retained earnings. Tier 2 capital consists of general provision and loss reserve against standard assets and subordinated debt (subject to prescribed discount rates and not exceeding 50% of Tier 1).

Notes Forming part of Standalone Financial Statements

for year ended March 31, 2020

38 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES:

The Company's principal financial liabilities comprise borrowings and trade payables. The main purpose of these financial liabilities is to finance the Company's operations and to support its operations. The Company's financial assets include loan and advances, cash and cash equivalents that derive directly from its operations.

The Company is exposed to credit risk, liquidity risk and market risk. The Company's board of directors has an overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company's risk management committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

I Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counter-party to financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers and loans.

The carrying amounts of financial assets represent the maximum credit risk exposure.

Loans and advances:

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry.

The risk management committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, financial statements, credit agency information, industry information etc.

The Company's exposure to credit risk for loans and advances by type of counterparty is as follows:

(₹ In Lakhs)

Particulars	Carrying amount		
	As at March 31, 2020	As at March 31, 2019	As at April 1, 2018
Retail assets (Refer Note 3)	22,062.76	19,788.16	11,010.16
Loans to NBFC-to Create the underlying assets (Refer Note 3)	251.48	-	-
Total	22,314.24	19,788.16	11,010.16

An impairment analysis is performed at each reporting date based on the facts and circumstances existing on that date to identify expected losses on account of time value of money and credit risk. For the purposes of this analysis, the loan receivables are categorised into groups based on days past due. Each group is then assessed for impairment using the ECL model as per the provisions of Ind AS 109 - financial instruments.

As per Ind AS 109, Company is required to group the portfolio based on the shared risk characteristics. Company has assessed the risk and its impact on the various portfolios and has divided the portfolio into following groups.

Notes Forming part of Standalone Financial Statements

for year ended March 31, 2020

- a TW Loans
- b SME Loans
- c Retail Asset Channel Loans

Staging:

As per the requirement of Ind AS 109 general approach all financial instruments are allocated to stage 1 on initial recognition except originated credit-impaired financial assets which are considered to be under stage 3 on day of origination. However, if a significant increase in credit risk is identified at the reporting date compared with the initial recognition, then an instrument is transferred to stage 2. If there is objective evidence of impairment, then the asset is credit impaired and transferred to stage 3.

The Company considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

For financial assets in stage 1, the impairment calculated based on defaults that are possible in next twelve months, whereas for financial instrument in stage 2 and stage 3 the ECL calculation considers default event for the lifespan of the instrument.

As per Ind AS 109, Company assesses whether there is a significant increase in credit risk at the reporting date from the initial recognition. Company has staged the assets based on the Day past dues criteria and other market factors which significantly impacts the portfolio.

Days past dues status	Stage	Provisions
Current	Stage 1	12 months provision
1-30 days	Stage 1	12 months provision
31-60 days	Stage 2	Lifetime Provision
61-90 days	Stage 2	Lifetime Provision
90+ days	Stage 3	Lifetime Provision

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company is exposed to credit risk from its operating activities, cash and cash equivalents and other financial instruments.

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to the customer credit risk management. Outstanding customer receivables are regularly monitored and taken up on case to case basis. The Company has adopted a policy of dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure and the credit scores of its counterparties are continuously monitored. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management team on a regular basis. The Company evaluates the concentration of risk with respect to loan receivables as low, as its customers are located in several jurisdictions representing large number of minor receivables operating in largely independent markets. The credit risk on cash and bank balances and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

EXPECTED CREDIT LOSS FOR LOANS:

The Company considers default in all cases when the borrower becomes 90 days past due on its contractual payments. The Expected Credit Loss (ECL) is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3 loan assets. ECL is the product of the Probability of Default, Exposure at Default and Loss Given Default.

Notes Forming part of Standalone Financial Statements

for year ended March 31, 2020

Marginal probability of default:

PD is defined as the probability of whether borrowers will default on their obligations in the future. Historical PD is derived from NBFC internal data calibrated with forward looking macroeconomic factors. For computation of probability of default ("PD"), Vasicek Single Factor Model was used to forecast the PD term structure over lifetime of loans. As per Vasicek model, given long term PD and current macroeconomic conditions, conditional PD corresponding to current macroeconomic condition is estimated. Company has worked out on PD based on the last five years historical data.

Marginal probability:

The PDs derived from the Vasicek model, are the cumulative PDs, stating that the borrower can default in any of the given years, however to compute the loss for any given year, these cumulative PDs have to be converted to marginal PDs. Marginal PDs is probability that the obligor will default in a given year, conditional on it having survived till the end of the previous year.

Conditional marginal probability:

As per Ind AS 109, expected loss has to be calculated as an unbiased and probability-weighted amount for multiple scenarios.

Based on the historical loss experience, adjustments need to be made on the average PD computed to give effect of the current conditions which is done through management overlay by assigning probability weightages to different scenarios.

LGD:

LGD is an estimate of the loss from a transaction given that a default occurs. Under Ind AS 109, lifetime LGD's are defined as a collection of LGD's estimates applicable to different future periods. Various approaches are available to compute the LGD. Company has considered workout LGD approach. The following steps are performed to calculate the LGD:

- 1) Analysis of historical credit impaired accounts at cohort level.
- 2) The computation consists of five components, which are:
 - a) Outstanding balance (POS).
 - b) Recovery amount (discounted yearly) by initial contractual rate.
 - c) Expected recovery amount (for incomplete recoveries), discounted to reporting date using initial contractual rate.
 - d) Collateral (security) amount.

The formula for the computation is as below:

$$\% \text{ Recovery rate} = (\text{discounted recovery amount} + \text{security amount} + \text{discounted estimated recovery}) / (\text{total POS})$$

$$\% \text{ LGD} = 1 - \text{recovery rate}$$

EAD:

As per Ind AS 109, EAD is estimation of the extent to which the financial entity may be exposed to counterparty in the event of default and at the time of counterparty's default. Company has modelled EAD based on the contractual and behavioral cash flows till the lifetime of the loans considering the expected prepayments. Company has considered expected cash flows for all the loans at DPD bucket level for each of the segments, which was used for computation of ECL. Moreover, the EAD comprised of principal component, accrued interest and also the future interest for the outstanding exposure. So discounting was done for computation of expected credit loss.

Notes Forming part of Standalone Financial Statements

for year ended March 31, 2020

Discounting:

As per Ind AS 109, ECL is computed by estimating the timing of the expected credit shortfalls associated with the defaults and discounting them using effective interest rate.

Changes in ECL allowances in relation to loans from beginning to end of reporting period:

(₹ In Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2020
Opening provision of ECL	276.95	236.22
Addition during the year	475.54	203.96
Utilization / reversal during the year	(141.39)	(163.23)
Closing provision of ECL	611.10	276.95

II Liquidity Risk:

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with its financial liabilities. The Company's approach in managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due.

The Company is monitoring its liquidity risk by estimating the future inflows and outflows during the start of the year and planned accordingly the funding requirement. The Company manages its liquidity by unutilized cash credit facility, term loans and direct assignment.

The composition of the Company's liability mix ensures healthy asset liability maturity pattern and well diverse resource mix.

Capital adequacy ratio of the Company, as on 31 March 2020 is 34.70% against regulatory norms of 15%. Tier I capital is 31.73% as against requirement of 10%. Tier II capital is 2.97% which may increase from time to time depending on the requirement and also as a source of structural liquidity to strengthen asset liability maturity pattern.

The total cash credit limit available to the Company is ₹4,450 lakhs spread across 5 banks. The utilization level is maintained in such a way that ensures sufficient liquidity on hand. Majority of the Company's portfolio is MSME loans which qualifies as Priority Sector Lending. During the year, the Company has maintained around 5% to 10% of assets under management as off book through direct assignment transactions. It is with door to door maturity and without recourse to the Company. This further strengthens the liability management.

The table below summarizes the maturity profile of the Company's non derivative financial liabilities based on contractual undiscounted payments along with its carrying value as at the balance sheet date.

Notes Forming part of Standalone Financial Statements

for year ended March 31, 2020

(₹ In Lakhs)

Particulars	1 Day to 30/31 Days (One Month)	Over One Month up to 2 Months	Over 2 Months up to 3 Months	Over 3 Months up to 6 Months	Over 6 Months up to 1 Year	Over 1 Year up to 3 Years	Over 3 Year up to 5 Years	Over 5 Years	Total
As At March 31, 2020									
Debt Securities (Refer Note 10)	Nil	Nil	Nil	Nil	Nil	2,722.10	3,731.80	Nil	6,453.90
Borrowings & Subordinated Liabilities (Refer Note 11 & 12)	319.42	420.09	526.42	3,212.57	1,929.32	4,211.13	Nil	Nil	10,618.96
Trade Payables	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
As At March 31, 2019									
Debt Securities (Refer Note 10)	Nil	Nil	Nil	Nil	656.28	2,712.80	Nil	Nil	3,369.08
Borrowings & Subordinated Liabilities (Refer Note 11 & 12)	503.70	595.90	513.27	1,945.64	1,909.75	6,898.78	500.00	Nil	12,867.05
Trade Payables	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
As At April 1, 2018									
Debt Securities (Refer Note 10)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Borrowings & Subordinated Liabilities (Refer Note 11 & 12)	769.49	192.22	192.22	580.79	5,560.04	2,313.83	Nil	500.00	10,108.58
Trade Payables	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

III Market risk :

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk includes interest rate risk and foreign currency risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

IV Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's investment in bank deposits and variable interest rate borrowings and lending. Whenever there is a change in borrowing interest rate for the Company, necessary change is reflected in the lending interest rates over the timeline in order to mitigate the risk of change in interest rates of borrowings

Notes Forming part of Standalone Financial Statements

for year ended March 31, 2020

Sensitivity

The sensitivity analysis have been carried out based on the exposure to interest rates for bank deposits, lending and borrowings carried at variable rate.

Particulars	For the year ended on March 31, 2020	
	50 bp increase	50 bp decrease
Change in interest rates		
Bank Deposits	553.92	553.92
Impact on profit for the year	2.77	(2.77)
Variable Rate Borrowings	10,177.38	10,177.38
Impact on profit for the year	(50.89)	50.89

V Foreign currency risk:

The Company does not have any instrument denominated or traded in foreign currency. Hence, such risk does not affect the Company.

39. Stock Option Scheme

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

During the year ended March 31, 2020, Company has not granted any new stock options (P.Y. 11,500) under the scheme of 'ARMAN-EMPLOYEE STOCK OPTION PLAN 2016' ("ESOP 2016"). The details are as under.

Employee stock option schemes:

Details of grant and exercise of such options are as follows:

Scheme	ESOP-2016			
	ESOP-2016 -1		ESOP-2016 -2	ESOP-2016 -3
Tranches				
No. of options granted	97,500		9,000	2,500
Date of grant	26.05.2017		25.05.2018	13.10.2018
No of Employees	55		3	1
Financial Year (F.Y.)	F.Y.	F.Y.	F.Y.	F.Y.
	2018-19	2019-20	2019-20	2019-20
No. of employees who have exercised the option	49	48	2	1
No. of options exercised	27,645	26,595	2,400	750

Particulars	ESOP 2016
Date of Grant	26 May 2017, 25 May 2018, 13 October 2018
Date of board meeting, where ESOP were approved	11 August 2016
Date of committee meeting where grant of options were approved	26 May 2017, 25 May 2018, 13 October 2018
Date of Shareholder's approval	22 September 2016
No. of options granted	1,09,000 out of 1,25,000
Method of Settlement	Through allotment of one equity share for each option granted
Vesting conditions	The actual vesting of options will depend on continuation to hold the services being provided to the Company at the time of exercise of options.
Vesting period	Option will be vested at the End of Year from the Grant Date:- 1 – 30% End of Year 2 – 30% End of Year 3 – 40% End of Year Subject to lock in period of one year from the date of allotment of shares and other terms as stipulated in the Scheme and prescribed under the law in force.
Exercise period	It shall commence from the date of vesting of options and expire not later than 3 months from the vesting date of each grant of options

Notes Forming part of Standalone Financial Statements

for year ended March 31, 2020

Details of Vesting and Exercise of Options (ESOP 2016):

Vesting Date	Vested Options	No of Option Exercised
26 May 2018	29,250	27,645
25 May 2019	2,700	2,400
26 May 2019	28,485	26,595
13 October 2019	750	750

The following table sets forth a summary of ESOP 2016:

Particulars	2019-20	2018-19
Options Outstanding at the beginning of the year	77,965	97,500
Vested but not exercised at the beginning of the year	-	840
Granted during the year	-	11,500
Forfeited during the year	3,920	2,550
Exercised during the year	29,745	27,645
Expired during the year	1,890	840
Outstanding at the end of the year	42,410	77,965
Exercisable at the end of the year	42,410	77,965
Weighted average exercise price per option	₹50/-	₹50/-

The fair value of the options granted is determined on the date of the grant using the "Black-Scholes option pricing model" with the following assumptions, as certified by an independent valuer:

Vesting Date	25-May-2020	24-May-20	24-May-21	13-Aug-20	13-Aug-21
Date of Grant	25-May-2017	24-May-2018		13-Aug-2018	
Stock Price as on Grant Date (₹)	181.5	376	376	364.5	364.5
Exercise price (₹)	50/-	50/-	50/-	50/-	50/-
Expected volatility (%)	140.69%	140.69%	140.69%	140.69%	140.69%
Expected option life (weighted average) (Years)	3.25	2.25	3.25	1.25	2.25
Expected dividends yield	0.00%	0.00%	0.00%	0.00%	0.00%
Risk free interest rate (%)	5.76%	5.25%	5.76%	5.00%	5.25%
Fair Value of Option (₹)	165.45	347.27	355.57	325.07	336.00

Notes Forming part of Standalone Financial Statements

for year ended March 31, 2020

The Company has recognised share based payment expense of ₹17.56 Lakhs (March 31, 2019: ₹29.88 Lakhs) during the year as proportionate cost.

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

40. The Board of Directors has not recommended any dividend for the financial year 2019-20 (P.Y. Dividend ₹1.40 per equity share of face value of ₹10 each).

41. Disclosures required as per Circular DOR (NBFC) CC.PD. No. 109/22.10.106/2019-20- Implementation of Indian Accounting Standard:

Notes Forming part of Standalone Financial Statements

for year ended March 31, 2020

(₹ In Lakhs)

Asset Classification as per RBI Norms	Assets Classification AS per IND AS 109	Gross Carrying Amount as per IND AS	Loss Allowance (Provisions) as required under ind AS 109	Net Carrying Amounts	Provisions required as per IRACP Norms	Difference between IND AS 109 Provision and IRACP Norms
A. Performing Assets						
Standard	Stage- 1	21,791.24	303.25	21,487.99	128.96	174.28
	Stage- 2	525.27	120.83	404.44	28.36	92.46
Subtotal		22,316.51	424.07	21,892.44	157.32	266.75
B. Non-Performing Assets						
Sub standards	Stage- 3	357.35	187.03	170.32	53.66	133.37
Doubtful upto 1 year	Stage- 3	-	-	-	-	-
1 to 3 years	Stage- 3	-	-	-	-	-
More than 3 years	Stage- 3	-	-	-	-	-
Subtotal for Doubtful						
Loss	Stage- 3	-	-	-	-	-
Subtotal for NPA		357.35	187.03	170.32	53.66	133.37
Total	Stage 1	21,791.24	303.25	21,487.99	128.96	174.28
	Stage 2	525.27	120.83	404.44	28.36	92.46
	Stage 3	357.35	187.03	170.32	53.66	133.37
	Total	22,673.86	611.10	22,062.76	210.98	400.12

42. Disclosures pursuant to RBI Notification - RBI/2019-20/220 DOR.No.BP.BC.63/21.04.048/2019-20 dated 17th April, 2020 SMA/overdue categories, where the moratorium/ deferment was extended ('RBI circular'):

Details of moratorium granted to overdue accounts as at February 29, 2020:

(₹ In lakhs)

Asset Classification as per IND AS 109	Exposure (March 31, 2020)	Asset Classification Benefit
Stage I	1,873.52	-
Stage II	-	-
Stage III	-	-
Total	1,873.52	-

Note:

Amounts indicated in the above represent gross carrying value of these exposures before adjustment for impairment allowance as required under Ind AS 109 as at March 31, 2020.

43. Disclosures required in terms of Annexure XIV of the RBI Master Direction DNBR. PD. 008/03.10.119/2016-17 dated 1 September 2016 (updated as on 22 February 2019) "Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 are mentioned as below (Regulatory (Non IND AS) Information)

Notes Forming part of Standalone Financial Statements

for year ended March 31, 2020

A. Capital to risk assets ratio (CRAR)

(₹ in Lakhs)

Sr. No.	Particulars	2019-20	2018-19
(i)	CRAR (%)	34.70 %	32.09 %
(ii)	CRAR Tier I Capital (%)	31.73 %	28.25 %
(iii)	CRAR Tier II Capital (%)	2.97 %	3.84 %
(iv)	Amount of subordinated debt raised as Tier-II Capital	500.00	500.00
(v)	Amount raised by issue of perpetual debt instruments	-	-

B. Investments

(₹ in Lakhs)

Particulars	2019-20	2018-19
(1) Value of investments	6,236.69	5,109.17
(i) Gross value of investments		
(A) In India	6,236.69	5,109.17
(B) Outside India	-	-
(ii) Provision for depreciation		
(A) In India	-	-
(B) Outside India	-	-
(iii) Net value of investments		
(A) In India	6,236.69	5,109.17
(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 not entered into any derivative transactions and hence the disclosure required has not been made.

Notes Forming part of Standalone Financial Statements

for year ended March 31, 2020

D. Disclosure relating to securitization:

(₹ in Lakhs)

Sr No	Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
1)	No of SPVs sponsored by the company for securitization transactions	1	1	1
2)	Total amount of securitized assets as per books of the SPVs sponsored by the Company	208.78	1,255.48	1,800.96
3)	Total amount of exposures retained by the company to comply with MRR as on the date of balance sheet			
	a) Off-balance sheet exposures			
	• First loss	Nil	Nil	Nil
	• Others	Nil	Nil	Nil
	b) On-balance sheet exposures			
	• First loss	155.17	155.17	Nil
	• Others	Nil	Nil	Nil
4)	Amount of exposures to securitization transactions other than MRR			
	a) Off-balance sheet exposures			
	i) Exposure to own securitizations			
	• First loss	Nil	Nil	Nil
	• Others	Nil	Nil	Nil
	ii) Exposure to third party securitizations			
	• First loss	Nil	Nil	Nil
	• Others	Nil	Nil	Nil
	b) On-balance sheet exposures			
	i) Exposure to own securitizations			
	• First loss	Nil	Nil	Nil
	• Others	Nil	Nil	Nil
	ii) Exposure to third party securitizations			
	• First loss	Nil	Nil	Nil
	• Others	Nil	Nil	Nil

E. Details of financial assets sold to securitisation / reconstruction Company for asset reconstruction

The Company has not sold financial assets to securitisation / reconstruction Company for asset reconstruction during the year (previous year Nil)

F. Details of assignment transactions undertaken by NBFC:

(₹ in Lakhs)

Sr. No.	Particulars	As at March 31, 2020	As at March 31, 2019
i)	No. of Accounts	4,452	Nil
ii)	Book value of loans assets assigned during the year	1,509.79	Nil
iii)	Sale consideration received during the year	1,509.79	Nil
iv)	Additional consideration realized in respect of accounts transferred in earlier years	Nil	Nil
v)	Interest spread recognised in the statement of profit and loss during the year (including amortisation of unamortised interest spread)	173.67	Nil

Notes Forming part of Standalone Financial Statements

for year ended March 31, 2020

G. Details of non-performing assets purchase / sold

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

H. Assets Liability Management

Maturity pattern of certain Assets and Liability as on March 31, 2020

(₹ in Lakhs)

Particulars	Up to 30/31 days	Over 1 month upto 2 month	Over 2 month upto 3 month	Over 3 month & upto 6 month	Over 6 month & upto 1 year	Over 1 year & upto 3 year	Over 3 year & upto 5 year	Over 5 year	Total
Deposits	-	-	41.40	16.98	9.62	41.85	-	-	109.85
Advances	618.19	928.48	1,410.03	4,003.85	6,524.71	8,773.49	55.49	-	22,314.24
Investments	-	-	-	-	-	-	424.50	5,812.19	6,236.68
Cash & bank balance	69.90	-	40.00	190.53	245.00	50.00	-	-	595.43
Borrowings	319.42	420.09	526.42	3,212.57	1,929.32	6,933.23	3,731.80	-	17,072.86
Foreign currency assets	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-

I. Exposure To Capital Market

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

J. Exposure to Real Estate Sector

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

K. Details of financing of parent Company products:

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

L. Details of Single Borrower Limit ("SGL") / Group Borrower Limit ("GBL") exceeded by the NBFC

- Loans and advances, excluding advance funding but including off-balance sheet exposures to any single party in excess of 15 per cent of owned fund of the NBFC: Nil
- Loans and advances to (excluding advance funding but including debentures/bonds and off-balance sheet exposures) and investment in the shares of single party in excess of 25 per cent of the owned fund of the NBFC: Nil

M. Unsecured Advances:

- Refer Note no. 3 to the financial statements.
- The Company has not granted any advances against intangible securities (March 31, 2019: Nil).

N. 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):

- Ministry of Corporate Affairs
- Ministry of Finance

Notes Forming part of Standalone Financial Statements

for year ended March 31, 2020

O. Disclosure of penalties imposed by RBI and other regulators.

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

P. Rating assigned by credit rating agencies and migration of ratings during the year

Deposit Instruments	Name of rating agency	Date of rating	Rating assigned	Valid up to	Borrowing limits or conditions imposed by rating agency
Long Term Bank Facility	CARE	11/09/19	CARE BBB+; Stable (Triple B Plus Outlook: stable)	10/09/20	33.54 Crore
Fund Based Working Capital Limit	CARE	11/09/19	CARE BBB+; Stable (Triple B Plus Outlook: stable)	10/09/20	34.00 Crore
Fund Based Short Term Facility	CARE	11/09/19	Care A2 (A Two)	10/09/20	5.00 Crore
Non Convertible Debenture	CARE	11/09/19	CARE BBB+; Stable (Triple B Plus Outlook: stable)	10/09/20	27.50 Crore
Non Convertible Debenture	CARE	25/02/20	CARE BBB+; Stable (Triple B Plus Outlook: stable)	24/02/20	37.80 Crore

Q. Remuneration of Directors

Refer Note no. 33 of Financial Statements.

R. Management

The annual report has a detailed chapter on Management Discussion and Analysis.

S. Net Profit of Loss for the period, prior period items and change in accounting policies

There are no such material items which require disclosures in the notes to account in terms of the relevant Ind AS.

T. Revenue Recognition

Para no. 3.1 to the accounting policy

U. Ind AS 110 - consolidated financial statements (CFS)

All the subsidiaries of the Company have been consolidated as per Ind AS 110. Refer consolidated financial statements (CFS).

V. Provisions and Contingencies

The information on all provisions and contingencies is as under:

(₹ In Lakhs)

Break up of 'provisions and contingencies' shown under the head expenditure in the statement of profit and loss.	As at March 31, 2020	As at March 31, 2019
Provision towards impaired assets (Stage3)	49.50	3.50
Provision made towards income tax	516.88	3,23.45
Provision towards impaired assets (Stage1 and 2)	284.64	37.23
Provision for employee benefits	9.26	4.57

Notes Forming part of Standalone Financial Statements

for year ended March 31, 2020

W. Drawn down from Reserves:

There is no draw down from reserves during the year.

X. Concentration of deposits (for deposit taking NBFCs)

Not applicable, as company has not taken any Deposits from public During the Year.

Y. Concentration of advances

The Company is in Retail Advance Segment hence there is no such substantial Concentration of advances.

Z. Concentration of exposure

The Company is in Retail Advance Segment hence there is no such substantial Concentration of advances.

AA. Concentration of Stage 3 assets

The Company is in Retail Advance Segment hence there is no such substantial Concentration of stage 3 assets.

BB. Sector-wise Stage 3 assets (Gross)

Sector	% of Stage 3 assets to Total Advances in that sector as at March 31, 2020	% of Stage 3 assets to Total Advances in that sector as at March 31, 2019
MSME	0.54%	0.03%
Auto Loans	2.99%	4.00%

CC. Movement of Stage 3 Assets:

(₹ in Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
(i) Net stage 3 assets to net advances (%)	0.77%	1.37%
(ii) Movement of stage 3 assets (gross)		
(a) Opening balance	410.01	353.51
(b) Additions during the year	572.05	479.39
(c) Reductions during the year	(624.92)	(422.89)
(d) Closing balance	357.13	410.01
(iii) Movement of net stage 3 assets		
(a) Opening balance	272.48	219.49
(b) Additions during the year	491.29	370.79
(c) Reductions during the year	(593.67)	(317.80)
(d) Closing balance	170.10	272.48
(iv) Movement of provisions for stage 3 assets (excluding provisions on standard assets)		
(a) Opening balance	137.52	134.02
(b) Additions during the year	80.76	108.59
(c) Reductions during the year	(31.26)	(105.09)
(d) Closing balance	187.03	137.52

Notes Forming part of Standalone Financial Statements

for year ended March 31, 2020

DD. Disclosure of Overseas assets (for those with joint ventures and subsidiaries abroad) and Off-balance sheet SPVs sponsored (which are required to be consolidated as per accounting norms):

Nil

EE. Disclosure Of Customer Complaints

Sr. No.	Particulars	As at March 31, 2020	As at March 31, 2019
a)	No. of complaints pending at the beginning of the year	Nil	Nil
b)	No. of complaints received during the year	Nil	Nil
c)	No. of complaints redressed during the year	Nil	Nil
d)	No. of complaints pending at the end of the year	Nil	Nil

44. Information as required in terms of Paragraph 13 of the RBI Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 "Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 are mentioned as below:

Liabilities Side:

- A. Loans and advances availed by the NBFCs Inclusive of interest accrued thereon but not paid

(₹ In Lakhs)

Sr No.	Particulars	Year ended March 31, 2020	
		Amount outstanding	Amount Overdue
a)	Debentures: Secured	Nil	Nil
	: Unsecured (Other Than falling within the meaning of public deposits*)	6,502.77	Nil
b)	Deferred Credits	Nil	Nil
c)	Term Loans	7,983.65	Nil
d)	Inter-Corporate Loans and borrowings	Nil	Nil
e)	Commercial Paper	Nil	Nil
f)	Other loans:		
	- From Banks	2,186.31	Nil
	- From a Company	Nil	Nil
	- Security Deposits	Nil	Nil
	- Advances Received against loan agreements	Nil	Nil

*Please see note 1 below

Notes Forming part of Standalone Financial Statements

for year ended March 31, 2020

B. Break-up of (1)(f) above (outstanding public deposits inclusive of interest accrued thereon but not paid):

(₹ In Lakhs)

Sr No.	Particulars	Year ended March 31, 2020	
		Amount outstanding	Amount Overdue
a)	In the form of unsecured debentures	Nil	Nil
b)	In the party secured Debentures i.e. debenture where there is shortfall in the value of security	Nil	Nil
c)	Other public deposits	Nil	Nil

Asset Side:

C. Break-up of loans and advances including bills receivables (other than those included in (D) below)

(₹ In Lakhs)

Sr. No.	Particulars	Amount Outstanding
a)	Secured	9,136.36
b)	Unsecured	13,162.74

D. Break up of leased assets and stock on hire and other assets counting towards AFC activities

(₹ In Lakhs)

Sr. No.	Particulars	Amount Outstanding
(i)	Lease assets including lease rentals under sundry debtors:	
a)	Financial Lease	Nil
b)	Operating Lease	Nil
(ii)	Stock on hire including hire charges under sundry debtors:	
a)	Assets on hire	Nil
b)	Repossessed assets	Nil
iii)	Other loans counting towards AFC activities	
a)	Loans where assets have been reprocessed	Nil
b)	Loans other than a) above	Nil

E. Break-up of Investments

Refer Not 43.B Above

F. Borrower group-wise classification of assets financed as in (C) and (D) above

(₹ In Lakhs)

Sr. No.	Category	Amount net of provisions		
		Secured	Unsecured	Total
1	Related Parties**			
a)	Subsidiaries	Nil	251.48	251.48
b)	Companies with the same group			
c)	Other related parties			
2	Other than related parties	9,136.36	12,911.27	22,047.63
	Total	9,136.36	13,162.74	22,299.11

** As per Ind AS issued by MCA (refer note 3 below)

Notes Forming part of Standalone Financial Statements

for year ended March 31, 2020

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

(₹ In Lakhs)

Sr No.	Category	Market Value/ Breakup or Fair value of NAV	Book Value (Net of Provision)
1	Related parties**		
	a) Subsidiaries (Refer Note Below)	11,385.53	6,236.69
	b) Companies in the same group	Nil	Nil
	c) other related parties	Nil	Nil
2	Other than related parties	Nil	Nil
	Total	11,385.53	6,236.69

**As per Ind AS issued by MCA (Refer Note 3 below)

Note: Subsidiary company being unlisted, value is derived based upon the net asset value as shown in the subsidiary company balance sheet as on March 31, 2020.

H. Other Information:

(₹ In Lakhs)

Sr No	Particulars	Amount
(i)	Gross non-performing Assets	
	a) Related parties	Nil
	b) Other than related parties	357.13
(ii)	Net non-performing assets	
	a) Related parties	Nil
	b) Other than related parties	170.10
(iii)	Assets acquired in satisfaction of debt	Nil

Notes:

- As defined in point xix of paragraph 3 of Chapter - 2 of these Directions.
- Provisioning norms are applicable as prescribed in Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998.
- All Ind AS issued by MCA are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up / fair value / NAV in respect of unquoted investments shall be disclosed irrespective of whether they are classified as long term or current in (E) above.
- 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.
- Reserve Bank of India (RBI) has issued guidelines relating to COVID-19 Regulatory Package dated March 27, 2020 and May 23, 2020 allowing the lending institutions to offer moratorium to their borrowers on instalments falling due between march 1, 2020 to August 31, 2020. The company has extended / will be extending moratorium to its borrowers in accordance with its board approved policy. In managements view providing moratorium to the borrowers at a large scale based on RBIs directives by itself is not considered to result in a significant increase in the credit risk (SICR) for such borrowers. Further considering the unique and widespread impact of COVID-19 the Company has estimated the expected credit loss in its provisions, based on the information available at this point of time.

Notes Forming part of Standalone Financial Statements

for year ended March 31, 2020

Accordingly, the provision for expected credit loss on financial assets as at March 31, 2020 aggregates, ₹611.10 lakh (as at March 31, 2019, ₹276.95 lakh) which includes potential impact on account of the pandemic of ₹214.72 lakh. Based on the current indicators of future economic conditions, the Company considers this provision to be adequate.

These estimates are based on the early indicators that are subject to uncertainty and severity and duration of the pandemic. Given these circumstances the business and financial metrics, including the expected credit losses could be different from that estimated by the company.

47. The outbreak of COVID-19 pandemic across the globe and in India has contributed to a significant decline and volatility in the global and Indian financial markets and slowdown in the economic activities. The Government of India announced nation-wide lockdown on March 24, 2020 till April 14, 2020 with subsequent extension till 31st May 2020 to contain the spread of virus. The lockdown has led to significant disruptions, impacting company's regular operations, including disbursements and collections activities due to inability of employees to physically reach the borrowers. The company's major operations are in rural parts of India where the impact of COVID-19 has been relatively lower. The government has announced series of relief packages for rural India. This is expected to support the rural borrowers repayment capacity. The relaxations announced in the lockdown since June 1, 2020 has helped the company's employees to contact the borrowers and resume business activities.
48. Previous year's figures have been regrouped and rearranged wherever necessary, to make them comparable with those of current year.

Signature to notes "1" to "48"

As per our report of even date attached herewith

For **Samir M Shah & Associates**

Chartered Accountants

[Firm Regd. No. 122377W]

[Samir M Shah]

Partner

[M.No.111052]

UDIN: 20111052AAAAIU4472

Place: Ahmedabad

Date: June 29, 2020

For, **Arman Financial Services Limited**

Jayendra Patel

Vice Chairman & Managing Director

(DIN - 00011814)

Aalok Patel

Joint Managing Director

(DIN - 02482747)

Vivek Modi

Chief Financial Officer

Jaimish Patel

Company Secretary

(M.No. A42244)

Namra Finance Limited

Director's Report	282
Auditor's Report	299
Balance Sheet	308
Statement of Profit & Loss	309
Statement of Change in Equity	310
Statement of Cash Flow	312
Notes	314

Director's Report

→ Director's Report

Auditor's Report

Balance Sheet

Statement of Profit & Loss

Statement of Change in Equity

Statement of Cash Flow

Notes

Dear Members

Your Directors have pleasure in presenting the 8th Director's Report of your Company together with the Audited Financial Statement for the year ended on March 31, 2020.

You are our valued partners in the Company and we are happy to share our vision of growth with you.

Our guiding principles are a blend of optimism and conservatism, which has been and will be the guiding force of all our future endeavors.

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

1. FINANCIAL PERFORMANCE

(₹ in Lakhs)

Particulars	2019-20	2018-19
Total Revenue	14,841.83	9,397.68
Profit Before Interest and Depreciation	10,057.63	6,634.32
Finance Charges	6,702.63	4,381.50
Depreciation	68.69	37.45
Net Profit Before Tax	3,286.31	2,215.37
Current Tax	907.30	680.00
Deferred Tax (Asset)/Liability	(136.97)	(32.33)
Sort/(Excess) provision of income tax of earlier year	(3.56)	Nil
Net Profit After Tax	2,519.54	1,567.70
Basic Earnings Per Share (In ₹)	9.78	7.33

2. OPERATIONS

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

Performance Highlights

- AUM was ₹621 crores in FY 2019-20 as compared to ₹484 crores in FY 2018-19, grown by 28%.
- Disbursement was ₹653 crores in FY 2019-20 as compared to ₹590 crores in FY 2018-19, grown by 11%.
- Total income was ₹148.42 crores in FY 2019-20 as compared to ₹93.97 crores in FY 2018-19, grown by 58%.
- Impairment on financial instruments was ₹13.32 crore, which included a contingency provision of ₹4.53 crore for COVID-19, and an accelerated

write-off of ₹2.40 crores for the Pre-COVID NPAs.

- Profit before taxes was ₹32.86 crores in FY 2019-20 as compared to ₹22.15 crores in FY 2018-19, grown by 48%.
- Profit for the year attributable to owners of the Company was ₹25.20 crores in FY 2019-20 as compared to ₹15.68 crores in FY 2018-19, grown by 61%.
- Basic Earnings Per Share was ₹9.78 compared to ₹7.33.

3. DIVIDEND

In order to conserve capital to deal with the uncertain economic environment arising due to the outbreak of the COVID-19 pandemic, the Directors of your Company do not recommend any dividend payment at the ensuing Annual General Meeting ("AGM").

4. AMOUNTS TRANSFERRED TO RESERVES

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

- Transfer to special reserve as required by section 45-IC of the Reserve Bank of India Act, 1934: ₹504 lakhs.
- Transfer to general reserve: ₹1 lakh.

5. IMPACT OF THE COVID-19 PANDEMIC

The Board of Directors are of the view that the Indian NBFC and Banking sector will be adversely impacted due to the disruption caused by the pandemic, though a bunch of measures have been taken by the regulator to tide over the impact of the pandemic. The COVID-19 pandemic has intensified into a global crisis, driving the nation to enforce lock-down of all economic activity for the last few months. We remain committed to the health and safety of our employees and their families, as well as, business continuity to safeguard the interests of our customers, lenders, and other stakeholders. The impact of the pandemic on our business performance is outlined in the Financials and under the Management and Discussion Analysis Report.

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

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

7. CREDIT RATING

During the year under review, Credit Analysis and Research Limited ('CARE') reviewed the ratings on various bank facilities and debt instrument of the Company. CARE reaffirmed its rating for long term bank facility to "CARE BBB+"; stable (Triple B plus; outlook stable). CARE also reaffirmed its rating on the Non-Convertible Debentures ("NCD") at "CARE BBB+"; stable (Triple B plus; outlook stable). The Grading of the Company was also reaffirmed 'MFI 2+' (MFI two plus) by CARE during the year 2019-20.

8. UNCLAIMED DIVIDEND

The provisions of Section 125(2) of the Companies Act, 2013 do not apply as there is no unpaid dividend accounts appeared in balance sheet as at March 31, 2020.

9. LOANS, GUARANTEES AND INVESTMENTS

Except short term loans given to its holding Company, there were no loans, guarantees or investments made by the Company under Section 186 of the Companies Act, 2013 during the year under review.

10. PUBLIC DEPOSITS

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

11. DIRECTORS AND KMP

The Board of Directors consists of 4 members, of which 1 is Independent Director. The Board also comprises of a woman Director. In accordance with the Articles of Association of the Company and pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. Jayendra Patel [DIN-00011814] will retire by rotation at the ensuing AGM and being eligible, offer himself for reappointment.

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

- 1) Mr. Jayendrabhai B. Patel – Chairman & Managing Director and C.E.O.
- 2) Mr. Aalok J. Patel – Joint Managing Director
- 3) Mr. Vivek A. Modi – Chief Financial Officer
- 4) Mr. Jaimish G. Patel – Company Secretary & Compliance Officer.

12. MEETING OF THE BOARD / AUDIT COMMITTEE

The Board during the financial year 2019-20 met 6 (Six) times and Audit Committee met 4 (Four) times. All the recommendations made by the Audit Committee during the year were accepted by the Board. According to Section 177 of the Companies Act, 2013 the Company's Audit Committee comprised of three directors. The table sets out the composition of the Committee:

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

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

As per Section 4 of the Sexual Harassment of

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

14. DIRECTORS' RESPONSIBILITY STATEMENT

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

- a) In the preparation of the annual accounts for the year ended on 31st March, 2020, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2020 and of the profit and loss of the Company for the year ended on that date;
- c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The Directors have prepared the annual accounts on a going concern basis;
- e) That the Directors have laid down internal financial controls to be followed by the Company and that the financial controls are adequate and are operating effectively; and
- f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

15. DECLARATION BY INDEPENDENT DIRECTORS

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

16. AUDITORS AND AUDIT REPORTS

a) Statutory Auditors

M/s J. T. Shah & Co., Chartered Accountants, Ahmedabad (FRN No-109616W) were appointed

as a Statutory Auditors of the Company with the approval of members at the 3rd Annual General Meeting to hold office till the conclusion of the 8th Annual General Meeting. The current tenure of M/s J. T. Shah & Co., would get expired at the ensuing AGM. The Board of Directors of the Company, on the recommendation of the Audit Committee, recommended the appointment of M/s J. T. Shah & Co., Chartered Accountants, Ahmedabad (FRN No-109616W), as the Statutory Auditors of the Company for a period of two years from the conclusion of this AGM till the conclusion of the 10th AGM as per Section 139(2) of the Companies Act, 2013 and Rule 6 of The Companies (Audit and Auditors) Rules, 2014. On the recommendation of the Audit Committee, the Board also recommended for the approval of the Members, the remuneration of M/s J. T. Shah & Co., for the financial year 2020-21. Appropriate resolution seeking your approval to the appointment and remuneration of M/s J. T. Shah & Co., as the Statutory Auditors is appearing in the Notice convening the 8th AGM of the Company.

b) Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s Pinakin Shah & Co., a firm of Company Secretaries in practice, to conduct the Secretarial Audit of the Company for the financial year 2019-20. The Secretarial Audit Report is annexed herewith as "Annexure-1". The Secretarial Audit Report does not contain any qualification, reservation or adverse remarks.

Pursuant to Regulation 24A of SEBI LODR Regulations, a Secretarial Compliance Report for the year ended March 31, 2020 is annexed as "Annexure-1B"

17. RELATED PARTY TRANSACTIONS

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

transactions are being reported in Form AOC-2 in terms of Section 134 of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014. However, the details of the transactions with Related Party are provided in the Company's financial statements in accordance with the Accounting Standards.

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

18. RISK MANAGEMENT

The Board has adopted the Risk Management Policy in order to identify, assess, monitor and manage risk throughout the Company. Risk is an integral part of any business, and sound risk management is critical for the success of any organization. The Company and its subsidiary have a risk management framework and Board members are informed about risk assessment and minimization procedures and periodical review to ensure management controls risk by means of a properly designed framework..

19. 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.

20. INTERNAL FINANCIAL CONTROLS

The Company has in place, adequate systems of Internal Control to ensure compliance with policies and procedures. It is being constantly assessed and strengthened with new / revised standard operating procedures and tighter information technology controls. Internal audits of the Company are regularly carried out to review the internal control

systems. The Audit Reports of Internal Auditor along with their recommendations and implementation contained therein are regularly reviewed by the Audit Committee of the Board. Internal Auditor has verified the key internal financial control by reviewing key controls impacting financial reporting and overall risk management procedures of the Company and found the same satisfactory. It was placed before the Audit Committee of the Company.

21. CORPORATE SOCIAL RESPONSIBILITY

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

22. 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.

23. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO

A. Conservation of energy and Technology absorption:

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

B. Foreign exchange earnings and outgo:

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

Expenditure in foreign currency: ₹41.50 lakhs

Earnings in foreign currency: Nil

24. SHARES & SHARE CAPITAL

• Authorized Share Capital:

During the year under review, the authorised share capital of the Company was increased from ₹27,00,00,000/- (2,70,00,000 ordinary equity shares of ₹10/- each) to ₹30,00,00,000/- (3,00,00,000 ordinary equity shares of ₹10/- each) pursuant to resolution passed by the shareholders of the Company at the 7th AGM of the Company.

- **Buy Back of Securities:**
The Company has not bought back any of its securities during the year under review.
- **Sweat Equity:**
The Company has not issued any Sweat Equity Shares during the year under review.
- **Bonus Shares:**
No Bonus Shares were issued during the year under review.
- **Equity Share**
The Company has issued and allotted 30,00,000 equity shares each having a nominal value of ₹10/- (Rupees Ten Only) at a premium of ₹23/- (Rupees Twenty Three Only) to Arman Financial Services Limited on right basis on September 30, 2019. Subsequent to above allotments the paid-up share capital of the Company has been increased from ₹24,17,50,000/- to ₹27,17,50,000/-

25. DETAILS OF FRAUDS REPORTED BY THE AUDITORS

During the year under review, neither the Statutory Auditor nor the Secretarial Auditor have reported

to the Audit Committee under Section 143(12) of the Companies Act, 2013 any instances of fraud committed against the Company by its officers or employees.

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

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

27. GRATITUDE & ACKNOWLEDGEMENT

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

For, and on behalf of the Board

Date: August 29, 2020

Place: Ahmedabad

Jayendra Patel

Chairman & Managing Director

DIN: 00011814

FORM NO. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2020

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

To,

The Members,

Namra Finance Limited

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

Based on our verification of the Company's Books, Papers, Minute Books, Forms and Returns filed and other Records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the financial year ended on March 31, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Company for the financial year ended on March 31, 2020 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011- Not Applicable to the Company;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015- Not Applicable to the Company;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018- Not Applicable to the Company;
 - d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014- Not Applicable to the Company;
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client – Not Applicable to the Company;

- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 -Not Applicable to the Company;
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 – No buyback was done during year, hence not applicable;
 - i) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013 – Not applicable to the Company; and
 - j) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018
6. Specifically applicable Laws to the Company, as identified and confirmed by the Management:
- i. The Reserve Bank of India Act, 1934,
 - ii. Prevention of Money Laundering Act, 2002,
7. Labor Laws applicable to the Employees of the Company:
- i. Provident Fund Act, 1952;
 - ii. Employees State Insurance Act, 1948;
 - iii. Profession Tax Act, 1975;
 - iv. The Payment of Gratuity Act, 1972

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

- a) Secretarial Standards issued by the Institute of Company Secretaries of India;
- b) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We further report that:

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

We further report that:

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

We further report that:

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

We further report that:

Based on our review of Compliance Mechanism established by the Company and on the basis of Compliance Certificate(s) issued by the MD/CEO and taken on record by the Board of Directors at their meeting(s), we are of opinion that, there are adequate systems and processes in place in the Company, which is commensurate with the

size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

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

We further report that:

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

Date: August 26, 2020

Place: Ahmedabad

Pinakin Shah & Co.

Company Secretary,

Pinakin Shah

Proprietor

FCS: 2562; COP: 2932

UDIN: F002562B000616879

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

To,
The Members,
Namra Finance Limited

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

Management Responsibility:

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

Auditors Responsibility:

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company or verified compliances of Laws other than those mentioned above. Wherever required, we have obtained the management representation about the Compliance of laws, rules and regulations and happening of events etc.
4. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
5. The Secretarial audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Date: August 26, 2020
Place: Ahmedabad

Pinakin Shah & Co.
Company Secretary,
Pinakin Shah
Proprietor
FCS: 2562; COP: 2932
UDIN: F002562B000616879

SECRETARIAL COMPLIANCE REPORT OF NAMRA FINANCE LIMITED FOR THE YEAR ENDED ON MARCH 31, 2020

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

- all the documents and records made available to us and explanation provided by Namra Finance Limited ("the material subsidiary of Arman Financial Services Limited"),
- the filings / submissions made by the material subsidiary to the stock exchanges,
- website of the material subsidiary,
- any other document / filing, as may be relevant, which has been relied upon to make this certification for the year ended on March 31, 2020 ("Review Period") in respect of compliance with the provisions of:
 - the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and
 - the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

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

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

and circulars/ guidelines issued thereunder;

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

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

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

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

Sr. No.	Action taken by	Details of violation	Details of action taken E.g. fines, warning letter, debarment, etc.	Observations/ remarks of the Practicing Company Secretary, if any.
-----Nil-----				
d) The listed entity has taken the following actions to comply with the observations made in previous reports:				
Sr. No.	Observations of the Practicing Company Secretary in the previous reports	Observations made in the secretarial compliance report for the year ended 31st March, 2020	Actions taken by the material subsidiary, if any	Comments of the Practicing Company Secretary on the actions taken by the listed entity
-----Nil-----				

Date: June 11, 2020

Place: Ahmedabad

Pinakin Shah & Co.

Company Secretary,

Pinakin Shah

Proprietor

FCS: 2562; COP: 2932

UDIN: F002562B000335136

CORPORATE SOCIAL RESPONSIBILITY

Pursuant to Section 135 of Companies Act, 2013

1. Brief outline of Companies CSR Policy:

Namra Finance Limited believes in making a difference to the lives of thousands of people who are underprivileged. It promotes social and economic inclusion by ensuring that marginalized communities have equal access to health care services, educational opportunities and proper civic infrastructure. Your Company's CSR activities are implemented in aligned with requirements of Section 135 of the Companies Act, 2013 along with objective specified in CSR Policy of the Company.

2. Composition of CSR Committee:

The CSR Committee of our Board provides oversight of CSR Policy and monitors execution of various activities to meet the set CSR objectives. The members of the CSR Committee are:

- Mr. Jayendra Patel, Chairperson
- Mr. Aalok Patel, Member
- Mr. R. K. Nagpal, Member

3. Financial details:

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

SRN	Particulars	₹ in lakhs
1	Average net profit before tax of the Company for last three financial years	1,227.09
2	Total amount to be spent for the financial year	24.54
3	Total amount spent	1.69
4	Total amount unspent, if any	22.85

4. The details of the amount spent during the financial year is detailed below:

SRN	CSR project/ program	Sector	Location of project/ program	Amount outlay (budget)	Amount spent on the projects or programs	Cumulative spend up to the reporting period	Amount spent: direct / through external agency
1	Cancer Treatment	Healthcare and medical facilities	Ahmedabad	₹0.31 lakhs	₹0.31 lakhs	₹0.31 lakhs	Hemato Oncology Clinic Ahmedabad Private Limited
2	Sponsoring one- year education fees for one gifted girl child	Education	Ahmedabad	₹1.38 lakhs	₹1.38 lakhs	₹1.38 lakhs	Riverside Education Foundation

5. Reason for not spending the amount:

The Company wanted to make a long term CSR program, especially in healthcare and education sector, However, in order to conserve capital to deal with the uncertain economic environment arising out of COVID-19 pandemic, the Company has decided not to spent full amount on CSR programs.

6. Responsibility Statement:

We hereby confirm that the implementation of the Policy and monitoring of the CSR projects and activities is in compliance with CSR objectives and CSR Policy of the Company.

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
As on financial year ended on March 31, 2020

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

I. REGISTRATION & COMPANY DETAILS

1. CIN	U65999GJ2012PLC069596
2. Registration Date	March 27, 2012
3. Name of the Company	Namra Finance Limited
4. Category/Sub-category of the Company	Category: Public Company; Sub Category: Company Limited by Shares, having Share Capital
5. Address of the Registered office & contact details	502-503, Sakar III, Opp. Old High Court, Off. Ashram Road, Ahmedabad-380014, Gujarat, India. Ph: +91-79-40507000, 27541989 Email: ho@namrafinance.com; Website: www.namrafinance.com
6. Whether listed Company	Yes (Debt Listed)
7. Name, Address & contact details of the Registrar & Transfer Agent, if any.	Bigshare Services Private Limited A/802, Samudra Complex, Nr. Klassic Gold Hotel, Girish Cold Drink, Off. C. G. Road, Ahmedabad-380009, Gujarat. Ph.: 079-40024135; 40092570, Email: bssahd@bigshareonline.com

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

SRN	Name and Description of main products / services	NIC Code of the Product/ Service	% to total turnover of the Company
1	Other credit granting (Micro Finance)	64920	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

SRN	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Arman Financial Services Limited 502-503, Sakar III, Opp. Old High Court, Off. Ashram Road, Ahmedabad-380014, Gujarat	L55910GJ1992PLC018623	Holding Company	100%	Section 2(46)

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

a. Category wise Share Holding

Code	Category of Shareholder	No. of Shares Held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A	Promoters									
(1)	Indian									
A	Individual / HUF	-	-	-	-	-	-	-	-	-
B	Central /State Govt.(s)	-	-	-	-	-	-	-	-	-
C	Bodies Corporate	-	24175000	24175000	100%	27175000	-	27175000	100.00	-
D	Any Other (Trust)	-	-	-	-	-	-	-	-	-
	Sub-total (A1):-	-	24175000	24175000	100%	27175000	-	27175000	100.00	-
(2)	Foreign									
A	Individuals (NRIs/Foreign Individuals)	-	-	-	-	-	-	-	-	-
B	Bodies Corporate	-	-	-	-	-	-	-	-	-
C	Institutions	-	-	-	-	-	-	-	-	-
D	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
E	Others	-	-	-	-	-	-	-	-	-
	Sub-Total (A2)	-	-	-	-	-	-	-	-	-
	Total A=(A1)+(A2)	-	24175000	24175000	100%	27175000	-	27175000	100.00	-
B	Public Shareholding									
(1)	Institutions									
a	Mutual Funds/UTI	-	-	-	-	-	-	-	-	-
b	Financial Institutions/Banks	-	-	-	-	-	-	-	-	-
c	Central /State Government(s)	-	-	-	-	-	-	-	-	-
d	Venture Capital Funds	-	-	-	-	-	-	-	-	-
e	Insurance Companies	-	-	-	-	-	-	-	-	-
f	Foreign Institutional Investors	-	-	-	-	-	-	-	-	-
g	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
h	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
i	Others	-	-	-	-	-	-	-	-	-
	Sub-Total (B1)	-	-	-	-	-	-	-	-	-

Code	Category of Shareholder	No. of Shares Held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2)	Non Institution									
a	Bodies Corporate	-	-	-	-	-	-	-	-	-
b	Individuals	-	-	-	-	-	-	-	-	-
	(i) Individuals holding nominal share capital upto 1lakh	-	-	-	-	-	-	-	-	-
	(ii) Individuals holding nominal share capital in excess of 1 lakh	-	-	-	-	-	-	-	-	-
c	Others	-	-	-	-	-	-	-	-	-
	Non-Resident Repatriates	-	-	-	-	-	-	-	-	-
	Non Resident Non Repatriates	-	-	-	-	-	-	-	-	-
	Clearing Members	-	-	-	-	-	-	-	-	-
	Sub-Total (B2)	-	-	-	-	-	-	-	-	-
	Total B=(B1)+(B2)	-	-	-	-	-	-	-	-	-
	Total (A+B) :	-	24175000	24175000	100.00	27175000	-	27175000	100.00	-

b. Shareholding of Promoter-

SRN	Promoter's Name	Shareholding at the beginning of the year				Shareholding at the end of the year				% change in shareholding during the year
		No. of Shares	% of total Shares	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares	
1	Arman Financial Services Limited	24175000	100.00	-	27175000	100.00	-	-	-	-

c. Change in Promoters' Shareholding

SRN	Name of Promoter	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	Arman Financial Services Limited				
	At the Beginning of the year	24175000	100.00	24175000	100.00
	New allotment on 30.09.2019	3000000		3000000	
	At the end of the year			27175000	100.00

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

e. Shareholding of Directors and Key Managerial Personnel: Nil

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

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i. Principal Amount	43,983.59	1,000.00	-	44,983.59
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	146.01	-	-	146.01
Total (i + ii + iii)	44,129.60	1,000.00	-	45,129.60
Change in Indebtedness during the financial year				
Addition	7,907.57	251.48	-	8,159.05
Reduction	-	-	-	-
Net Change	7,907.57	251.48	-	8,159.05
Indebtedness at the end of the financial year				
i. Principal Amount	51,703.75	1,251.48	-	52,955.23
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	333.42	-	-	333.42
Total (i + ii + iii)	52,037.17	1,251.48	-	53,288.65

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ In lakhs)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		Jayendra Patel (Managing Director)	Aalok Patel (Joint Managing Director)	
1	Gross salary			
	a) Salary as per provisions contained in Section 17(1) of the Income tax Act, 1961	26.50	21.04	47.54
	b) Value of perquisites u/s 17(2) Income-Tax Act, 1961	-	-	-
	c) Profits in lieu of salary under Section 17(3) Income- Tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
5	Total (A)	26.50	21.04	47.54
Ceiling as per the Act		₹337.68/- Lakhs (Being 10% of the profit calculated as per section 198 of the Act)		

B. Remuneration to other Directors:

(₹ in lakhs)

Particulars of Remuneration	Name of Directors		
Director	R. K. Nagpal	Ritaben Patel	Total
-Fees for attending Board/ Committee Meetings	0.40	0.50	0.90
-Commission	-	-	-
-Others, please specify	-	-	-
Total (B)	0.40	0.50	0.90
Total Managerial Remuneration (A)+(B)			48.44

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

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no material penalties/punishment/compounding of offences for the year ended on March 31, 2020

INDEPENDENT AUDITORS' REPORT

To,

The Members of

NAMRA FINANCE LIMITED

Ahmedabad

Report on the Audit of the Standalone Financial Statements

Opinion

1. We have audited the accompanying Standalone Financial Statements of NAMRA FINANCE LIMITED (the 'Company') which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (the 'Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2020 and its profit and its cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those standards are further, described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together

with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matters

4. As described in Note 48 to the standalone annual financial results, in respect of accounts overdue but standard as at 29 February 2020 where moratorium benefit has been granted, the staging of those accounts as at March 31, 2020 is based on the days past due status as on 29 February 2020, in accordance with Reserve Bank of India COVID-19 Regulatory Package.

As described in Note 49 to the Standalone Financial Results, the extent to which the COVID-19 pandemic will impact the company's operations and financial performance is dependent on future developments, which are highly uncertain.

Our opinion is not modified in respect of the above matters.

Key Audit Matters

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

Key audit matter identified in our audit are in respect of Adoption of Indian Accounting Standards Framework and Provision for Expected Credit Losses on loans as follows:

Adoption of Indian Accounting Standards Framework

[Refer para 2 for the accounting policy and Note 31 for the related disclosures]

Key Audit Matter	How our audit addressed the key audit matter
<p>The standalone financial statements for the year ended March 31, 2020 are the first financial statements prepared in accordance with Indian Accounting Standards ('Ind AS') as notified by the Ministry of Corporate Affairs ('MCA') under Section 133 of the Act.</p> <p>The Company has applied Ind AS 101, First-time Adoption of Indian Accounting Standards. Note 31 in the standalone financial statements sets forth the reconciliation of balances from previous GAAP to the new Ind AS framework as at the transition date and the impact of restatement on the financial position of the comparative year due to such transition. Refer to para 1 for significant accounting policies selected by the Company on transition to the Ind-AS.</p> <p>This change in the financial reporting framework required an end-to-end evaluation of the potential impact on each item included in the standalone financial statements including presentation thereof, additional notes and disclosures.</p> <p>This evaluation required significant audit efforts. Considering the significance of impact of this matter in the current year to the standalone financial statements, and the audit efforts required, this matter has been identified as a key audit matter for the current year audit.</p>	<p>Our key audit procedures in respect of the first time adoption of Ind-AS framework included, but were not limited to, the following:</p> <ul style="list-style-type: none"> (a) obtaining an understanding of the management's processes and controls to identify the potential impact areas in the financial statements due to the adoption of Ind AS; (b) reviewing the options chosen and exemptions availed and by the Company and its implementation in accordance with the Ind AS 101; (c) assessing the appropriateness of the adjustments made to the opening balance sheet as at April 01, 2018; (d) assessing the appropriateness of the adjustments recorded in the standalone financial statements as of and for the year-ended March 31, 2019 which were prepared in the previous GAAP; (e) evaluating the appropriateness of accounting policies selected by the Company on transition to Ind AS on the basis of our understanding of the Company, the nature and size of its operations and the requirements of the relevant accounting standards under the Ind AS framework; (f) evaluating the adequacy and appropriateness of the standalone financial statements disclosures arising on adoption of the Ind AS to determine if these are in compliance with the requirements of the Ind AS; and (g) obtaining written representations from management and those charged with governance on whether the financial statements comply with the Ind AS in all respects.

Provision for Expected Credit Losses on loans

[Refer para 3.6 for the accounting policy and Note 3.1 for the related disclosures]

Key Audit Matter	How our audit addressed the key audit matter
<p>As at March 31, 2020, the Company has financial assets (loans) amounting to ₹55,786.56 Lakhs. As per Ind AS 109- Financial Instruments, the Company is required to recognise allowance for expected credit losses on financial assets.</p> <p>Since this was the first year for the preparation and presentation of the standalone financial statements under Ind-AS framework, the management had to also estimate the provision for expected credit losses for the loans outstanding as at April 01, 2018 and as at March 31, 2019. Expected credit loss cannot be measured precisely, but can only be estimated through use of statistics. The calculation of expected credit losses is</p>	<p>Our audit procedures in relation to expected credit losses were focused on obtaining sufficient appropriate audit evidence as to whether the expected credit losses recognised in the standalone financial statements were reasonable and the related disclosures in the standalone financial statements made by the management were adequate. These procedures included, but not limited, to the following:</p> <ul style="list-style-type: none"> (a) obtaining an understanding of the model adopted by the Company for calculation of expected credit losses including how management calculated the expected credit losses and the appropriateness data on which the calculation is based;

Key Audit Matter	How our audit addressed the key audit matter
<p>complex and requires exercise of judgment around both the timing of recognition of impairment provisions and estimation of the amount of provisions required in relation to loss events. Further, due to COVID Pandemic, the calculation of expected credit loss had further challenges as the future outcome is dependent on various events, the outcome of which is uncertain.</p> <p>The management has recognised a provision of ₹ 816.51 Lakhs in the Statement of Profit and Loss for the year ended March 31, 2020.</p> <p>Considering the significance of the above matter to the standalone financial statements and since the matter required our significant attention to test the calculation of expected credit losses, we have identified this as a key audit matter for current year audit.</p>	<p>(b) testing the accuracy of inputs through substantive procedures and assessing the reasonableness of the assumptions used;</p> <p>(c) developing a point estimate by making reference to the expected credit losses recognised by entities that carry comparable financial assets;</p> <p>(d) testing the arithmetical calculation of the expected credit losses;</p> <p>(e) verifying the adequacy of the related disclosures; and</p> <p>(f) obtaining written representations from management and those charged with governance whether they believe significant assumptions used in calculation of expected credit losses are reasonable.</p>

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

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

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

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

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

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

7. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view

of the state of affairs, profit and cash flows of the Company in accordance with the accounting principles generally accepted in India specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

9. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

10. Our objectives are to obtain reasonable assurance

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

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

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

the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

Report on Other Legal and Regulatory Requirements

15. As required by the Companies (Auditor's Report) Order, 2016 (the 'Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order.
16. Further to our comments in Annexure A, as required by Section 143(3) of the Act, we report that:
- a) We have sought and obtained all the information and explanations which to

the best of our knowledge and belief were necessary for the purpose of our audit;

- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- c) The standalone financial statements dealt with by this report are in agreement with the books of account;
- d) In our opinion, the aforesaid standalone financial statements comply accounting principles generally accepted in India specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act;
- f) We have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on March 31, 2020 in

conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report as per Annexure B expressed an unmodified opinion;

- g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in the standalone financial statements; (Refer Note 32 to the financial statements);
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

Place: Ahmedabad
Date: 29.06.2020

(J. J. Shah)
Partner
[M. No. 45669]
UDIN: 20045669AAAABC5775

ANNEXURE "A" TO INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 15 of our report of even date to the Members of **NAMRA FINANCE LIMITED** for the year ended **March 31, 2020**.

1. In respect of Fixed Assets:

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

2. In respect of its Inventories:

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

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

As per information and explanation given to us, the Company has granted unsecured loans to Companies covered in the registered maintained under section 189 of the Companies Act, 2013 and with respect to the same.

- a. In our opinion the terms and conditions of grant of such loans are, prima facie, not prejudicial to the Company's interest.
- b. The schedule of repayment of principal and payment of interest has been stipulated and the repayment / receipts of the principal amount and the interest are regular;
- c. There is no overdue amount in respect of loans granted to such companies.

4. Loans, Investments and Guarantees:

In our opinion, the Company has complied with the provisions of Section 186 in respect of investments and loans. Further, in our opinion, the Company has not entered into any transaction covered under Section 185 and Section 186 of the Act in respect of

guarantees and security.

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

7. In respect of Statutory Dues :

- (a) According to the records of the Company, the Company is by and large regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employee's state insurance, income tax, goods and service tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities applicable to it.

According to the information and explanations given to us, no undisputed amounts payable in respect statutory dues which remained outstanding as at March 31, 2020 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 statutory dues of Provident fund, income tax, goods and service tax, which have not been deposited on account of any dispute.

8. Based on our audit procedure and according to the information and explanation given to us, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institutions, banks or debenture holders.
9. According to the information and explanations given to us, the Company had not raised any money by way of public issue during the year. According to the information and explanations given to us, and on an overall examination of the balance sheet of the Company, in our opinion, the term loans taken

during the year were applied for the purpose for which they were obtained.

10. No fraud by the Company has been noticed or reported during the year covered by our audit. However, few instances of misappropriation of cash collected from customers and other forms of embezzlement of cash by the employees involving amounts aggregating ₹42 Lakhs have been noticed during the year. The Company has terminated the services of such employees and also initiated legal action against such employees. The Company has recovered ₹42 Lakhs from employees/ insurance company.
11. In our opinion and according to the information and explanations given to us, the Company has paid managerial remuneration which is in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V of The Companies Act, 2013.
12. In our opinion and according to the information and explanations given to us, the provisions of special statute applicable to chit funds and nidhi / mutual benefit funds / societies are not applicable to the

company. Hence, clause (xii) of the Company's (Auditor's Report) Order, 2016 is not applicable.

13. In our opinion and according to the information and explanations given to us, the transactions entered by the Company with related parties are in compliance with the provisions of section 177 and 188 of The Companies Act, 2013 and details thereof are properly disclosed in the financial statements.
14. During the year, the Company has not issued any preferential allotment or private placement of shares or fully or partly convertible debentures.
15. The Company has not entered in to any non-cash transactions with the directors or persons connected with him during the year, hence section 192 of the Companies Act , 2013 and clause (xvi) of Company's (Auditor's Report) Order, 2016 is not applicable.
16. In our opinion and according to the information and explanation given to us the Company is registered under section 45-IA of Reserve Bank of India Act, 1934, and registration certificate for the same has been obtained.

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

Place: Ahmedabad
Date: 29.06.2020

(**J. J. Shah**)
Partner
[M. No. 45669]
UDIN: 20045669AAAABC5775

ANNEXURE "B" TO INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 16 (f) of our Report of even date to the Members of **NAMRA FINANCE LIMITED** for the year ended **March 31, 2020**.

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

We have audited the internal financial controls over financial reporting of **NAMRA FINANCE LIMITED** as of March 31, 2020, in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

Our audit involves performing procedures to obtain

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

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

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that: (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over

financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over

financial reporting criteria established by the Company considering the essential components of internal control stated in the guidance note on audit of internal financial controls over financial reporting issued by the Institute of Chartered Accountants of India.

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

Place: Ahmedabad

Date: 29.06.2020

(J. J. Shah)
Partner
[M. No. 45669]
UDIN: 20045669AAAABC5775

Balance Sheet

as at March 31, 2020

(₹ In Lakhs)

Particulars	Note	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
ASSETS				
(1) Financial Assets				
(a) Cash and cash equivalents	1	5,807.94	3,371.29	764.14
(b) Bank Balance other than (a) above	2	3,280.31	2,282.05	1,491.32
(c) Loans	3	55,786.56	47,273.26	30,830.69
(d) Investments	4	325.90	331.64	310.59
(e) Other Financial assets	5	515.81	308.20	339.45
(2) Non-financial Assets				
(a) Deferred tax Assets (Net)	6	372.20	245.01	195.98
(b) Property, Plant and Equipment	7	270.63	247.90	118.14
(c) Other Intangible assets	7	16.88	23.75	18.72
(d) Right-of-Use Assets	7	73.93	Nil	Nil
(e) Other non-financial assets	8	15.08	37.99	17.77
Total Assets		66,465.24	54,121.09	34,086.80
LIABILITIES AND EQUITY				
LIABILITIES				
(1) Financial Liabilities				
(a) (I) Other Payables	9			
(i) total outstanding dues of micro enterprises and small enterprises		Nil	Nil	Nil
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		78.00	96.91	26.57
(b) Debt Securities	10	4,117.09	3,317.19	3,302.26
(c) Borrowings (Other than Debt Securities)	11	47,838.14	40,666.40	25,522.54
(d) Subordinated Liabilities	12	1,000.00	1,000.00	1,000.00
(e) Other financial liabilities	13	1,834.58	764.59	305.89
(2) Non-Financial Liabilities				
(a) Current tax Liability (Net)	14	80.32	340.95	157.05
(b) Provisions	15	44.77	24.03	12.24
(c) Other non-financial liabilities	16	86.82	61.20	46.44
(3) EQUITY				
(a) Equity Share capital	17	2,717.50	2,417.50	1,517.50
(b) Other Equity	18	8,668.02	5,432.32	2,196.31
Total Liabilities and Equity		66,465.24	54,121.09	34,086.80

As per our report of even date attached herewith

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

J. J. Shah
Partner
[M.No.45669]
UDIN: 20045669AAAABC5775

 Place: Ahmedabad
Date: 29.06.2020

 For, **Namra Finance Limited**
Jayendra Patel
Chairman & Managing Director
(DIN - 00011814)

Aalok Patel
Joint Managing Director
(DIN - 02482747)

Vivek Modi
Chief Financial Officer

Jaimish Patel
Company Secretary
(M.No. A42244)

Statement of Profit & Loss

for the year ended March 31, 2020

(₹ In Lakhs)

Particulars	Note	As at March 31, 2020	As at March 31, 2019
(1) Revenue from operations			
Interest Income	19	13,646.23	8,939.29
Gain on assignment of Financial Assets	20	276.67	Nil
Fees and Commission Income	21	646.04	387.71
Income from Current Investment in Mutual Fund- Fair value through Profit & Loss	22	16.46	21.04
Total Revenue from operations (1)		14,585.40	9,348.04
(2) Other Income	23	256.45	49.63
(3) Total Income (1+2)		14,841.85	9,397.67
(4) Expenses			
Finance Costs	24	6,702.63	4,381.50
Impairment of Financial Assets	25	1,332.06	370.95
Employee Benefits Expenses	26	2,322.55	1,618.53
Depreciation and Amortization	27	68.70	37.45
Others expenses	28	1,129.60	773.89
Total Expenses (4)		11,555.54	7,182.32
(5) Profit / (loss) before exceptional items and tax (3-4)		3,286.31	2,215.35
(6) Tax Expense:			
(1) Current Tax	29	907.30	680.00
(2) Short / (excess) Provision of Income Tax of earlier years	29	(3.56)	Nil
(3) Deferred Tax	29	(136.97)	(32.33)
(7) Profit/(loss) for the period (5-6)		2,519.54	1,567.68
(8) Other Comprehensive Income			
(A) (i) Items that will not be classified to Profit or loss			
- Remeasurement of the defined benefit plan		(6.80)	(2.65)
(ii) Income tax relating to items that will not be reclassified to profit or loss		1.71	0.77
Subtotal (A)		(5.09)	(1.88)
(B) (i) Items that will be reclassified to profit or loss			
- Net change in value of loans measured at fair value through Other Comprehensive Income		39.64	(55.06)
(ii) Income tax relating to items that will be reclassified to profit or loss		(11.47)	15.90
Subtotal (B)		28.17	(39.16)
Other Comprehensive Income (A + B)		23.08	(41.04)
(9) Total Comprehensive Income for the period (7+8) (Comprising Profit (Loss) and other Comprehensive Income for the period)		2,542.62	1,526.64
(10) Earnings per equity share (for continuing operations)			
Basic (₹)	30	9.78	7.33
Diluted (₹)	30	9.78	7.33

As per our report of even date attached herewith

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

J. J. Shah
Partner
[M.No.45669]
UDIN: 20045669AAAABC5775

Place: Ahmedabad
Date: 29.06.2020

For, **Namra Finance Limited**

Jayendra Patel
Chairman & Managing Director
(DIN - 00011814)

Aalok Patel
Joint Managing Director
(DIN - 02482747)

Vivek Modi
Chief Financial Officer

Jaimish Patel
Company Secretary
(M.No. A42244)

Statement of Change in Equity

for the Year Ended March 31, 2020

(A) Equity share capital (Refer Note 17)						(₹ In Lakhs)
Particulars	Balance as at April 1, 2018	Changes during the year	Balance as at March 31, 2019	Changes during the year	Balance as at March 31, 2020	
Ordinary Equity share capital of ₹10 each	1,517.50	900.00	2417.50	300.00	2717.50	
(B) Other equity (Refer note 18)						(₹ In Lakhs)
Particulars	Reserves and surplus					Total
	Reserve u/s. 45-IA of RBI Act, 1934	Securities premium	Retained earnings	Capital Contribution from Holding	Other Comprehensive Income	
Balance at April 01, 2018	3.00	724.69	1,048.46	39.05	13.61	2,196.31
Profit for the year	Nil	Nil	1,567.70	Nil	Nil	1,567.70
Other comprehensive income (net of taxes)	Nil	Nil	Nil	Nil	(41.04)	(41.04)
Total Comprehensive Income for the period	Nil	Nil	1,567.70	Nil	(41.04)	1,526.66
Transactions with Owners in the capacity as Owners						
Transfer to reserve u/s. 45-IA of RBI Act, 1934	Nil	Nil	(312.80)	Nil	Nil	Nil
Additions during the year in securities premium	Nil	1,680.00	Nil	Nil	Nil	1,680.00
Addition on Holding company Share Based Payment to Employees	Nil	Nil	Nil	29.34	Nil	29.34
Transfer during the year in General Reserve	1.00	Nil	(1.00)	Nil	Nil	Nil
Balance at March 31, 2019	4.00	2,404.69	2,302.36	68.39	(27.43)	5,432.31

Statement of Change in Equity

for the Year Ended March 31, 2020

Particulars	Reserves and surplus					Other Comprehensive Income	Total
	Reserve u/s. 45-IA of RBI Act, 1934	Securities premium	Retained earnings	Capital Contribution from Holding			
Profit for the year	Nil	Nil	2,519.54	Nil	Nil	2,519.54	2,519.54
Other comprehensive income (net of taxes)	Nil	Nil	Nil	Nil	23.08	23.08	23.08
Total Comprehensive Income for the period	Nil	Nil	2,519.54	Nil	23.08	2,542.62	2,542.62
Transactions with Owners in the capacity as Owners							
Transfer to reserve u/s. 45-IA of RBI Act, 1934	Nil	504.00	Nil	(504.00)	Nil	Nil	Nil
Additions during the year in securities premium	Nil	Nil	690.00	Nil	Nil	690.00	690.00
Share Issue Expense From Securities Premium A/c	Nil	Nil	(5.81)	Nil	Nil	(5.81)	(5.81)
Addition on Holding company Share Based Payment to Employees	Nil	Nil	Nil	Nil	8.90	8.90	8.90
Transfer during the year in General Reserve	1.00	Nil	(1.00)	Nil	Nil	Nil	Nil
Balance at March 31, 2020	5.00	1,184.30	3,088.88	4,316.90	77.29	(4.35)	8,668.02

As per our report of even date attached herewith

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

J. J. Shah
Partner
[M.No.45669]
UDIN: 20045669AAAABC5775
Place: Ahmedabad
Date: 29.06.2020

For, **Namra Finance Limited**

Jayendra Patel
Chairman & Managing Director
(DIN - 00011814)
Aalok Patel
Joint Managing Director
(DIN - 02482747)

Vivek Modi
Chief Financial Officer

Jaimish Patel
Company Secretary
(M.No. A42244)

Statement of Cash Flows

for the Year Ended March 31, 2020

(₹ In Lakhs)

PARTICULARS	Year ended March 31, 2020	Year ended March 31, 2019
A: Cash from Operating Activities:		
Net profit before taxation	3,286.31	2,215.35
Adjustment For:		
Depreciation and amortisation	53.90	37.45
Interest Income	(13,646.22)	(8,939.30)
Net gain on equity instruments measured through profit and loss	(16.46)	(21.04)
Finance cost	6,699.13	4,343.50
Provision for impairment on financial assets	816.51	(21.70)
Depreciation on Right of Use Assets	14.79	Nil
(Profit) / loss on sale of property, plant and equipment	Nil	0.06
Loss / (Profit) on sale of Current Investment	(252.45)	(48.62)
Remeasurement of define benefit plan	(6.80)	(2.65)
Employee Stock Option Plan Expense	8.88	29.34
Interest on shortfall of advance Tax	3.50	38.00
	(6,325.22)	(4,584.96)
Operating profit before working Capital changes :	(3,038.91)	(2,369.61)
Adjustment For Increase/(Decrease) in Operating Assets:		
Loans and Advances	(9,290.18)	(16,475.93)
Other Financial Assets	(145.48)	21.33
Other Non Financial Assets	5.66	(15.21)
Bank Balance other than Cash and cash equivalents	(998.26)	(790.73)
Adjustment For Increase/(Decrease) in Operating Liability:		
Trade Payables	(18.91)	70.34
Provision	20.74	11.80
Other Non Financial liability	25.65	14.73
Other Financial Liabilities	631.99	(9,768.79)
Cash Generated From Operations	631.99	385.51
Interest Received	13,601.34	8,944.22
Finance Cost	(6,621.41)	(4,309.27)
Income tax paid (Net)	(1,167.86)	(534.10)
	5,812.07	4,100.85
Net Cash From Operating Activities:	(6,995.63)	(15,046.92)
B: Cash Flow From Investment Activities:		
Purchase of Property, Plant & Equipment	(69.76)	(172.48)
Purchase of Current investments	55,290.00	(17,050.00)
Proceeds from Sale/redemption of investments	55,564.64	17,098.62
Sale of Property, Plant & Equipment	Nil	0.18
Net Cash from Investment Activities:	204.88	(123.68)

Statement of Cash Flows

for the Year Ended March 31, 2020

(₹ In Lakhs)

PARTICULARS	Year ended March 31, 2020	Year ended March 31, 2019
C: Cash Flow From Financing Activities :		
Proceeds from issue of share capital	990.00	2,580.00
Share Issue Expense Paid	(5.81)	Nil
Proceeds from debt securities and borrowings	44,414.85	25,090.36
Repayments of Borrowings	(35,850.58)	(9,778.89)
Net increase / (decrease) in working capital borrowings	(311.15)	(113.72)
Repayment of Principal Component of Lease Liability	(9.91)	Nil
Net Cash from Financing Activities:	9,227.40	17,777.75
Net Increase in Cash & Cash Equivalents (A+B+C)	2,436.65	2,607.15
Cash & cash equivalents at the beginning	3,371.29	764.14
Cash & cash equivalents at the end	5,807.94	3,371.29

As per our report of even date attached herewith

Notes :

1 Cash and bank balance at the end of the year comprises:

(₹ In Lakhs)

PARTICULARS	As at March 31, 2020	As at March 31, 2019
Cash on hand	71.40	80.41
Balance with Bank	5,736.54	690.88
Total	5,807.94	771.29
Bank deposit with original maturity of 3 months or less	Nil	2,600.00
Cash & cash equivalents as per Balance Sheet	5,807.94	3,371.29

2 The above cash flow statement has been prepared under the "Indirect Method" set out in Ind AS - 7 on statement of cash flows specified under section 133 of the Companies Act, 2013.

3 Change in liabilities arising from financing activities:

(₹ In Lakhs)

PARTICULARS	01-Apr-19	Cash Flows	Non Cash Changes	31-Mar-20
Debt Securities	3,317.19	820.00	(20.10)	4,117.09
Borrowing other than debt Securities	40,666.40	7,433.12	(261.38)	47,838.14
Total	43,983.59	8,253.12	(281.48)	51,955.23

As per our report of even date attached herewith

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

J. J. Shah
Partner
[M.No.45669]
UDIN: 20045669AAAABC5775

Place: Ahmedabad
Date: 29.06.2020

For, **Namra Finance Limited**

Jayendra Patel
Chairman & Managing Director
(DIN - 00011814)

Aalok Patel
Joint Managing Director
(DIN - 02482747)

Vivek Modi
Chief Financial Officer

Jaimish Patel
Company Secretary
(M.No. A42244)

Forming Part of the Financial Statements

for the year ended March 31, 2020

1. CORPORATE INFORMATION

NAMRA Finance Limited (the "Company") is a wholly owned subsidiary of Arman Financial Services Limited, a public Company, domiciled in India and incorporated under the provisions of the Companies Act, 1956. It is registered as a Non deposit taking non-banking finance Company – Micro Finance Institution ("NBFC-MFI") with Reserve Bank of India ("RBI"). The Company is engaged in the business of providing Micro Finance loans ("MFL") to Joint Liability Groups ("JLG"), to create the underlying assets of MFL.

The Company's registered office is at 502-503, Sakar III, Opp. Old High Court, Off. Ashram Road, Ahmedabad - 380 014, Gujarat. INDIA.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The standalone financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (the "Ind AS") prescribed under section 133 of the Companies Act, 2013 (the "Act").

Up to the year ended March 31, 2019, the Company had prepared the Financial Statements under the historical cost convention on accrual basis in accordance with the Generally Accepted Accounting Principles (Previous GAAP) applicable in India and the applicable Accounting Standards as prescribed under the provisions of the Companies Act, 2013 read with the Companies (Accounts) Rules, 2014.

These standalone financial statements for the year ended 31 March 2020 are the Company's first financial statements prepared in accordance with Ind AS.

2.2 Basis of measurement

The standalone financial statements have been prepared on historical cost basis except for following assets and liabilities which have been measured at fair value amount:

- i) Loans at fair value through other comprehensive income ("FVOCI") and
- ii) Defined benefit plans - plan assets
- iii) Investment in units of mutual funds at fair value through Profit & Loss ('FVTPL')

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Functional and presentation currency

The standalone financial statements are presented in Indian Rupees (₹) which is the currency of the primary economic environment in which the Company operates (the "functional currency"). The values are rounded to the nearest lakhs, except when otherwise indicated.

2.3 Use of estimates, judgements and assumptions

The preparation of the standalone financial statements in conformity with Ind AS requires management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Judgements

In the process of applying the Company's accounting policies, management has made judgements, which have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year.

i) Business model assessment

Classification and measurement of financial assets depends on the results of business model and the solely payments of principal and interest ("SPPI") test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason

for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the standalone financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

i) Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are taken from observable markets where possible, but where this is not feasible, estimation is required in establishing fair values. For further details about determination of fair value refer note 3.8 and note 40.

ii) Effective interest rate ("EIR") method

The Company's EIR methodology, as explained in para 3.1(A), recognises interest income / expense using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans given / taken and recognises the effect of potentially different interest rates at various stages and other

characteristics of the product life cycle (including prepayments and penalty interest and charges).

This estimation, by nature, requires an element of judgement regarding the expected behaviour and lifecycle of the instruments, as well as expected changes to interest rates and other fee income/expense that are integral parts of the instrument.

iii) Impairment of financial asset

The measurement of impairment losses across all categories of financial assets requires judgement, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. The Company's expected credit loss ("ECL") calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- a) The Company's criteria for assessing if there has been a significant increase in credit risk and so allowances for financial assets should be measured on a life time expected credit loss ("LTECL") basis.
- b) Development of ECL models, including the various formulas and the choice of inputs.
- c) Determination of associations between macroeconomic scenarios and economic inputs, such as gross domestic products, lending interest rates and collateral values, and the effect on probability of default ("PD"), exposure at default ("EAD") and loss given default ("LGD").
- d) Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into ECL models.

iv) Provisions and other contingent liabilities

The Company operates in a regulatory and legal environment that, by nature, has a heightened element of litigation risk inherent to its operations. As a result, it is involved in various litigation, arbitration and regulatory investigations and proceedings in the ordinary course of the Company's business.

When the Company can reliably measure the outflow of economic benefits in relation to a specific case and considers such outflows to be probable, the Company records a provision against the case. Where the outflow is considered to be probable, but a reliable estimate cannot be made, a contingent liability is disclosed.

Given the subjectivity and uncertainty of determining the probability and amount of losses, the Company takes into account a number of factors including legal advice, the stage of the matter and historical evidence from similar incidents. Significant judgement is required to conclude on these estimates.

For further details on provisions and other contingencies refer note 3.16.

These estimates and judgements are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances. Management believes that the estimates used in preparation of the standalone financial statements are prudent and reasonable.

2.4 Presentation of the standalone financial statements

The Company presents its balance sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date and more than 12 months after the reporting date is presented in Note 39.

Financial assets and financial liability are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:

- i) The normal course of business
- ii) The event of default

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Recognition of interest income

A. Effective Interest Rate ("EIR") method

Under Ind AS 109, interest income is recorded using the effective interest rate method for all financial instruments measured at amortised cost and financial instrument measured at FVOCI. The

EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset.

The EIR (and therefore, the amortised cost of the asset) is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the EIR. The Company recognises interest income using a rate of return that represents the best estimate of a constant rate of return over the expected life of the financial instrument.

If expectations regarding the cash flows on the financial asset are revised for reasons other than credit risk, the adjustment is booked as a positive or negative adjustment to the carrying amount of the asset in the balance sheet with an increase or reduction in interest income. The adjustment is subsequently amortised through Interest income in the statement of profit and loss.

B. Interest income

The Company records interest and processing fees income by applying EIR to the gross carrying amount of financial assets. When a financial asset becomes credit impaired and is, therefore, regarded as 'stage 3', the Company calculates interest income on the net basis. If the financial asset cures and is no longer credit impaired, the Company reverts to calculating interest income on a gross basis.

3.2 Financial instrument - initial recognition

A. Date of recognition

Debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

B. Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments (Refer para 3.3(A)). Financial instruments are initially measured at their fair value (as defined in para 3.8), except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs are added to, or subtracted from this amount.

C. Measurement categories of financial assets and liabilities

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- i) Amortised cost
- ii) FVOCI
- iii) FVTPL

3.3 Financial assets and liabilities

A. Financial assets

Business model assessment

The Company determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective. The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- a. How the performance of the business model and the financial assets held within that business model are evaluated and reported to the Company's key management personnel.
- b. The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed.
- c. managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected).
- d. The expected frequency, value and timing of sales are also important aspects of the Company's assessment.

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

SPPI test

As a second step of its classification process, the Company assesses the contractual terms of financial Assets to identify whether they meet SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the period for which the interest rate is set. In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

Accordingly, financial assets are measured as follows:

i) Financial assets carried at amortised cost ("AC")

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ii) Financial assets measured at FVOCI

A financial asset is measured at FVOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Since, the loans and advances are held to sale and collect contractual cash flows, they are measured at FVOCI.

iii) Financial assets at fair value through profit or loss ("FVTPL")

A financial asset which is not classified in any of the above categories are measured at FVTPL.

iv) Investments in Mutual Funds:

All investments in Mutual Funds are measured at fair value, with value changes recognised in Statement of Profit and Loss ("FVTPL").

B. Financial liability**i) Initial recognition and measurement**

All financial liability are initially recognized at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liability, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition.

ii) Subsequent measurement

Financial liabilities are carried at amortized cost using the effective interest method.

3.4 Reclassification of financial assets and liabilities

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified. The Company did not reclassify any of its financial assets or liabilities in the year ended 31 March 2020 and 31 March 2019.

3.5 Derecognition of financial assets and liabilities**A. Derecognition of financial assets due to substantial modification of terms and conditions**

The Company derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. Where the substantial modification is because of financial difficulties of the borrower and the old loan was classified as credit-impaired, the new loan will initially be identified as originated credit-impaired financial asset. On satisfactory performance of the new loan, the new loan is transferred to stage I or stage II of ECL.

B. Derecognition of financial assets other than due to substantial modification**i) Financial assets**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial

assets) is derecognised when the contractual rights to the cash flows from the financial asset expires or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. On derecognition of a financial asset in its entirety, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in the statement of profit and loss. Accordingly, gain on sale or derecognition of assigned portfolio are recorded upfront in the statement of profit and loss as per Ind AS 109. Also, the Company recognises servicing income as a percentage of interest spread over tenure of loan in cases where it retains the obligation to service the transferred financial asset. As per the guidelines of RBI, the company is required to retain certain portion of the loan assigned to parties in its books as Minimum Retention Requirement ("MRR"). Therefore, it continue to recognise the portion retained by it as MRR.

ii) Financial liability

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in the statement of profit and loss.

3.6 Impairment of financial assets**A. Overview of ECL principles**

In accordance with Ind AS 109, the Company uses ECL model, for evaluating impairment of financial assets other than those measured at FVTPL. Expected credit losses are measured through a loss allowance at an amount equal to:

- i) The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within

12 months after the reporting date); or Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument) Both LTECLs and 12 months ECLs are calculated on collective basis.

Based on the above, the Company categorises its loans into Stage 1, Stage 2 and Stage 3, as described below:

Stage 1: When loans are first recognised, the Company recognises an allowance based on 12 months ECL. Stage 1 loans includes those loans where there is no significant credit risk observed and also includes facilities where the credit risk has been improved and the loan has been reclassified from stage 2 or stage 3.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the life time ECL. Stage 2 loans also include facilities where the credit risk has improved and the loan has been reclassified from stage 3.

Stage 3: Loans considered credit impaired are the loans which are past due for more than 90 days. The Company records an allowance for life time ECL.

Loan commitments: When estimating LTECLs for undrawn loan commitments, the Company estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down.

B. Calculation of ECLs

The mechanics of ECL calculations are outlined below and the key elements are, as follows:

PD Probability of Default ("PD") is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.

EAD Exposure at Default ("EAD") is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest **LGD** Loss Given Default ("LGD") is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any

collateral. It is usually expressed as a percentage of the EAD.

The Company has calculated PD, EAD and LGD to determine impairment loss on the portfolio of loans and discounted at an approximation to the EIR. At every reporting date, the above calculated PDs, EAD and LGDs are reviewed and changes in the forward looking estimates are analysed.

The mechanics of the ECL method are summarised below:

Stage 1: The 12 months ECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The Company calculates the 12 months ECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-months default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR.

Stage 2: When a loan has shown a significant increase in credit risk since origination, the Company records an allowance for the LTECLs. The mechanics are similar to those explained above, but PDs and LGDs are estimated over the lifetime of the instrument.

The expected cash shortfalls are discounted by an approximation to the original EIR.

Stage 3: For loans considered credit-impaired, the Company recognises the lifetime expected credit losses for these loans. The method is similar to that for stage 2 assets, with the PD set at 100%.

C. Loans and advances measured at FVOCI

The ECLs for loans and advances measured at FVOCI do not reduce the carrying amount of these financial assets in the balance sheet, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the assets.

D. Forward looking information

In its ECL models, the Company relies on a broad range of forward looking macro parameters and estimated the impact on the default at a given point of time.

- i) Gross fixed investment (% of GDP)
- ii) Lending interest rates
- iii) Deposit interest rates

3.7 Write-offs

Financial assets are written off when the Company has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to impairment on financial instruments in the statement of profit and loss.

3.8 Determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company has taken into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- **Level 1 financial instruments:** Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date;
- **Level 2 financial instruments:** Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other

than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads; and

- **Level 3 financial instruments:** Those that include one or more unobservable input that is significant to the measurement as whole.

3.9 (I) Recognition of other income

Revenue (other than for those items to which Ind AS 109 - Financial Instruments are applicable) is measured at fair value of the consideration received or receivable. Ind AS 115 - Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found within Ind ASs. The Company recognises revenue from contracts with customers based on a five step model as set out in Ind AS 115 :

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation.

A. Dividend income

Dividend income (including from FVOCI investments) is recognised when the Company's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured

reliably. This is generally when the shareholders approve the dividend.

B. Income from assignment transactions

Income from assignment transactions i.e. present value of excess interest spread is recognised when the related loan assets are de-recognised. Interest income is also recognised on carrying value of assets over the remaining period of such assets.

C. Other interest income

Other interest income is recognised on a time proportionate basis.

D. Other Charges in Respect of Loans

Income in case of late payment charges are recognized when there is no significant uncertainty of regarding its recovery.

3.9 (II) Recognition of other expense

A. Borrowing costs

Borrowing costs are the interest and other costs that the Company incurs in connection with the borrowing of funds. Borrowing costs that are directly attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets.

A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale.

All other borrowing costs are charged to the statement of profit and loss for the period for which they are incurred.

3.10 Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

3.11 Property, plant and equipment

Property, plant and equipment ("PPE") are carried at cost, less accumulated depreciation and impairment losses, if any. The cost of PPE comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use and other incidental expenses. Subsequent

expenditure on PPE after its purchase is capitalized only if it is probable that the future economic benefits will flow to the enterprise and the cost of the item can be measured reliably. Depreciation is calculated using the straight line method to write down the cost of property and equipment to their residual values over their estimated useful lives which are in line with specified in schedule II of the Act. Land is not depreciated. The estimated useful lives are, as follows:

- i) Buildings - 60 years
- ii) Vehicles - 8 years
- iii) Office equipment - 3 to 10 years
- iv) Furniture and fixtures - 10 years

Depreciation is provided on a pro-rata basis from the date on which such asset is ready for its intended use. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. PPE is derecognised on disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in other income / expense in the statement of profit and loss in the year the asset is derecognised.

3.12 Intangible assets

The Company's intangible assets include the value of software. An intangible asset is recognised only when its cost can be measured reliably and it is probable that the expected future economic benefits that are attributable to it will flow to the Company.

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives (three years) using the straight-line method, and is included in depreciation and amortisation in the statement of profit and loss.

3.13 Impairment of non financial assets - property, plant and equipments and intangible assets

The carrying values of assets / cash generating

units at the each balance sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and if the carrying amount of these assets exceeds their recoverable amount, impairment loss is recognised in the statement of profit and loss as an expense, for such excess amount. The recoverable amount is the greater of the net selling price and value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the statement of profit and loss.

3.14 Leases

Effective from 1st April, 2019, the Company has adopted Ind AS-116 "Lease" retrospectively with the cumulative effect of applying this standard recognise at the date initial application.

Due to the same, the associated right-of-use assets are measured either at the carrying amounts as if the Standard has been applied since the commencement date or at the amount equal to the lease liability are included in and presented as "Right to use Asset" and "Other financial liabilities" respectively on the financial statements.

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Lease term includes periods of an option to extend the lease if the lessee is reasonably certain to exercise that option and an option to terminate the lease if the lessee is reasonably certain not to exercise that option. Short-term leases for the underlying asset is of low value apply exemption rules of the standards, and recognize the lease payments associated with those leases as an expense mainly on straight-line basis over the lease term.

The cumulative effects due to the application of this standard were recognized on the commencement date of adoption in accordance with the transitional arrangements, the retrospective restatement of prior periods have not been applied.

The determination of whether an arrangement is a lease, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets

or whether the arrangement conveys a right to use the asset.

Company as a lessee

At the inception of each lease, the lease arrangement is classified as either a finance lease or an operating lease, based on the substance of the lease arrangement.

Finance Lease

Assets leased by the Company in its capacity as lessee where substantially all the risks and rewards of ownership vest in the Company are classified as finance leases. A finance lease is recognised as an asset and a liability at the commencement of the lease, at the lower of the fair value of the asset and the present value of the minimum lease payments.

Minimum lease payments made under finance leases are apportioned between finance charges and reduction of the lease liability. The Finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases

Leases in which the lessor does not transfer substantially all the risks and rewards of ownership of an asset to the lessee are classified as operating leases. Lease rental are charged to statement of profit and loss on straight line basis except where scheduled increase in rent compensates the lessor for expected inflationary costs.

3.15 Retirement and other employee benefits Defined contribution plans

The Company's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

Defined benefit plans

The Company pays gratuity to the employees whoever has completed five years of service with the Company at the time of resignation /

retirement. The gratuity is paid @15 days salary for every completed year of service as per the Payment of Gratuity Act, 1972.

The gratuity liability amount is contributed by the Company to the Life insurance corporation of India who administers the fund of the Company.

The liability in respect of gratuity and other post-employment benefits is calculated using the Projected Unit Credit Method and spread over the period during which the benefit is expected to be derived from employees' services. As per Ind AS 19, the service cost and the net interest cost are charged to the statement of profit and loss. Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI.

Short-term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages etc. and the expected cost of ex-gratia are recognised in the period in which the employee renders the related service. A liability is recognised for the amount expected to be paid when there is a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

3.16 Provisions, contingent liabilities and contingent assets

A. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the Company determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

B. Contingent liability

A possible obligation that arises from past

events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or; present obligation that arises from past events where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability are disclosed as contingent liability and not provided for.

C. Contingent asset

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are neither recognised nor disclosed except when realisation of income is virtually certain, related asset is disclosed.

3.17 Taxes

A. Current tax

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from, or paid to, the taxation authorities. Current tax is the amount of tax payable on the taxable income for the period as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961.

B. Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the standalone financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The carrying amount of deferred tax liabilities and assets are reviewed at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside

profit or loss (either in other comprehensive income or in equity).

Deferred tax items are recognised in correlation to the underlying transaction either in OCI or equity.

Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off.

C. Goods and services tax paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the goods and services tax paid, except when the tax incurred on a purchase of assets or availing of services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

3.18 Earnings per share

Basic earnings per share ("EPS") is computed by dividing the profit after tax (i.e. profit attributable to ordinary equity holders) by the weighted average number of equity shares outstanding during the year.

Diluted EPS is computed by dividing the profit after tax (i.e. profit attributable to ordinary equity holders) as adjusted for after-tax amount of dividends and interest recognised in the period in respect of the dilutive potential ordinary shares and is adjusted for any other changes in income or expense that would result from the conversion of the dilutive potential ordinary shares, by the weighted average number of equity shares considered for deriving basic earnings per share

as increased by the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits, right issue and bonus shares, as appropriate.

3.19 Dividends on ordinary shares

The Company recognises a liability to make cash or non-cash distributions to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the Act, final dividend is authorised when it is approved by the shareholders and interim dividend is authorised when the it is approved by the Board of Directors of the Company. A corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of profit and loss.

4. STANDARDS ISSUED BUT NOT YET EFFECTIVE

Till the date of approval of these financial statements, no amendments to Ind AS that would be effective in future periods have been notified.

Notes Forming part of Financial Statements

for year ended March 31, 2020

(₹ In Lakhs)

1	Cash and Bank Balance	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
	Cash on hand	71.40	80.41	107.47
	Balance with banks	5,736.54	690.88	556.39
	Deposits with original maturity less than 3 months	Nil	2,600.00	100.28
	Total	5,807.94	3,371.29	764.14

(₹ In Lakhs)

2	Other Bank Balance	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
	In fixed deposit accounts:			
	Deposits given as security against borrowings and other commitments	3,304.75	2,293.08	1,494.72
	Less: Interest Accrued but not due on Bank Deposits (Disclosed in Note 5)	(24.44)	(11.03)	(3.40)
	Total	3,280.31	2,282.05	1,491.32

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

(₹ In Lakhs)

3	Loans	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
	Unsecured Loans (At FVOCI)	55,852.26	47,290.89	30,297.86
	Inter Corporate Deposits (At Amortized Cost)	Nil	16.59	579.60
		55,852.26	47,307.48	30,877.46
	Less : Interest Due but not received on loans (Disclosed in Note 5)	(65.70)	(34.22)	(46.77)
		55,786.56	47,273.26	30,830.69
	(1) Loans In India	55,786.56	47,273.26	30,830.68
	(2) Loans Outside India	Nil	Nil	Nil
	Total	55,786.56	47,273.26	30,830.69

3.1 Refer Note No. 36 for loans to Company in which directors are interested.

3.2 An analysis of changes in the gross carrying amount and the corresponding ECL Allowances:

(₹ In Lakhs)

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at April 1, 2018	30,247.22	193.03	355.88	30,796.13
New Assets originated*	45,464.53	202.78	93.97	45,761.28
Net transfer between stages				
Transfer from stage 1	(311.84)	78.86	232.98	Nil
Transfer from stage 2	0.24	(13.39)	13.15	Nil
Transfer from stage 3	0.53	Nil	(0.53)	Nil
Assets derecognised or collected	28,038.56	306.08	12.15	28,356.79
Write - offs	Nil	Nil	420.62	420.62
Gross carrying amount as at March 31, 2019	47,362.12	155.20	262.68	47,780.00

Notes Forming part of Financial Statements

for year ended March 31, 2020

(₹ In Lakhs)

Particulars	Stage 1	Stage 2	Stage 3	Total
New Assets originated*	52,199.98	308.93	182.84	52,691.74
Net transfer between stages				
Transfer from stage 1	(1,025.64)	336.13	689.51	Nil
Transfer from stage 2	5.68	(110.48)	104.80	Nil
Transfer from stage 3	0.94	0.49	(1.43)	Nil
Assets derecognised or collected	42,504.98	146.84	155.59	42,807.41
Write - offs	Nil	Nil	537.93	537.93
Gross carrying amount as at March 31, 2020	56,038.10	543.43	544.88	57,126.41

***Note:** New assets originated are those assets which have either remained in stage 1 or have become stage 2 or 3 at the year end

3.3 Reconciliation of ECL balance is given below:

(₹ In Lakhs)

Particulars	Stage 1	Stage 2	Stage 3	Total
Gross carrying amount as at April 1, 2018	160.96	51.80	332.28	545.04
Addition During The Year	235.63	50.23	201.60	487.46
Reduction During The Year	(149.48)	(59.72)	(299.97)	(509.17)
Gross carrying amount as at March 31, 2019	247.11	42.31	233.91	523.33
Addition During The Year	468.12	277.22	523.16	1,268.50
Reduction During The Year	(199.20)	(40.59)	(212.19)	(451.98)
Gross carrying amount as at March 31, 2020	516.03	278.94	544.88	1,339.85

Note: Increase in ECLs of the portfolio was driven by an increase in the gross size of the portfolio and movements between stages as a result of increases in credit risk.

(₹ In Lakhs)

4	Investments (At Fair Value Through Profit & Loss)	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
	In Mutual Funds			
	Nil (As at 31.03.19, 4,00,000 Unit) (As at 01.04.18, 4,00,000 Units) of SBI debt fund series - B- 34 (1131 Days) - Regular Growth	Nil	49.98	46.52
	Nil (As at 31.03.19, 5,00,975 Unit) (As at 01.04.19, 5,00,975 Units) of SBI debt fund series B-36 (1131 Days)	Nil	62.21	58.11
	9,27,603.39 Units (As at 31.3.19, 6,24,507 Unit) (As at 01.04.18, 6,24,507 Units) of SBI Credit Risk Fund -Regular -Growth	294.10	186.53	174.44
	3,00,000 Units (As at 31.3.19, 3,00,000 Unit) (As at 01.04.18, 3,00,000 Units) of SBI Dual Advantage Fund - Series XXII -Regular -Growth	31.80	32.92	31.52
	Total	325.90	331.64	310.59
	i) Investments in India	325.90	331.64	310.59
	ii) Investments outside India	Nil	Nil	Nil
	Total	325.90	331.64	310.59

Note:- Investments represents investments given as cash collateral security against working capital and term loans.

Notes Forming part of Financial Statements

for year ended March 31, 2020

(₹ In Lakhs)

5 Other Financial Assets	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Deposits	335.09	259.21	282.69
Other Advances	90.58	3.74	6.59
Interest Due but not received on loans (Refer Note 3)	65.70	34.22	46.77
Interest accrued but not due on Bank Deposits(Refer Note 2)	24.44	11.03	3.40
Total	515.81	308.20	339.45

- 5.1 Deposits include security deposits of ₹318.58 lakhs (As at 31-03-2019, ₹241.71 lakhs As at 01-04-2018, ₹273.48 lakhs) given as collateral security against term loans and working capital loans.

(₹ In Lakhs)

6 Deferred Tax	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Deferred Tax Assets on account of:			
Provision for employee benefits	11.27	7.00	3.40
Financial assets measured at amortised cost	144.52	159.02	106.46
Share Issue Expense	1.55	1.20	1.87
Fair valuation of Derivative Contract measured Through Profit & Loss Account	43.24	Nil	Nil
Fair valuation of financial Assets through OCI	Nil	11.05	Nil
Impairment loss allowance	337.21	152.40	151.63
Total Deferred Tax Assets	537.79	330.67	263.36
Deferred Tax Liabilities on account of:			
Difference in written down value as per Companies Act and Income Tax Act	(8.07)	(7.56)	(4.60)
Financial liabilities measured at amortised cost	(122.88)	(60.20)	(46.68)
Fair valuation of financial instruments through OCI	(0.43)	Nil	(4.85)
Income Taxable on Realised Basis	(20.16)	Nil	Nil
Fair valuation of Investment in Mutual Fund	(14.05)	(17.90)	(11.25)
Total Deferred Tax Liabilities	(165.59)	(85.66)	(67.38)
At the end of year DTA / (DTL) (net)	372.20	245.01	195.98

Notes Forming part of Financial Statements

for year ended March 31, 2020

The following table shows deferred tax recorded in the balance sheet and changes recorded in the income tax expense:

(i) Movement in deferred tax assets (net)

(₹ In Lakhs)

Particulars	As at March 31, 2019	(Charged)/ credited to statement of profit and loss	(Charged)/ credited to other comprehensive income	As at March 31, 2020
Assets				
Provision for employee benefits	6.99	2.56	1.71	11.26
Financial assets measured at amortised cost	159.02	(14.50)	Nil	144.52
Share Issue Expense	1.20	0.35	Nil	1.55
Fair valuation of Derivative Contract measured Through Profit & Loss Account	Nil	43.24	Nil	43.24
Fair valuation of financial Assets through OCI	11.05	Nil	(11.05)	Nil
Impairment loss allowance	152.40	184.82	Nil	337.22
Liabilities				
Difference in written down value as per Companies Act and Income Tax Act	(7.56)	(0.51)	Nil	(8.07)
Financial liabilities measured at amortised cost	(60.20)	(62.68)	Nil	(122.88)
Fair valuation of financial instruments through OCI	Nil	Nil	(0.43)	(0.43)
Income Taxable on Realised Basis	Nil	(20.16)	Nil	(20.16)
Fair valuation of Investment in Mutual Fund	(17.90)	3.85	Nil	(14.05)
Total (Net)	245.00	136.97	(9.77)	372.20

(₹ In Lakhs)

Particulars	As at April 01, 2018	(Charged)/ credited to statement of profit and loss	(Charged)/ credited to other comprehensive income	As at March 31, 2019
Assets				
Provision for employee benefits	3.40	2.82	0.77	6.99
Financial assets measured at amortised cost	106.46	52.56	Nil	159.02
Share Issue Expense	1.87	(0.67)	Nil	1.20
Fair valuation of financial instruments through OCI	Nil	Nil	11.05	11.05
Impairment loss allowance	151.63	0.77	Nil	152w.40
Liabilities				
Difference in written down value as per Companies Act and Income Tax Act	(4.60)	(2.96)	Nil	(7.56)
Financial liabilities measured at amortised cost	(46.68)	(13.52)	Nil	(60.20)
Fair valuation of Investment in Mutual Fund	(11.25)	(6.65)	Nil	(17.90)
Fair valuation of financial instruments through OCI	(4.85)	Nil	4.85	Nil
Total (Net)	195.98	32.35	16.67	245.00

Notes Forming part of Financial Statements

for year ended March 31, 2020

7. Property, Plant & Equipment

Carrying Value	Furniture & Fixtures	Buildings	Office Equipments	Computers	Vehicles	Total Property, Plant & Equipment	Intangible Assets	Total Assets	Right of Use Assets
At 01.04.2018	47.80	Nil	9.85	48.26	56.83	162.74	25.55	188.29	Nil
Addition	24.52	78.22	3.27	31.13	24.20	161.36	11.12	172.48	Nil
Disposal	Nil	Nil	Nil	Nil	0.28	0.28	Nil	0.28	Nil
Other Adjustment	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
At 31.03.2019	72.32	78.22	13.12	79.39	80.75	323.82	36.67	360.49	Nil
Addition	15.23	5.94	13.30	38.68	Nil	73.15	Nil	73.15	88.72
Disposal	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Other Adjustment	3.39	Nil	Nil	Nil	Nil	3.39	Nil	3.39	Nil
At 31.03.2020	84.16	84.17	26.42	118.07	80.75	393.58	36.67	430.25	88.72

Accumulated Depreciation	Furniture & Fixtures	Buildings	Office Equipments	Computers	Vehicles	Total Property, Plant & Equipment	Intangible Assets	Total Assets	Right of Use Assets
At 01.04.2018	5.20	Nil	1.67	24.57	13.16	44.60	6.83	51.43	Nil
Change for the year	5.39	0.53	0.28	18.04	7.13	31.36	6.09	37.45	Nil
Disposal	Nil	Nil	Nil	Nil	0.04	0.04	Nil	0.04	Nil
At 31.03.2019	10.59	0.53	1.94	42.61	20.25	75.92	12.92	88.84	Nil
Change for the year	7.77	1.33	5.67	22.23	10.12	47.12	6.87	53.98	14.79
Disposal	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Other Adjustment	0.08	Nil	Nil	Nil	Nil	0.08	Nil	0.08	Nil
At 31.03.2020	18.28	1.86	7.61	64.84	30.37	122.95	19.79	142.74	14.79
Net Carrying Value									
AS AT 01.04.2018	42.60	Nil	8.18	23.69	43.67	118.14	18.72	136.86	Nil
AS AT 31.03.2019	61.73	77.70	11.18	36.78	60.51	247.90	23.75	271.65	Nil
AS AT 31.03.2020	65.89	82.31	18.81	53.23	50.39	270.63	16.88	287.51	73.93

7.1 Deemed Cost of Property, Plant & Equipment - reconciliation of gross block and net carrying amount

Carrying Value	Furniture & Fixtures	Buildings	Office Equipments	Computers	Vehicles	Total Property, Plant & Equipment	Intangible Assets	Total Assets
Gross Block as at April 1, 2018	47.80	Nil	9.85	48.26	56.83	162.74	25.55	188.29
Accumulated Depreciation as at April 1, 2018	5.20	Nil	1.67	24.57	13.16	44.60	6.83	51.43
Net Carrying amount as at April 1, 2018	42.60	Nil	8.18	23.69	43.67	118.14	18.72	136.86

Notes Forming part of Financial Statements

for year ended March 31, 2020

(₹ In Lakhs)

8 Other Non - Financial Assets	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Prepaid Expenses	5.42	17.59	2.39
Balance with Government Authorities	6.51	Nil	Nil
Advances to staff	3.15	20.40	15.38
Total	15.08	37.99	17.77

(₹ In Lakhs)

9 Other Payables	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Total outstanding dues of micro enterprises and small enterprises	Nil	Nil	Nil
Total outstanding dues of other than micro enterprises and small enterprises	78.00	96.91	26.57
Total	78.00	96.91	26.57

(₹ In Lakhs)

10 Borrowings	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
14.00% Secured, Redeemable, Non Convertible Debenture of ₹10 Lakh Each (Nil as at 31.3.20, 333 Unit as at 31.03.19 & 333 Units as at 01.04.18)	Nil	3,330.00	3,330.00
13.10% Secured, Redeemable, Non Convertible Debenture of ₹1 Lakh Each (4150 Unit as at 31.3.20, Nil as at 31.03.19 & 01.04.18)	4,150.00	Nil	Nil
Less: Unamortised borrowing costs	(32.91)	(12.81)	(27.74)
Total	4,117.09	3,317.19	3,302.26
i) Debt Securities In India	Nil	Nil	Nil
ii) Debt Securities Outside India	4,117.09	3,317.19	3,302.26
Total	4,117.09	3,317.19	3,302.26

10.1 Details of terms of Redemption/ Repayment and security provided in respect of debt securities (Refer Note 12.1)

(₹ In Lakhs)

11 Borrowings	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Term Loans - Secured			
(i) From Banks	30,799.91	21,687.64	17,508.41
(ii) From Financial Institutions	17,074.72	18,694.20	7,490.09
Loans Repayable On Demand From Banks - Cash Credit	167.34	478.49	592.22
Short Term Loans - Unsecured			
From Banks	Nil	Nil	Nil
From Others (Financial Institutions)	251.48	Nil	71.86
Less: Unamortised borrowing costs	(455.31)	(193.93)	(140.04)
Total	47,838.14	40,666.40	25,522.54
i) Borrowings in India	43,760.66	40,666.40	25,522.54
ii) Borrowings Outside India	4,077.48	Nil	Nil
Total	47,838.14	40,666.40	25,522.54

Notes Forming part of Financial Statements

for year ended March 31, 2020

11.1 Security :-

Term Loans & Working Capital Loans are secured under hypothecation of exclusive first charge on specific assets portfolio & personal guarantee of some of the directors. The same are further secured by cash collateral security in the form of fixed deposit which are shown under "Other Bank Balance". Also some of the loans are guaranteed by Holding Company.

11.2 Interest:

Term loan carries an interest rate ranging from 6.43 % to 14.75% p.a.

Short Term Loans from Financial Institutions carries an interest rate of 12.00% p.a.

The Company has not defaulted in repayment of borrowings and interest.

11.3 Details of terms of Repayment and security provided in respect of borrowings (Refer Note 12.1)

(₹ In Lakhs)

12 Subordinated Liabilities (At Cost)	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
15%, Unsecured Subordinated Term Loan in India	1,000.00	1,000.00	1,000.00
Unsecured Subordinated Term Loan outside India	Nil	Nil	Nil
Total	1,000.00	1,000.00	1,000.00

12.1. Details of terms of Redemption/ Repayment and security provided in respect of debt securities, borrowings and Subordinated Liabilities:

(₹ In Lakhs)

Particular	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018	Terms of Redemption / Repayment	Security
Debt Securities					
333, 14.00% Secured, Redeemable, Non Convertible Debenture of ₹10 Lakh Each	Nil	3,330.00	3,330.00	Repayable in 2 Half Yearly installments Stating From 13 September 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
4150, 13.10% Secured, Redeemable, Non Convertible Debenture of ₹1 Lakh Each	4,150.00	Nil	Nil	Bullet Payment at the end of 24 Months From 21 May 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Total Debt Securities	4,150.00	3,330.00	3,330.00		

Borrowings (other Than Debt Securities)

Term Loan From Banks - 1	Nil	491.37	998.39	Repayable in 24 Months quarterly installments Stating From 18 June 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Banks - 2	333.33	833.33	Nil	Repayable in 24 Months Monthly installments Stating From 15 December 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Banks - 3	216.39	385.76	Nil	Repayable in 36 Months Monthly installments Stating From 06 August 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.

Notes Forming part of Financial Statements

for year ended March 31, 2020

(₹ In Lakhs)

Particular	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018	Terms of Redemption / Repayment	Security
Term Loan From Banks - 4	1,875.00	2,500.00	2,500.00	Repayable in 36 Months quarterly installments Stating From 16 April 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Banks - 5	1,500.00	2,500.00	3,500.00	Repayable in 36 Months quarterly installments Stating From 30 April 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Banks - 6	Nil	225.00	525.00	Repayable in 24 Months Monthly installments Stating From 29 September 2016	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Banks - 7	238.64	647.73	Nil	Repayable in 24 Months Monthly installments Stating From 30 March 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Banks - 8	Nil	250.02	500.00	Repayable in 27 Months Monthly installments Stating From 01 April 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Banks - 9	Nil	116.67	350.00	Repayable in 36 Months quarterly installments Stating From 12 November 2016	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Banks - 10	90.91	272.73	454.55	Repayable in 36 Months quarterly installments Stating From 27 March 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Banks - 11	95.24	200.00	Nil	Repayable in 24 Months Monthly installments Stating From 29 May 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Banks - 12	Nil	60.73	397.04	Repayable in 18 Months Monthly installments Stating From 22 December 2017	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Banks - 13	Nil	555.00	1,311.00	Repayable in 27 Months Monthly installments Stating From 31 January 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Banks - 14	Nil	570.00	1,822.00	Repayable in 30 Months Monthly installments Stating From 31 March 2017	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Banks - 15	1,166.10	3,648.00	2,500.00	Repayable in 30 Months Monthly installments Stating From 31 August 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Banks - 16	121.26	454.55	818.18	Repayable in 36 Months Monthly installments Stating From 31 March 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.

Notes Forming part of Financial Statements

for year ended March 31, 2020

(₹ In Lakhs)

Particular	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018	Terms of Redemption / Repayment	Security
Term Loan From Banks - 17	642.30	969.70	Nil	Repayable in 36 Months Monthly installments Stating From 30 April 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Banks - 18	81.03	248.00	416.00	Repayable in 30 Months quarterly installments Stating From 30 December 2017	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Banks - 19	14.13	20.00	Nil	Repayable in 36 Months Monthly installments Stating From 15 April 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Banks - 20	505.23	1,000.00	Nil	Repayable in 24 Months Monthly installments Stating From 14 April 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Banks - 21	Nil	Nil	206.97	Repayable in 24 Months Monthly installments Stating From 15 September 2016	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Banks - 22	Nil	Nil	81.97	Repayable in 22 Months Monthly installments Stating From 29 September 2016	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Banks - 23	Nil	Nil	688.42	Repayable in 18 Months Monthly installments Stating From 27 October 2017	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Banks - 24	Nil	Nil	166.67	Repayable in 18 Months Monthly installments Stating From 31 January 2017	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Banks - 25	Nil	Nil	222.22	Repayable in 18 Months Monthly installments Stating From 28 February 2017	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Banks - 26	Nil	Nil	25.00	Repayable in 12 Months Monthly installments Stating From 28 December 2015	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Banks - 27	Nil	Nil	25.00	Repayable in 12 Months Monthly installments Stating From 28 December 2015	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Banks - 28	290.16	1,974.70	Nil	Repayable in 14 Months Monthly installments Stating From 27 May 2019	Secured by a first and exclusive charge on receivables Assigned to the Bank of the company
Term Loan From Banks - 29	137.81	1,146.08	Nil	Repayable in 14 Months Monthly installments Stating From 14 April 2019	Secured by a first and exclusive charge on receivables Assigned to the Bank of the company

Notes Forming part of Financial Statements

for year ended March 31, 2020

(₹ In Lakhs)

Particular	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018	Terms of Redemption / Repayment	Security
Term Loan From Banks - 30	92.96	1,334.68	Nil	Repayable in 14 Months Monthly installments Stating From 27 April 2019	Secured by a first and exclusive charge on receivables Assigned to the Bank of the company
Term Loan From Banks - 31	Nil	1,283.59	Nil	Repayable in 14 Months Monthly installments Stating From 17 February 2019	Secured by a first and exclusive charge on receivables Assigned to the Bank of the company
Term Loan From Banks - 32	937.50	Nil	Nil	Repayable in 24 Months Monthly installments Stating From 29 July 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Banks - 33	951.97	Nil	Nil	Repayable in 36 Months Monthly installments Stating From 02 February 2020	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Banks - 34	818.18	Nil	Nil	Repayable in 24 Months Monthly installments Stating From 30 December 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Banks - 35	526.00	Nil	Nil	Repayable in 24 Months Monthly installments Stating From 30 October 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Banks - 36	775.49	Nil	Nil	Repayable in 24 Months Monthly installments Stating From 26 October 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Banks - 37	1,909.09	Nil	Nil	Repayable in 22 Months Monthly installments Stating From 10 March 2020	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Banks - 38	4,130.00	Nil	Nil	Bullet Payment at the end of the tenor	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Banks - 39	2,500.00	Nil	Nil	Repayable in 24 Months Monthly installments Stating From 10 June 2020	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Banks - 40	504.89	Nil	Nil	Repayable in 24 Months Monthly installments Stating From 30 April 2020	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Banks - 41	1,514.67	Nil	Nil	Repayable in 24 Months Monthly installments Stating From 31 May 2020	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Banks - 42	5,045.38	Nil	Nil	Repayable in 27 Months Monthly installments Stating From 31 May 2020	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Banks - 43	500.00	Nil	Nil	Repayable in 36 Months Monthly installments Stating From 31 May 2020	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.

Notes Forming part of Financial Statements

for year ended March 31, 2020

(₹ In Lakhs)

Particular	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018	Terms of Redemption / Repayment	Security
Term Loan From Banks - 44	966.92	Nil	Nil	Repayable in 14 Months Monthly installments Stating From 17 October 2019	Secured by a first and exclusive charge on receivables Assigned to the Bank of the company
Term Loan From Banks - 45	1,662.27	Nil	Nil	Repayable in 13 Months Monthly installments Stating From 12 October 2019	Secured by a first and exclusive charge on receivables Assigned to the Bank of the company
Term Loan From Banks - 46	657.06	Nil	Nil	Repayable in 13 Months Monthly installments Stating From 28 November 2019	Secured by a first and exclusive charge on receivables Assigned to the Bank of the company
Total Loan From Banks	30,799.91	21,687.64	17,508.41		
Term Loan From Financial Institution - 1	Nil	159.90	406.52	Repayable in 24 Months Monthly installments Stating From 25 November 2017	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 2	Nil	2.49	16.86	Repayable in 60 Months Monthly installments Stating From 01 June 2016	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 3	1,514.09	2,269.76	Nil	Repayable in 36 Months Monthly installments Stating From 27 December 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 4	243.34	477.74	683.78	Repayable in 36 Months Monthly installments Stating From 22 March 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 5	500.00	999.82	1,499.73	Repayable in 36 Months Monthly installments Stating From 27 June 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 6	1,333.36	999.89	Nil	Repayable in 36 Months Monthly installments Stating From 29 June 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 7	710.28	1,000.00	Nil	Repayable in 36 Months Monthly installments Stating From 30 April 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 8	166.67	355.45	Nil	Repayable in 36 Months Monthly installments Stating From 25 December 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 9	166.67	355.45	Nil	Repayable in 36 Months Monthly installments Stating From 25 December 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 10	222.22	355.45	Nil	Repayable in 36 Months Monthly installments Stating From 25 December 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.

Notes Forming part of Financial Statements

for year ended March 31, 2020

(₹ In Lakhs)

Particular	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018	Terms of Redemption / Repayment	Security
Term Loan From Financial Institution - 11	277.78	694.25	1,117.20	Repayable in 36 Months Monthly installments Stating From 25 December 2017	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 12	277.78	694.25	1,117.20	Repayable in 36 Months Monthly installments Stating From 25 December 2017	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 13	175.00	408.22	641.50	Repayable in 36 Months Monthly installments Stating From 25 January 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 14	200.00	466.54	733.14	Repayable in 36 Months Monthly installments Stating From 25 January 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 15	166.67	333.24	499.62	Repayable in 36 Months Monthly installments Stating From 25 April 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 16	166.67	333.24	499.62	Repayable in 36 Months Monthly installments Stating From 25 April 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 17	166.67	355.45	Nil	Repayable in 36 Months Monthly installments Stating From 25 December 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 18	166.67	355.45	Nil	Repayable in 36 Months Monthly installments Stating From 25 December 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 19	1,925.00	2,975.00	Nil	Repayable in 60 Months Half Yearly installments Stating From 31 January 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 20	785.91	1,251.84	Nil	Repayable in 36 Months Monthly installments Stating From 27 September 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 21	121.52	181.60	Nil	Repayable in 36 Months Monthly installments Stating From 27 December 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 22	214.25	300.00	Nil	Repayable in 36 Months Monthly installments Stating From 29 April 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 23	174.83	266.49	Nil	Repayable in 36 Months Monthly installments Stating From 27 November 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 24	182.36	272.58	Nil	Repayable in 36 Months Monthly installments Stating From 27 December 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.

Notes Forming part of Financial Statements

for year ended March 31, 2020

(₹ In Lakhs)

Particular	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018	Terms of Redemption / Repayment	Security
Term Loan From Financial Institution - 25	274.29	426.94	Nil	Repayable in 36 Months Monthly installments Stating From 29 October 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 26	316.56	464.64	Nil	Repayable in 36 Months Monthly installments Stating From 28 January 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 27	329.19	475.39	Nil	Repayable in 36 Months Monthly installments Stating From 27 February 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 28	343.29	488.19	Nil	Repayable in 36 Months Monthly installments Stating From 27 March 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 29	288.07	399.62	Nil	Repayable in 36 Months Monthly installments Stating From 29 April 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 30	32.10	375.39	8.15	Repayable in 24 Months Monthly installments Stating From 01 May 2018	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 31	141.80	199.90	Nil	Repayable in 36 months Monthly installments Stating From 15 April 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 32	Nil	Nil	83.33	Repayable in 36 months Monthly installments Stating From 30 October 2015	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 33	Nil	Nil	97.22	Repayable in 36 months Monthly installments Stating From 30 November 2015	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 34	Nil	Nil	23.97	Repayable in 24 Months Monthly installments Stating From 01 June 2016	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 35	Nil	Nil	62.26	Repayable in 24 Months Monthly installments Stating From 15 July 2016	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 36	563.92	Nil	Nil	Repayable in 24 Months Monthly installments Stating From 03 November 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 37	1,136.52	Nil	Nil	Repayable in 36 Months Monthly installments Stating From 22 August 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 38	250.00	Nil	Nil	Repayable in 36 Months Monthly installments Stating From 25 April 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.

Notes Forming part of Financial Statements

for year ended March 31, 2020

(₹ In Lakhs)

Particular	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018	Terms of Redemption / Repayment	Security
Term Loan From Financial Institution - 39	250.06	Nil	Nil	Repayable in 36 Months Monthly installments Stating From 25 April 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 40	249.94	Nil	Nil	Repayable in 36 Months Monthly installments Stating From 25 April 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 41	131.94	Nil	Nil	Repayable in 36 Months Monthly installments Stating From 25 September 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 42	131.94	Nil	Nil	Repayable in 36 Months Monthly installments Stating From 25 September 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 43	201.39	Nil	Nil	Repayable in 36 Months Monthly installments Stating From 25 September 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 44	201.39	Nil	Nil	Repayable in 36 Months Monthly installments Stating From 25 September 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 45	201.39	Nil	Nil	Repayable in 36 Months Monthly installments Stating From 25 September 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 46	201.39	Nil	Nil	Repayable in 36 Months Monthly installments Stating From 25 September 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 47	201.39	Nil	Nil	Repayable in 36 Months Monthly installments Stating From 25 September 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 48	201.39	Nil	Nil	Repayable in 36 Months Monthly installments Stating From 25 September 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 49	201.39	Nil	Nil	Repayable in 36 Months Monthly installments Stating From 25 September 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 50	201.39	Nil	Nil	Repayable in 36 Months Monthly installments Stating From 25 September 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 51	208.33	Nil	Nil	Repayable in 36 Months Monthly installments Stating From 25 October 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 52	208.33	Nil	Nil	Repayable in 36 Months Monthly installments Stating From 25 October 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.

Notes Forming part of Financial Statements

for year ended March 31, 2020

(₹ In Lakhs)

Particular	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018	Terms of Redemption / Repayment	Security
Term Loan From Financial Institution - 53	208.33	Nil	Nil	Repayable in 36 Months Monthly installments Stating From 25 October 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 54	208.33	Nil	Nil	Repayable in 36 Months Monthly installments Stating From 25 October 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 55	166.67	Nil	Nil	Repayable in 36 Months Monthly installments Stating From 25 October 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Term Loan From Financial Institution - 56	166.28	Nil	Nil	Repayable in 36 Months Monthly installments Stating From 15 September 2019	Secured by a first and exclusive charge on specific receivables of the company created out of the loan availed.
Total Term Loan From Financial Institution	17,074.72	18,694.20	7,490.09		

Subordinated Liabilities

Subordinated Term Loan From Bank - 1	1,000.00	1,000.00	1,000.00	Single Bullet Payment at the end of 84 Months.	Unsecured
Total Subordinated Term Loan From Bank	1,000.00	1,000.00	1,000.00		

(₹ In Lakhs)

13 Other Financial Liabilities	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Interest accrued but not due on Borrowings	333.42	146.01	72.81
Salary & wages payable	83.81	141.12	86.23
Micro Insurance Payable	705.77	452.33	141.18
Unpaid expenses	23.79	25.13	5.67
Payable towards assignment transactions	437.19	Nil	Nil
Fair valuation of Derivative Instrument measured- through Profit & Loss Account	171.80	Nil	Nil
Lease Liability - Right of Use Assets	78.80	Nil	Nil
Total	1,834.58	764.59	305.89

(₹ In Lakhs)

14 Current Tax Liabilities / (Assets) (Net)	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Provision for Tax	1,628.80	1,148.81	430.81
Less: Advance Tax and TDS	(1,548.48)	(807.86)	(273.76)
Total	80.32	340.95	157.05

Notes Forming part of Financial Statements

for year ended March 31, 2020

(₹ In Lakhs)

15	Provisions	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
	Provision for employee benefit- gratuity	44.77	24.03	12.24
	Total	44.77	24.03	12.24

(₹ In Lakhs)

16	Other Non Financial Liabilities	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
	Other statutory dues	26.94	10.99	18.54
	TDS payable	59.88	50.21	27.90
	Total	86.82	61.20	46.44

(₹ In Lakhs)

17	Share Capital	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
	[a] Authorised:			
	3,00,00,000 (As At 31.3.19, 2,70,00,000) (As at 01.04.2018 2,70,00,000) Equity Shares of ₹10/- each fully paid up	3,000.00	2,700.00	2,700.00
		3,000.00	2,700.00	2,700.00
	[b] Issued, Subscribed & Paid-up Capital:			
	2,71,75,000 (As At 31.3.19, 2,41,75,000) (As at 01.04.2018 1,51,75,000) Equity Shares of ₹10/- each fully paid up	2,717.50	2,417.50	1,517.50
	Total	2,717.50	2,417.50	1,517.50

17.1 The reconciliation of the number of shares outstanding and the amount of ordinary equity share capital as at 31st March, 2020, 31st March, 2019 & 1st April, 2018 is set out below:

(₹ In Lakhs)

Particulars	As at March 31, 2020		As at March 31, 2019		As at April 01, 2018	
	No. of Shares	(₹ In Lakhs)	No. of Shares	(₹ In Lakhs)	No. of Shares	(₹ In Lakhs)
Ordinary Equity Shares:						
Outstanding at the beginning of the year	2,41,75,000	2,417.50	1,51,75,000	1,517.50	1,51,75,000	1,517.50
Shares Issued during the year	30,00,000	300.00	90,00,000	900.00	Nil	Nil
Reduction during the year						
Outstanding at the end of the year	2,71,75,000	2,717.50	2,41,75,000	2,417.50	1,51,75,000	1,517.50

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

17.3 In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholder.

17.4 The Company is 100 % subsidiary of Arman Financial Services Limited.

Notes Forming part of Financial Statements

for year ended March 31, 2020

17.5 Details of equity shareholders holding more than 5 % equity shares of the Company are as follows:

(₹ In Lakhs)

Class of shares / Name of shareholder	As at March 31, 2020		As at March 31, 2019		As at April 01, 2018	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Arman Financial Services Limited	2,71,75,000	100.00	2,41,75,000	100.00	1,51,75,000	100.00

(₹ In Lakhs)

18 Other Equity (Refer Note 18.1)	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
A. Reserves and Surplus			
i. General Reserve			
Balance as per last financial statement	4.00	3.00	2.00
Add: Transfer from statement of profit and loss	1.00	1.00	1.00
Closing Balance	5.00	4.00	3.00
ii. Special Reserve u/s 45-IC of the RBI Act, 1934			
Balance as per last financial statement	680.30	367.50	283.50
Add: Transfer from statement of profit and loss	504.00	312.80	84.00
Closing Balance	1,184.30	680.30	367.50
iii. Securities Premium			
Balance as per last financial statement	2,404.69	724.69	304.69
Add: Share Premium on shares issued during the year	690.00	1,680.00	420.00
Less : Share issue Expenses	5.81	Nil	Nil
Closing Balance	3,088.88	2,404.69	724.69
v. Surplus in the Statement of Profit and Loss			
Balance as per last financial statement	2,302.36	1,048.46	997.92
Add : Profit for the year	2,519.54	1,567.70	158.02
Less: Appropriations			
Amount transfer to General Reserve	1.00	1.00	1.00
Amount transfer to Special Reserve u/s 45-IC of RBI Act, 1934	504.00	312.80	84.00
Dividend Paid On Cumulative Non - Convertible Compulsorily Redeemable Preference shares	Nil	Nil	18.68
Tax on distributed profit on dividend paid	Nil	Nil	3.80
Closing Balance	4,316.90	2,302.36	1,048.46
B. Other Comprehensive Income			
Balance as per last financial statement	(27.43)	13.61	Nil
Additions during the year	23.08	(41.03)	13.61
Closing Balance	(4.35)	(27.42)	13.61
C. Capital Contribution from Holding Company			
Balance as per last financial statement	68.40	39.05	Nil
Additions during the year	8.90	29.34	39.05
Closing Balance	77.30	68.39	39.05
Total	8,668.03	5,432.32	2,196.31

Notes Forming part of Financial Statements

for year ended March 31, 2020

18.1 NATURE AND PURPOSE OF RESERVE:

1 Reserve under Section 45-IA of the Reserve Bank of India Act, 1934 (the "RBI Act, 1934")

Reserve under Section 45-IA of RBI Act, 1934 is created in accordance with section 45 IC(1) of the RBI Act, 1934. As per Section 45 IC(2) of the RBI Act, 1934, no appropriation of any sum from this reserve fund shall be made by the NBFC except for the purpose as may be specified by RBI.

2 Securities premium

Securities premium reserve is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes in accordance with the provisions of section 52 of the Act.

3 Surplus in the statement of profit and loss

Surplus in the statement of profit and loss is the accumulated available profit of the Company carried forward from earlier years. These reserve are free reserves which can be utilised for any purpose as may be required.

4 FVOCI - loans and advances

The Company has elected to recognise changes in the fair value of loans and advances in other comprehensive income. These changes are accumulated within the FVOCI - loans and advances reserve within equity.

5 FVOCI - Remeasurement of the defined benefit liabilities

Remeasurement of the net defined benefit liabilities comprise actuarial gain or loss, return on plan assets excluding interest and the effect of asset ceiling, if any.

6 General reserve

The Company has transferred a portion of the net profit to general reserve before declaring dividend pursuant to the provision of erstwhile Companies Act.

7 Capital Contribution from Holding

The holding Company Arman Financial Services Limited has allotted shares under Employee Stock Option Scheme to the eligible employees of the Company at a exercise price of ₹50 per option. The reserve is used to recognise the fair value of the options issued to employees of the Company under Company's employee stock option plan.

19 Interest Income

(₹ In Lakhs)

Particulars	Year ended March 31, 2020		Year ended March 31, 2019	
	On Financial assets measured at FVOCI	On Financial assets measured at Amortised Cost	On Financial assets measured at FVOCI	On Financial assets measured at Amortised Cost
Interest on Loans	13,302.18	Nil	8,660.27	Nil
Interests on Deposits as Security	Nil	206.16	Nil	161.89
Interest on Others	Nil	137.89	Nil	117.13
Total	13,302.18	344.05	8,660.27	279.02
Total Interest		13,646.23		8,939.29

20 Gain On Assignment of Financial Assets

(₹ In Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Gain On Assignment of Assets (Net of Expense)	276.67	Nil
Total	276.67	Nil

Notes Forming part of Financial Statements

for year ended March 31, 2020

21 Fees and Commission Income

(₹ In Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Processing fees Income	646.04	387.71
Total	646.04	387.71

22 Income from Investment in Mutual Fund (At Fair value through Profit & Loss)

(₹ In Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Income from Investment in Mutual Fund	16.46	21.04
Total	16.46	21.04

23 Other Income

(₹ In Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Profit on Sale of Investment	252.45	48.62
Others	4.00	1.01
Total	256.45	49.63

24 Finance Costs (On Financial Liabilities measured at Amortised Cost)

(₹ In Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Interest Expense on Borrowings	5,390.15	3,585.43
Interest Expense on Debt Securities	774.65	466.20
Interest Expense on Subordinated Debt	150.00	150.00
Interest Expense on Others	11.97	42.35
Net loss on fair value of derivative contracts mandatorily measured at fair value through profit or loss	171.80	Nil
Other Borrowing Costs	204.06	137.52
Total	6,702.63	4,381.50

25 Impairment of Loan Assets (On Financial Assets measured at FVOCI)

(₹ In Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Bad debts written off (Net)	515.55	392.65
Expected Credit Loss (Net)	816.51	(21.70)
Total	1,332.06	370.95

Notes Forming part of Financial Statements

for year ended March 31, 2020

26 Employee Benefit Expenses

(₹ In Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Salaries and wages	2,118.80	1,478.67
Contribution to provident and other funds	129.23	84.24
Gratuity Expense	17.48	9.15
Staff welfare expenses	57.04	46.47
Total	2,322.55	1,618.53

26.1 Employee Benefit Plan:

Disclosure in respect of employee benefits under Ind AS 19 - Employee Benefit are as under:

a) Defined contribution plan:

The Company's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans. The Company's contribution to provident fund aggregating ₹113.61 lakhs (31 March 2019: ₹54.48 lakhs) has been recognised in the statement of profit and loss under the head employee benefits expense.

b) Defined benefit plan:

Financial assets not measured at fair value

The Company operates a defined benefit plan (the "gratuity plan") covering eligible employees. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age/ resignation date.

The defined benefit plans expose the Company to risks such as actuarial risk, investment risk, liquidity risk, market risk, legislative risk.

These are discussed as follows:

Actuarial risk: It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:

Adverse salary growth experience: Salary hikes that are higher than the assumed salary escalation will result into an increase in obligation at a rate that is higher than expected.

Variability in mortality rates: If actual mortality rates are higher than assumed mortality rate assumption than the gratuity benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cash flow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

Variability in withdrawal rates: If actual withdrawal rates are higher than assumed withdrawal rate assumption than the gratuity benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

Investment risk: For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

Liquidity risk: Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign / retire from the Company, there can be strain on the cash flows.

Notes Forming part of Financial Statements

for year ended March 31, 2020

Market risk: Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in defined benefit obligation of the plan benefits and vice versa. This assumption depends on the yields on the government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

Legislative risk: Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation/ regulation. The government may amend the Payment of Gratuity Act, 1972, thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the defined benefit obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

26 Employee Benefit Expenses

The status of gratuity plan required under Ind AS 19 is an under:

(₹ In Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
i) Reconciliation of opening and closing balances of defined benefit obligation		
Opening Defined Benefit Obligation	24.60	14.44
Transfer in/(out) obligation	Nil	Nil
Current service cost	16.28	8.57
Interest cost	1.62	1.00
Components of actuarial gain/losses on obligations:		
Due to Change in financial assumptions	1.83	0.42
Due to change in demographic assumption	0.56	Nil
Due to experience adjustments	4.10	0.36
Past service cost	Nil	Nil
Loss (gain) on curtailments	Nil	Nil
Liabilities extinguished on settlements	Nil	Nil
Liabilities assumed in an amalgamation in the nature of purchase	Nil	Nil
Exchange differences on foreign plans	Nil	Nil
Benefits paid	(0.98)	(0.19)
Closing Defined Benefit Obligation	48.01	24.60
ii) Reconciliation of plan assets		
Opening value of plan assets	0.56	2.20
Transfer in/(out) plan assets	Nil	Nil
Expense deducted from the fund	Nil	Nil
Interest Income	0.43	0.42
Return on plan assets excluding amounts included in interest income	(0.30)	(1.87)
Assets Distributed on settlements	Nil	Nil
Contribution by the company	3.54	Nil
Assets acquired in an amalgamation in the nature of purchase	Nil	Nil
Exchange difference on foreign plans	Nil	Nil
Benefits paid	(0.98)	(0.19)
Fair value of plan assets at the end of the year	3.25	0.56

Notes Forming part of Financial Statements

for year ended March 31, 2020

(₹ In Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
iii) Reconciliation of net defined benefit liability		
Net opening provision in books of accounts	24.04	12.24
Transfer in/(out) obligation	Nil	Nil
Transfer (in)/out plan assets	Nil	Nil
Employee Benefit Expense as per note 26	17.48	9.15
Amounts recognized in Other Comprehensive Income	6.80	2.65
	48.32	24.04
Benefits paid by the Company	Nil	Nil
Contributions to plan assets	(3.54)	Nil
Closing provision in books of accounts	44.78	24.04

iv) Composition of plan assets

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Government of India Securities	0%	0%
High quality corporate bonds	0%	0%
Equity shares of listed companies	0%	0%
Property	0%	0%
Policy of Insurance	100%	100%
Total	100%	100%

v) Expense recognised during the year

(₹ In Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Current service cost	16.28	8.57
Interest cost	1.20	0.58
Past service cost	Nil	Nil
Expense recognised in the statement of profit and loss	17.48	9.15

vi) Other comprehensive income

(₹ In Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Components of actuarial gains/losses on obligations:		
Due to change in financial assumptions	1.83	0.42
Due to change in Demographic assumptions	0.56	Nil
Due to experience adjustments	4.10	0.36
Return of plan assets excluding amounts included in interest income	0.30	1.87
components of defined benefits cost recognised in other comprehensive income	6.79	2.65

Notes Forming part of Financial Statements

for year ended March 31, 2020

vii) Principal actuarial assumptions

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Discount rate (per annum)	6.25%	6.95%
Rate of return on plan assets (per annum)	6.25%	6.95%
Annual increase in salary cost	6.00%	6.00%
Withdrawal rates per annum		
25 and below	25%	25%
26 to 35	25%	25%
36 to 45	25%	25%
46 to 55	5%	10%
56 and above	5%	10%

The discount rate is based on the prevailing market yield of government of India's bond as at the balance sheet date for the estimated terms of the obligations.

viii) Sensitivity analysis

Sensitivity analysis is performed by varying a single parameter while keeping all the other parameters unchanged.

Sensitivity analysis fails to focus on the interrelationship between underlying parameters. Hence, the results may vary if two or more variables are changed simultaneously.

The method used does not indicate anything about the likelihood of change in any parameter and the extent of the change if any.

(₹ In Lakhs)

Particulars	For the year ended March 31, 2020		For the year ended March 31, 2019	
	Decrease	Increase	Decrease	Increase
Discount rate (- / +0.5%)	49.41	46.69	25.21	24.00
(% change compared to base due to sensitivity)	2.91%	-2.76%	2.51%	-2.40%
Salary growth rate (- / + 0.5%)	46.68	49.40	23.99	25.21
(% change compared to base due to sensitivity)	-2.78%	2.90%	-2.44%	2.52%
Withdrawal rate (W.R.) (W.R.*x 90%/W.R.x 110%)	50.60	45.57	25.86	23.39
(% change compared to base due to sensitivity)	5.40%	-5.08%	5.16%	-4.90%

ix) Asset liability matching strategies

The Company contributes to the insurance fund based on estimated liability of next financial year. The projected liability statements is obtained from the actuarial valuer.

x) Effect of plan on the company's future cash flows

a) Funding arrangements and funding policy

The Company has purchased an insurance policy to provide for payment of gratuity to the employees. Every year, the insurance company carries out a funding valuation based on the latest employee data provided by the Company. Any deficit in the assets arising as a result of such valuation is funded by the Company.

Notes Forming part of Financial Statements

for year ended March 31, 2020

b) Maturity analysis of defined benefit obligation

The Weighted Average Duration (Years) as at valuation date is 4.67 years.

(₹ In Lakhs)

	Cash flows	Distributions(%)
1st Following year	3.53	4.80%
2nd Following year	5.27	7.20%
3rd Following year	6.01	8.20%
4th Following year	7.63	10.40%
5th Following year	8.09	11.10%
Sum of years 6 to 10	23.29	31.80%

The future accrual is not considered in arriving at the above cash-flows

The Expected contribution for the next year is ₹23.78 lakhs

27 Depreciation & Amortisation

(₹ In Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Depreciation of Property, Plant & Equipment	47.04	31.36
Amortization of Right of use Asset	14.79	Nil
Amortisation of Intangible Asset	6.87	6.09
Total	68.70	37.45

28 Other Expenses

(₹ In Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Electricity & fuel charges	25.89	17.41
Repairs to Building	6.65	7.45
Insurance	24.81	11.60
Rent (refer note 34)	200.94	147.51
Rates & taxes	13.25	3.17
Bank Charges	49.70	25.01
Stationery & printing	61.21	46.91
Communication	63.90	75.36
Traveling & conveyance expenses	403.30	279.21
Professional fees	101.35	107.14
Auditor's Remuneration		
Audit fees	4.90	3.42
For tax audit	0.75	0.89
For certification	0.57	0.11
For income tax consultancy fee	0.55	Nil
	6.77	4.42
Corporate Social Responsibility Expenditure (refer Note 33)	1.69	3.26
Director sitting fees	0.90	0.75
Marketing & incentive expenses	0.46	0.74
Loss due to Moratorium Recognised at Effective Interest Rate Method	106.39	Nil
Net Loss on Derecognition of Property, Plant & Equipment	Nil	0.06
General charges (including security charges & membership fees etc.)	62.39	43.89
Total	1,129.60	773.89

Notes Forming part of Financial Statements

for year ended March 31, 2020

29 Tax Expenses

(₹ In Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Current Tax	907.30	680.00
Adjustment in respect of current tax of prior years	(3.56)	Nil
Deferred tax	(136.97)	(32.33)
Total Tax Expense	766.77	647.67
Total tax charge		
Current Tax	903.74	680.00
Deferred Tax	(136.97)	(32.33)

29.1 Reconciliation of the total tax charge

The tax charge shown in the statement of profit and loss differs from the tax charge that would apply if all profits had been charged at India corporate tax rate. A reconciliation between the tax expense and the accounting profit multiplied by India's domestic tax rate for the years ended 31 March 2020 and 2019 is, as follows:

(₹ In Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Accounting profit before tax expense	3,286.31	2,215.35
Income tax rate %	25.168%	29.120%
Expected tax expense	827.10	645.11
Tax effect of :		
Exempted Items	(5.97)	(1.57)
Additional deduction	(47.82)	(0.09)
Non Deductible items	29.70	11.08
Adjustment on Account of Change in Tax Rate	(33.25)	(8.54)
Others	(2.99)	1.68
Tax expense Recognised in the Statement of Profit and Loss	766.77	647.67
Effective Tax Rate	23.332%	29.236%

30 Earnings per share:

(₹ In Lakhs)

Particulars	Unit	Year ended March 31, 2020	Year ended March 31, 2019
Numerator used for calculating Basic Earning per share (PAT)	₹ In lakhs	2,519.54	1,567.68
Numerator used for calculating Diluted Earning per share (PAT)	₹ In lakhs	2,519.54	1,567.68
Weighted average no. of shares used as denominator for calculating basic earnings per share	Shares	2,57,53,562	2,13,96,918
Weighted average no. of shares used as denominator for calculating diluted earnings per share	Shares	2,57,53,562	2,13,96,918
Nominal value per Share	₹	10.00	10.00
Basic earnings per share	₹	9.78	7.33
Diluted earnings per share	₹	9.78	7.33

Notes Forming part of Financial Statements

for year ended March 31, 2020

31. Explanation to transition to Ind AS

As stated in para 2, these are the Company's first financial statements prepared in accordance with Ind AS. For the year ended March 31, 2020, the Company had prepared its financial statements in accordance with Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act ("Previous GAAP").

The significant accounting policies set out in para 3 have been applied in preparing these financial statements for the year ended March 31, 2020 including the comparative information for the year ended 31 March 2018 and the opening Ind AS balance sheet on the date of transition i.e. April 01, 2018.

In preparing the Ind AS balance sheet as at April 01, 2018 and in presenting the comparative information for the year ended March 31, 2019, the Company has adjusted amounts reported previously in the financial statements prepared in accordance with Previous GAAP. This note explains the principal adjustments made by the Company in restating its financial statements prepared in accordance with Previous GAAP, and how the transition from Previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

Optional exemptions availed and mandatory exceptions

In preparing these financial statements, the Company has applied the below mentioned optional exemptions and mandatory exceptions.

A. Optional exemptions availed

1) Property plant and equipment and intangible assets

As per Ind AS 101 an entity may elect to:

- i. measure an item of property, plant and equipment at the date of transition at its fair value and use that fair value as its deemed cost at that date.
- ii. use a Previous GAAP revaluation of an item of property, plant and equipment at or before the date of transition as deemed cost at the date of the revaluation, provided the revaluation was, at the date of the revaluation, broadly comparable to:
 - Fair value;
 - or cost or depreciated cost under Ind AS adjusted to reflect, for example, changes in a general or specific price index.

The elections under (i) and (ii) above are also available for intangible assets that meets the recognition criteria in Ind AS 38, Intangible Assets, (including reliable measurement of original cost); and criteria in Ind AS 38 for revaluation (including the existence of an active market.

- iii. use carrying values of property, plant and equipment, intangible assets and investment properties as on the date of transition to Ind AS (which are measured in accordance with Previous GAAP) if there has been no change in its functional currency on the date of transition.

As permitted by Ind AS 101, the Company has elected to continue with the carrying values under Previous GAAP for all the items of property, plant and equipment. The same election has been made in respect of intangible assets also.

B. Mandatory exceptions

1. Accounting Estimates

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS at the end of the comparative period presented in the entity's first Ind AS financial statements, as the case may be, should be consistent with estimates made for the same date in accordance with the Previous GAAP unless there is objective evidence that those estimates were in error. However, the estimates should be adjusted to reflect any differences

Notes Forming part of Financial Statements

for year ended March 31, 2020

in accounting policies.

As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under Previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

The Company's estimates under Ind AS are consistent with the above requirement. Key estimates considered in preparation of the financial statements that were not required under the Previous GAAP are listed below:

- Fair valuation of financial instruments carried at FVOCI.
- Impairment of financial assets based on the expected credit loss model.
- Determination of the discounted value for financial instruments carried at amortised cost.
- EIR on borrowings.
- Expected life of portfolio.
- Classification of equity and liability.

2. Derecognition of financial assets and liabilities

As per Ind AS 101, an entity should apply the derecognition requirements in Ind AS 109 - Financial Instruments, prospectively for transactions occurring on or after the date of transition to Ind AS. However, an entity may apply the derecognition requirements retrospectively from a date chosen by it if the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Company has applied the de-recognition criteria for financial assets/liabilities retrospectively. Hence, it has recognized financial assets/financial liabilities previously derecognized.

3. Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortized cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable. Accordingly, the company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition.

4. Impairment of financial assets:

The Company being NBFC company is required to assess the impairment of financial assets based upon the new model i.e. Expected Credit Loss (ECL) instead of rule-based guidance (RBI Prudential Norms) as prevailed under Previous GAAP. Accordingly, the Company has applied the impairment requirement of Ind-AS 109 on all financial assets recognized as per Ind-AS 109 retrospectively except:

1. The Company has sought to approximate the credit risk on initial recognition by considering all reasonable and supportable information that is available without undue cost or effort.
2. The Company has determined whether the financial asset is having low credit risk, as specified in Ind-AS 109, and whether there is a significant increase in credit risk since initial recognition of financial assets by applying rebuttable presumption of 30 days past due.
3. If the Company is unable to determine whether there is a significant increase in credit risk since initial recognition of a financial asset, without involving undue cost or effort, the Company has recognize a loss amount equal to life time expected losses at each reporting date till the financial asset is derecognized.

Accordingly, the Company has developed ECL model for testing of impairment of loans and advances.

(₹ In Lakhs)

Notes Forming part of Financial Statements

for year ended March 31, 2020

Reconciliation of Equity*

PARTICULARS	Notes to Reconciliation	As at date of transition April 01, 2018			As at March 31, 2019	
		Previous GAAP#	Adjustment on transition to Ind AS	Ind AS	Previous GAAP#	Adjustment on transition to Ind AS
ASSETS						
Financial Assets						
Cash and cash equivalents		764.14	Nil	764.14	3,371.29	Nil
Bank Balance other than above		1,491.32	Nil	1,491.32	2,282.05	Nil
Loans	1(a), 3, 4, 7	31,380.07	(549.38)	30,830.69	42,311.39	4,961.87
Investments	1(b)	270.16	40.43	310.59	270.16	61.48
Other Financial assets	5, 6	302.24	37.21	339.45	301.65	6.55
Non-financial Assets						
Deferred tax Assets (Net)	9	90.30	105.68	195.98	143.90	101.11
Property, Plant and Equipment		118.14	Nil	118.14	247.90	Nil
Other Intangible assets		18.72	Nil	18.72	23.75	Nil
Other non-financial assets		17.77	Nil	17.77	37.99	Nil
Total Assets		34,452.86	(366.06)	34,086.80	48,990.08	5,131.01
LIABILITIES AND EQUITY						
LIABILITIES						
Financial Liabilities						
(i) Other Payables						
(i) total outstanding dues of micro enterprises and small enterprises						
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	6	26.57	Nil	26.57	183.53	(86.62)
Debt Securities	4	3,330.00	(27.74)	3,302.26	3,330.00	(12.81)
Borrowings (Other than Debt Securities)	4, 7	25,662.58	(140.04)	25,522.54	35,298.24	5,368.16
Subordinated Liabilities		1,000.00	Nil	1,000.00	1,000.00	Nil
Other financial liabilities		305.89	Nil	305.89	764.59	Nil
Non Financial Liabilities						
Current tax Liability (Net)		157.05	Nil	157.05	340.95	Nil
Provisions		12.24	Nil	12.24	24.03	Nil
Other non-financial liabilities		46.44	Nil	46.44	61.20	Nil
Equity						
Equity Share capital		1,517.50	Nil	1,517.50	2,417.50	Nil
Other Equity	1 to 9	2,394.59	(198.28)	2,196.31	5,570.04	(137.72)
Total Equity & Liabilities		34,452.86	(366.06)	34,086.80	48,990.08	5,131.01
						54,121.09

Notes Forming part of Financial Statements

for year ended March 31, 2020

Reconciliation of Total Comprehensive Income for the Year Ended March 31, 2019*:

(₹ In Lakhs)

Particulars	Notes to Reconciliation	Previous GAAP	Adjustment on transition to Ind AS	Ind AS
(1) Revenue from operations				
Interest Income	5,7	8,889.59	49.70	8,939.29
Fees and Commission Income	4	590.16	(202.45)	387.71
Income from Current Investment in Mutual Fund- Fair value through Profit & Loss	1(b)	Nil	21.04	21.04
Total Revenue from operations (1)		9,479.75	(131.71)	9,348.04
(2) Other Income		49.63	Nil	49.63
(3) Total Income (1-2)		9,529.38	(131.71)	9,397.67
(4) Expenses				
Finance Costs	7,4	4,373.48	8.02	4,381.50
Impairment of Financial Assets	3	562.50	(191.55)	370.95
Employee Benefits Expenses	2,6	1,660.22	(41.69)	1,618.53
Depreciation and Amortization		37.45	Nil	37.45
Others expenses		773.89	Nil	773.89
Total Expenses (4)		7,407.54	(225.22)	7,182.32
(5) Profit / (loss) before exceptional items and tax (3-4)		2,121.84	93.51	2,215.35
(6) Tax Expense:				
(1) Current Tax		680.00	Nil	680.00
(2) Deferred Tax	9	(53.61)	21.28	(32.33)
(7) Profit/(loss) for the period (5-6)		1,495.45	72.23	1,567.68
(8) Other Comprehensive Income				
(A) (i) Items that will not be classified to Profit or loss				
- Remeasurement of Defined Benefit Obligations	2	Nil	(2.65)	(2.65)
(ii) Income tax relating to items that will not be reclassified to profit or loss	2	Nil	0.77	0.77
Subtotal (A)		Nil	(1.88)	(1.88)
(B) (i) Items that will be reclassified to profit or loss				
- Fair Value Gain/(loss) on Financial assets measured Through OCI	1(a)	Nil	(55.06)	(55.06)
(ii) Income tax relating to items that will be reclassified to profit or loss	1(a)	Nil	15.90	15.90
Subtotal (B)		Nil	(39.16)	(39.16)
Other Comprehensive Income (A + B)		Nil	(41.04)	(41.04)
(9) Total Comprehensive Income for the period (7+8) (Comprising Profit (Loss) and other Comprehensive Income for the period)		1,495.45	31.19	1,526.64

* Ind AS 101 requires reconciliations of its equity reported in accordance with previous GAAP to its equity in accordance with Ind AS and a reconciliation to its total comprehensive income in accordance with Ind AS for the latest period in the entity's most recent annual financial statements. The Company has chosen to provide reconciliation of amount reported in accordance with previous GAAP to amount reported under Ind AS for each line item of balance sheet and statement of profit and loss as an additional disclosure.

The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

Notes Forming part of Financial Statements

for year ended March 31, 2020

Notes to the reconciliations:

1 Fair Value of Financial Assets

- a) The Company has business model of sale the loan portfolio through assignment or hold the loan portfolio and therefore, the Company recognizes its loan portfolio through FVOCI as per IND AS 109. While under Previous GAAP, loans and advances were carried at their carrying amount. Accordingly, at the date of transition to Ind AS, difference between the fair value of loan and Previous GAAP carrying amount has been recognised as a separate component of loans and advances, in the FVOCI reserve, net of related deferred taxes. An amount of ₹17.11 lakhs has been adjusted in retained earning as on 1 April 2018. Further, ₹55.05 lakhs has been recognised in FVOCI during the year ended 31 March 2019.
- b) Under Previous GAAP, the Company accounted for long term investments in Mutual Funds as investment measured at cost or net realisable value of investments, whichever is lower. Under Ind AS, financial assets representing investment in Mutual Funds have to be fair valued. At the date of transition to Ind AS, difference between the instruments fair value and Previous GAAP carrying amount has been recognised in the Statement of Profit & Loss, net of related deferred taxes. Accordingly, an amount of ₹40.43 lakhs has been recognised in Statement of Profit & Loss for the year ended 31 March 2019. Further an amount of ₹21.04 lakhs has been recognised as increase in investments as on 1 April 2018.

2 Actuarial gain and loss

Under Ind AS, all actuarial gains and losses are recognised in other comprehensive income. Under Previous GAAP, the Company recognised actuarial gains and losses in the statement of profit or loss. However, this has no major impact on the total comprehensive income and total equity as on 1 April 2018 or as on 31 March 2019.

3 Loss allowance

Under Previous GAAP, the Company has created provision for impairment of loans to customer as per the guidelines specified by RBI. Under Ind AS, the Company has recognised impairment loss on loans based on the expected credit loss model as required by Ind AS 109. Consequently, the Company impaired its loans and advances by ₹222.89 lakhs on 1 April 2018 which has been eliminated against retained earnings. Further, Reversal of impairment amounting ₹191.55 lakhs has been recognised in the statement of profit and loss for the year ended on 31 March 2019.

4 EIR

Under Previous GAAP, transaction cost charged to customers were recognised upfront while under Ind AS, such costs are included in the initial recognition amount of financial asset and recognised as interest income using effective interest method. Consequently, loan to customer on the date of transition as on 1 April 2018 have decreased by ₹343.63 Lakhs which has been eliminated against retained earnings. The impact of ₹202.45 Lakhs for the year ended on 31 March 2019 has been recognised in the statement of profit and loss.

Under Previous GAAP, transaction cost incurred on borrowings were recognised upfront while under Ind AS, such cost are included in the initial recognition amount of financial Liabilities and recognised as Fees & Commission Expense using effective interest method. Consequently, borrowings on the date of transition date have increased by ₹23.40 Lakhs and Fees and commission expense for the year ended 31 March 2019 has decreased by ₹75.97 Lakhs.

5 Interest reversal on stage 3 financial assets

Under Previous GAAP, the Company did not accrue interest on stage 3 assets. Under Ind AS, the Company has recognized interest on stage 3 assets resulting into an income of ₹37.21 Lakhs on the date of transition which has been recognised in retained earnings. The negative impact of ₹12.43 Lakhs for the year ended 31 March 2019 has been adjusted in the statement of profit and loss.

Notes Forming part of Financial Statements

for year ended March 31, 2020

6 Employee Stock Option Scheme

Under Previous GAAP, ESOP Expenses Related to 2017-18 were booked in the Year 2018-19, While under IND AS such Expenses were adjusted in Retained Earnings as on 01 April, 2018. Under Previous GAAP, Stock options of Holding granted to the Employees of company were shown as part of Other Payables, while under IND AS such amount is shown as Capital Contribution from Holding Company.

7 Assignment of loan portfolio:

The Company derecognizes the loan portfolio assigned to assignees under Previous GAAP. Under Ind AS, such Transaction is not liable to de recognition, hence re recognized Retrospectively i.e., at the time of origination of transaction. This has resulted in increase in Interest income and Interest expense as on 31 March 2019 by ₹62.14 Lakhs and ₹46.98 Lakhs Respectively.

8 Other comprehensive income

Under Previous GAAP, the Company did not present OCI separately. Hence, it has reconciled Previous GAAP profit and loss to profit and loss as per Ind AS. Further, Previous GAAP profit and loss is reconciled to total comprehensive income as per Ind AS.

9 Deferred tax

Previous GAAP requires deferred tax accounting using the profit and loss approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences arising on account of transitional differences adjustments which were not required under Previous GAAP.

In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the Company has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity.

Notes Forming part of Financial Statements

for year ended March 31, 2020

32. Contingent liabilities not provided for: -

(₹ In Lakhs)

PARTICULARS	As at March 31, 2020	As at March 31, 2019
(A) Contingent liabilities		
Disputed Demand of Tax		
i) Income Tax Act	0.04	0.00
ii) TDS	0.14	2.38

33. Corporate social responsibility ("CSR") expenses:

The gross amount required to be spent by the Company during the year towards CSR is ₹24.54 lakhs (March 31, 2019: ₹15.37 lakhs) as per section 135 of the Act. Details of amount spent towards CSR as below

(₹ In Lakhs)

Sr. No.	Particulars	In Cash	Yet to be paid in Cash	Total
1	Construction/ acquisition of assets	Nil	Nil	Nil
2	Other purpose (Other than 1 above)	1.68	22.86	24.54

34. Leasing Arrangements:

The Company has entered into leave and license agreements for taking office premises along with furniture and fixtures as applicable and Branch premises on rental basis ranging from 11 to 60 months. The Company has given refundable, interest free security deposits under certain agreements. Certain agreements contain provision for renewal and further there are no sub-leases.

I. Transition to Ind AS 116 Leases:

The Ministry of Corporate Affairs ("MCA") through the Companies (Indian Accounting Standards) Amendment Rules, 2019 has notified Ind AS 116 Leases ('Ind AS 116') which replaces the existing lease standard, Ind AS 17 Leases. Ind AS 116 sets out the principles for recognition, measurement, presentation and disclosure of leases for both lessees and lessors.

Effective April 01, 2019, the Company has adopted Ind AS 116 – Leases and applied the standard to all lease contracts existing on April 01, 2019 using the modified retrospective method. The Company has recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate at the date of initial application and right of use asset at an amount equal to the lease liability adjusted for any prepayments/accruals recognized in the balance sheet as on March 31, 2019. There is no impact on retained earnings as on April 01, 2019.

The Company has elected below practical expedients on transition to Ind AS 116:

1. Applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
2. Applied the exemption not to recognise right of use assets and lease liabilities with less than 12 months of lease term on the date of initial application.
3. Excluded the initial direct costs from the measurement of right of use asset at the date of initial application.
4. Elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Company relied on its assessment made applying Ind AS 17 Leases.

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified assets for a period of time in exchange for consideration. The Company has adopted Ind AS 116, effective annual reporting period beginning April 01, 2019 and applied the standards to its leases, prospectively, applying the standards on initial application without making any adjustment to opening balance of retained earnings.

Notes Forming part of Financial Statements

for year ended March 31, 2020

The Company has elected not to apply the requirements of Ind AS 116 to short term leases of all the assets that have a lease term of twelve months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term. The weighted average incremental borrowing rate applied to lease liabilities as at April 01, 2019 is 14.00%.

II. Amount Recognized in Profit & loss Account During the year

(₹ In Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
i) Expenses related to Short Term Lease	200.94	147.51
ii) Lease Expenses	6.74	-
Total	207.68	147.51

III. Amounts recognised in statement of cash flows (including Interest Component)

(₹ In Lakhs)

Particulars	As at March 31, 2020
Total cash outflow for leases	16.65

IV. Maturity analysis of lease liabilities

(₹ In Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Maturity Analysis of contractual undiscounted cash flows:		
Within one year	17.49	16.65
After one year but not more than five years	79.13	75.36
More than five years	-	21.25
Total undiscounted lease liabilities as at 31st March, 2020	96.62	113.27
Balances of Lease Liabilities		
Non-Current	67.20	-
Current	11.60	-
Total Lease Liability	78.80	-

35. Segment Reporting:

Operating segment are components of the Company whose operating results are regularly reviewed by the Chief Operating Decision Maker ("CODM") to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

The Company is engaged primarily on the business of "Financing" only, taking into account the risks and returns, the organization structure and the internal reporting systems. All the operations of the Company are in India. All non-current assets of the Company are located in India. Accordingly, there are no separate reportable segments as per Ind AS 108 – "Operating segments".

36. Related Party Disclosures as required by IND AS 24 - Related Party Disclosure:

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

A) Holding Company

Arman Financial Services Limited

Notes Forming part of Financial Statements

for year ended March 31, 2020

B) Key Managerial Personnel

Mr. Jayendra Patel

Mr. Aalok Patel

C) Non-Executive Director and Relatives of Key Managerial Personnel

Name of Party	Related party Relationship
Mr. Ramakant Nagpal	Independent Director
Mrs. Ritaben Patel	Non-Executive Director
Jayendra B Patel (HUF)	Key Managerial personnel is Karta
Raaj Enterprise	Key Managerial personnel is proprietor
Mrs. Sachi Patel	Relative of Director
Mrs. Sajni Patel	Relative of Key Managerial Personnel
Aalok Patel (HUF)	Key Managerial personnel is Karta
Aakash Patel (HUF)	Director is Karta

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

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

E) Details of Transactions with related parties carried out in the ordinary course of business: (₹ In Lakhs)

Particulars	Year Ended March 31, 2020				Total
	Holding Company	Key Managerial Personnel	Other Director and Relatives of person who has control or significant influence on KMP	Entities in which KMP have control or significant influence	
Income					
Interest Income	137.89	-	-	-	137.89
Expenses					
Interest Expense	8.11	-	-	-	8.11
Remuneration & perquisites Paid	-	47.54	-	-	47.54
Sitting fees	-	-	0.90	-	0.90
Rent paid	-	-	18.98	-	18.98
Unsecured Loans					
Unsecured Loan Granted	82,676.51	-	-	-	82,676.51
Unsecured Loan Received (Including Interest)	83,068.68	-	-	-	83,068.68

Notes Forming part of Financial Statements

for year ended March 31, 2020

(₹ In Lakhs)

Year Ended March 31, 2019					
Particulars	Holding Company	Key Managerial Personnel	Other Director and Relatives of person who has control or significant influence on KMP	Entities in which KMP have control or significant influence	Total
Income					
Interest Income	117.13	-	-	-	117.13
Expense					
Remuneration & perquisites Paid	-	47.54	-	-	47.54
Sitting fees	-	-	0.75	-	0.75
Rent paid	-	-	18.07	-	18.07
Unsecured Loans					
Unsecured Loan Granted	54,074.05	-	-	-	54,074.05
Unsecured Loan Received (Including Interest)	54,754.19	-	-	-	54,754.19

Details of Balances Outstanding from Related Parties:

(₹ In Lakhs)

As at 31st March, 2020					
Particulars	Holding Company	Key Managerial Personnel	Other Director and Relatives of person who has control or significant influence on KMP	Entities in which KMP have control or significant influence	Total
Loan Taken Outstanding Balance	251.48	-	-	-	251.48
Issuance of equity shares of holding to the employees of company at discount	77.30	-	-	-	77.30
Corporate Guarantee Given for loan taken by subsidiary company	25,200.00	-	-	-	25,200.00
O/s Loan against Corporate Guarantee	13,950.03	-	-	-	13,950.03

Notes Forming part of Financial Statements

for year ended March 31, 2020

(₹ In Lakhs)

As at March 31, 2019					
Particulars	Holding Company	Key Managerial Personnel	Other Director and Relatives of person who has control or significant influence on KMP	Entities in which KMP have control or significant influence	Total
Loan Given Outstanding Balance	16.59	-	-	-	16.59
Issuance of equity shares of holding to the employees of company at discount	68.40	-	-	-	68.40
Corporate Guarantee given by the Holding Company in respect of loan taken by the company	17,050.00	-	-	-	17,050.00
O/s Loan against Corporate Guarantee	10,356.50	-	-	-	10,356.50

(₹ In Lakhs)

As at April 01, 2018					
Particulars	Holding Company	Key Managerial Personnel	Other Director and Relatives of person who has control or significant influence on KMP	Entities in which KMP have control or significant influence	Total
Loan Given Outstanding Balance	579.60	-	-	-	579.60
Issuance of equity shares of holding to the employees of company at discount	39.05	-	-	-	39.05
Sales under securitization	1,800.96	-	-	-	1,800.96
Corporate Guarantee given by the Holding Company in respect of loan taken by the company	18,750.00	-	-	-	18,750.00
O/s Loan against Corporate Guarantee	13,586.20	-	-	-	13,586.20

F) 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:

(₹ In Lakhs)

Nature of Payments	Related Party	2019-20	2018-19
Interest Expense	Arman Financial Services Limited	8.11	Nil
Interest Income	Arman Financial Services Limited	137.89	117.13
Loan granted during the year	Arman Financial Services Limited	82,676.51	54,074.05
Loan and interest received during the year	Arman Financial Services Limited	83,068.68	54,754.19
Equity contribution	Arman Financial Services Limited	990.00	2,580.00
Remuneration	Aalok Patel	21.04	21.04
	Jayendra Patel	26.50	26.50
Rent	Ritaben J. Patel	15.22	14.50
Sitting Fees	Ritaben J. Patel	0.50	0.40
	Ramakant Nagpal	0.40	0.35
Corporate Guarantee given by the Holding Company in respect of loan taken by the company	Arman Financial Services Limited	25,200.00	17,050.00
O/s Loan against Corporate Guarantee		13,950.03	13,586.20

Notes Forming part of Financial Statements

for year ended March 31, 2020

- G) The remuneration of key management personals are determined by the nomination and remuneration committee having regard to the performance of individuals and market trends.

Key managerial personnel who are under the employment of the Company are entitled to post employment benefits and other employee benefits recognised as per Ind AS 19 - Employee Benefits in the financial statements.

Transactions with key management personnel are as follows:

(₹ In Lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Post-employment Benefits	Nil	Nil
Other Long-Term Employment Benefits	Nil	Nil

37. Revenue from contracts with customers:

Refer note no. 3.1 of significant accounting policies to the financial statements

38. Under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act") which came into force from October 2, 2006, certain disclosures are required to be made relating to micro, small and medium enterprises. There have been no reported cases of delays in payments to micro and small enterprises or of interest payments due to delays in such payments. The disclosure as required by section 22 of MSMED Act has been given below:

(₹ In Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Principal amount payable to suppliers as at year end	Nil	Nil	Nil
Interest due thereon as at year end	Nil	Nil	Nil
Interest amount for delayed payments to suppliers pursuant to provisions of MSMED Act actually paid during the year, irrespective of the year to which the interest relates.	Nil	Nil	Nil
Amount of delayed payment actually made to suppliers during the year	Nil	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	Nil	Nil	Nil
Interest accrued and remaining unpaid at the end of the year	Nil	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006.	Nil	Nil	Nil

Notes Forming part of Financial Statements

for year ended March 31, 2020

39. Amount Expected to be Recovered or Settleed within or after 12 months from reporting date:

The table below shows an analysis of assets and liabilities analysed according to when they are expected to be recovered or settled.

(₹ In Lakhs)

Particulars	Note No.	As at March 31, 2020			As at March 31, 2019			As at April 01, 2018		
		Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
ASSETS										
Financial Assets										
Cash and cash equivalents	1	5,807.94	Nil	5,807.94	3,371.29	Nil	3,371.29	764.14	Nil	764.14
Bank Balance other than above	2	2,405.27	875.04	3,280.31	542.81	1,739.24	2,282.05	776.79	714.53	1,491.32
Loans	3	35,285.41	20,501.15	55,786.56	38,835.10	8,438.16	47,273.26	27,763.29	3,067.40	30,830.69
Investments	4	325.90	Nil	325.90	Nil	331.64	331.64	Nil	310.59	310.59
Other Financial assets	5	369.66	146.15	515.81	165.66	142.54	308.20	180.25	159.20	339.45
Non-financial Assets										
Deferred tax Assets (Net)	6	372.20	Nil	372.20	245.01	Nil	245.01	195.98	Nil	195.98
Property, Plant and Equipment	7	Nil	270.63	270.63	Nil	247.90	247.90	Nil	118.14	118.14
Other Intangible assets	7	Nil	16.88	16.88	Nil	23.75	23.75	Nil	18.72	18.72
Right-of-Use Assets	7	Nil	73.93	73.93	Nil	Nil	Nil	Nil	Nil	Nil
Other non-financial assets	8	15.08	Nil	15.08	37.99	Nil	37.99	17.77	Nil	17.77
Total Assets		44,581.46	21,883.78	66,465.24	43,197.86	10,923.23	54,121.09	29,698.22	4,388.58	34,086.80

Notes Forming part of Financial Statements

for year ended March 31, 2020

(₹ In Lakhs)

Particulars	Note No.	As at March 31, 2020			As at March 31, 2019			As at April 01, 2018		
		Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total	Within 12 Months	After 12 Months	Total
LIABILITIES AND EQUITY										
LIABILITIES										
Financial Liabilities										
(i) Other Payables	9	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(i) total outstanding dues of micro enterprises and small enterprises										
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises		78.00	Nil	78.00	96.91	Nil	96.91	26.57	Nil	26.57
Debt Securities	10	Nil	4,117.09	4,117.09	3,317.19	Nil	3,317.19	Nil	3,302.26	3,302.26
Borrowings (Other than Debt Securities)	11	24,241.85	23,596.29	47,838.14	22,945.55	17,720.85	40,666.40	15,631.61	9,890.93	25,522.54
Subordinated Liabilities	12	Nil	1,000.00	1,000.00	Nil	1,000.00	1,000.00	Nil	1,000.00	1,000.00
Other financial liabilities	13	1,767.38	67.20	1,834.58	764.59	Nil	764.59	305.89	Nil	305.89
Non-Financial Liabilities										
Current tax Liability (Net)	14	80.32	Nil	80.32	340.95	Nil	340.95	157.05	Nil	157.05
Provisions	15	23.78	20.99	44.77	13.56	10.47	24.03	8.57	3.67	12.24
Other non-financial liabilities	16	86.82	Nil	86.82	61.20	Nil	61.20	46.44	Nil	46.44
EQUITY										
Equity Share capital	17	Nil	2,717.50	2,717.50	Nil	2,417.50	2,417.50	Nil	1,517.50	1,517.50
Other Equity	18	Nil	8,668.02	8,668.02	Nil	5,432.32	5,432.32	Nil	2,196.31	2,196.31
Total Liabilities and Equity		26,278.15	40,187.09	66,465.24	27,539.95	26,581.14	54,121.09	16,176.13	17,910.67	34,086.80

Notes Forming part of Financial Statements

for year ended March 31, 2020

40 Fair Value Measurements

A Financial instrument by category and their fair value

(₹ In Lakhs)

As at March 31, 2020	Note No.	Carrying Amount			Fair Value		
		Amortised Cost	FVOCI	Level 1	Level 2	Level 3	Total
Financial Assets Measured at Fair value							
Loans	3	Nil	55,852.26	Nil	55,852.26	Nil	55,852.26
Investment in Mutual Funds	4	325.90	Nil	325.90	Nil	Nil	325.90
Financial Assets Not Measured at Fair value							
Cash and Cash Equivalents	1	5,807.94	Nil	Nil	Nil	Nil	Nil
Bank Balances other than cash and Cash Equivalent	2	3,280.31	Nil	Nil	Nil	Nil	Nil
Security Deposits	5	335.09	Nil	Nil	Nil	Nil	Nil
Other Loans	5	90.58	Nil	Nil	Nil	Nil	Nil
Interest Due but not Received on Loans and Advances	5	65.70	Nil	Nil	Nil	Nil	Nil
Interest Accrued but not due on Bank Deposits	5	24.44	Nil	Nil	Nil	Nil	Nil
Total		9,929.96	55,852.26	325.90	5,852.26	Nil	56,178.16
Financial Liabilities Not Measured at Fair value							
Other Payables	9	78.00	Nil	Nil	Nil	78.00	78.00
Debt Securities	10	4,117.09	Nil	Nil	Nil	4,117.09	4,117.09
Borrowings (Other than Debt Securities)	11	47,838.14	Nil	Nil	Nil	47,838.14	47,838.14
Subordinated Liabilities	12	1,000.00	Nil	Nil	Nil	1,000.00	1,000.00
Other financial liabilities	13	1,834.60	Nil	Nil	Nil	1,834.60	1,834.60
Total Financial Liabilities		54,867.83	Nil	Nil	Nil	54,867.83	54,867.83

(₹ In Lakhs)

As at March 31, 2019	Note No.	Carrying Amount			Fair Value		
		Amortised Cost	FVOCI	Level 1	Level 2	Level 3	Total
Financial Assets Measured at Fair value							
Loans	3	16.59	47,290.89	Nil	47,290.89	Nil	7,290.89
Investment in Mutual Funds	4	331.64	Nil	331.64	Nil	Nil	331.64
Financial Assets Not Measured at Fair value							
Cash and Cash Equivalents	1	3,371.29	Nil	Nil	Nil	Nil	Nil
Bank Balances other than cash and Cash Equivalent	2	2,282.05	Nil	Nil	Nil	Nil	Nil
Security Deposits	5	259.21	Nil	Nil	Nil	Nil	Nil
Other Loans	5	3.74	Nil	Nil	Nil	Nil	Nil
Interest Due but not Received on Loans and Advances	5	34.22	Nil	Nil	Nil	Nil	Nil
Interest Accrued but not due on Bank Deposits	5	11.03	Nil	Nil	Nil	Nil	Nil
Total		6,309.77	47,290.89	331.64	47,290.89	Nil	47,622.53

Notes Forming part of Financial Statements

for year ended March 31, 2020

(₹ In Lakhs)

As at March 31, 2019	Note No.	Carrying Amount			Fair Value		
		Amortised Cost	FVOCI	Level 1	Level 2	Level 3	Total
Financial Liabilities Not Measured at Fair value							
Other Payables	9	96.91	Nil	Nil	Nil	96.91	96.91
Debt Securities	10	3,317.19	Nil	Nil	Nil	3,317.19	3,317.19
Borrowings (Other than Debt Securities)	11	40,666.40	Nil	Nil	Nil	40,666.40	40,666.40
Subordinated Liabilities	12	1,000.00	Nil	Nil	Nil	1,000.00	1,000.00
Other financial liabilities	13	764.59	Nil	Nil	Nil	764.59	764.59
Total Financial Liabilities		45,845.09	Nil	Nil	Nil	45,845.09	45,845.09

(₹ In Lakhs)

As at April 01, 2018	Note No.	Carrying Amount			Fair Value		
		Amortised Cost	FVOCI	Level 1	Level 2	Level 3	Total
Financial Assets Measured at Fair value							
Loans	3	579.60	30,251.08	Nil	30,251.08	Nil	30,251.08
Investment in Mutual Funds	4	310.59	Nil	310.59	Nil	Nil	310.59
Financial Assets Not Measured at Fair value							
Cash and Cash Equivalents	1	764.14	Nil				
Bank Balances other than cash and Cash Equivalent	2	1,491.32	Nil				
Security Deposits	5	282.69	Nil				
Other Loans	5	6.59	Nil				
Interest Due but not Received on Loans and Advances	5	46.77	Nil				
Interest Accrued but not due on Bank Deposits	5	3.40	Nil				
Total		3,485.10	30,251.08	310.59	30,251.08	Nil	30,561.67

Financial Liabilities Not Measured at Fair value

Other Payables	9	26.57	Nil	Nil	Nil	26.57	26.57
Debt Securities	10	3,302.26	Nil	Nil	Nil	3,302.26	3,302.26
Borrowings (Other than Debt Securities)	11	25,522.54	Nil	Nil	Nil	25,522.54	25,522.54
Subordinated Liabilities	12	1,000.00	Nil	Nil	Nil	1,000.00	1,000.00
Other financial liabilities	13	305.89	Nil	Nil	Nil	305.89	305.89
Total Financial Liabilities		30,157.26	Nil	Nil	Nil	30,157.26	30,157.26

The Company has not disclosed the fair values for cash and cash equivalents, bank balances, Security Deposits, Other Loans, interest due but not Received on loans and advances and Interest Accrued but not due on Bank Deposits, Other payables and other financial liabilities as these are short term in nature and their carrying amounts are a reasonable approximation of fair value.

Notes Forming part of Financial Statements

for year ended March 31, 2020

B Measurement of fair values

I. Valuation techniques and significant unobservable inputs

The carrying amounts of financial assets and liabilities which are at amortised cost are considered to be the same as their fair values as there is no material differences from the carrying values presented.

II. Financial instruments - fair value

The fair value of financial instruments as referred to in note (A) above have been classified into three categories depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurement).

The categories used are as follows:

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices;

Level 2: The fair value of financial instruments that are not traded in active market is determined using valuation technique which maximizes the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value on instrument are observable, the instrument is included in level 2; and

Level 3: If one or more of significant input is not based on observable market data, the instrument is included in level 3.

III. Transfers between levels I and II

There has been no transfer in between level I and level II.

IV. Valuation techniques

Loans

The Company has computed fair value of the loans and advances through OCI considering its business model. These have been fair valued using the base of the interest rate of loan disbursed in the last seven days of the year end which is an observable input and therefore these has been considered to be fair valued using Level 3 inputs.

C Capital:

The Company maintains an actively managed capital base to cover risks inherent in the business and is meeting the capital adequacy requirements of the local banking supervisor, RBI. The adequacy of the Company's capital is monitored using, among other measures, the regulations issued by RBI.

The Company has complied in full with all its externally imposed capital requirements over the reported period. Equity share capital and other equity are considered for the purpose of Company's capital management.

C.1 Capital management

The primary objectives of the Company's capital management policy are to ensure that the Company complies with externally imposed capital requirements and maintains strong credit ratings and healthy capital ratios in order to support its business and to maximize shareholder value.

The Company manages its capital structure and makes adjustments to it according to changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes have been made to the objectives, policies and processes from the previous years. However, they are under constant review by the Board.

Notes Forming part of Financial Statements

for year ended March 31, 2020

C.2 Regulatory capital

(₹ In Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Tier 1 Capital	10,922.52	7,581.08	3,269.40
Tier 2 Capital	1,278.51	1,289.42	1,000.00
Risk Weighted Assets	56,466.35	47,768.11	31,228.89
Tier 1 Capital Ratio (%)	19.34%	15.87%	10.47%
Total Capital Ratio (%)	21.61%	18.57%	13.67%

Tier 1 capital consists of shareholders' equity and retained earnings. Tier 2 capital consists of general provision and loss reserve against standard assets and subordinated debt (subject to prescribed discount rates and not exceeding 50% of Tier 1).

41 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES:

The Company's principal financial liabilities comprise borrowings and trade payables. The main purpose of these financial liabilities is to finance the Company's operations and to support its operations. The Company's financial assets include loan and advances, cash and cash equivalents that derive directly from its operations.

The Company is exposed to credit risk, liquidity risk and market risk. The Company's board of directors has an overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company's risk management committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

I Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counter-party to financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers and loans.

The carrying amounts of financial assets represent the maximum credit risk exposure.

Loans and advances:

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry.

The risk management committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, financial statements, credit agency information, industry information etc.

Notes Forming part of Financial Statements

for year ended March 31, 2020

The Company's exposure to credit risk for loans and advances by type of counterparty is as follows:

(₹ In Lakhs)

Particulars	Carrying amount		
	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Retail assets	55,786.56	47,256.67	30,251.08
Loans to NBFC-to Create the underlying assets of SME, TW	Nil	16.59	579.60
Total	55,786.56	47,273.26	30,830.68

An impairment analysis is performed at each reporting date based on the facts and circumstances existing on that date to identify expected losses on account of time value of money and credit risk. For the purposes of this analysis, the loan receivables are categorised into groups based on days past due. Each group is then assessed for impairment using the ECL model as per the provisions of Ind AS 109 - financial instruments.

As per Ind AS 109, Company is required to group the portfolio based on the shared risk characteristics. Company has assessed the risk and its impact on the various portfolios but the company has only one portfolio group i.e. Micro Finance to JLG group.

Staging:

As per the requirement of Ind AS 109 general approach all financial instruments are allocated to stage 1 on initial recognition except originated credit-impaired financial assets which are considered to be under stage 3 on day of origination. However, if a significant increase in credit risk is identified at the reporting date compared with the initial recognition, then an instrument is transferred to stage 2. If there is objective evidence of impairment, then the asset is credit impaired and transferred to stage 3.

The Company considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments.

For financial assets in stage 1, the impairment calculated based on defaults that are possible in next twelve months, whereas for financial instrument in stage 2 and stage 3 the ECL calculation considers default event for the lifespan of the instrument.

As per Ind AS 109, Company assesses whether there is a significant increase in credit risk at the reporting date from the initial recognition. Company has staged the assets based on the Day past dues criteria and other market factors which significantly impacts the portfolio.

Days past dues status	Stage	Provisions
Current	Stage 1	12 months provision
1-30 days	Stage 1	12 months provision
31-60 days	Stage 2	Lifetime Provision
61-90 days	Stage 2	Lifetime Provision
90+ days	Stage 3	Lifetime Provision

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company is exposed to credit risk from its operating activities, cash and cash equivalents and other financial instruments.

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to the customer credit risk management. Outstanding customer receivables are regularly monitored and taken up on case to case basis. The Company has adopted a policy of dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure and the credit scores of its counterparties are continuously monitored. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management team on a regular basis. The

Notes Forming part of Financial Statements

for year ended March 31, 2020

Company evaluates the concentration of risk with respect to loan receivables as low, as its customers are located in several jurisdictions representing large number of minor receivables operating in largely independent markets. The credit risk on cash and bank balances and derivative financial instruments is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

EXPECTED CREDIT LOSS FOR LOANS:

The Company considers default in all cases when the borrower becomes 90 days past due on its contractual payments. The Expected Credit Loss (ECL) is measured at 12-month ECL for Stage 1 loan assets and at lifetime ECL for Stage 2 and Stage 3 loan assets. ECL is the product of the Probability of Default, Exposure at Default and Loss Given Default.

Marginal probability of default:

PD is defined as the probability of whether borrowers will default on their obligations in the future. Historical PD is derived from NBFC internal data calibrated with forward looking macroeconomic factors. For computation of probability of default ("PD"), Vasicek Single Factor Model was used to forecast the PD term structure over lifetime of loans. As per Vasicek model, given long term PD and current macroeconomic conditions, conditional PD corresponding to current macroeconomic condition is estimated. Company has worked out on PD based on the last five years historical data.

Marginal probability:

The PDs derived from the Vasicek model, are the cumulative PDs, stating that the borrower can default in any of the given years, however to compute the loss for any given year, these cumulative PDs have to be converted to marginal PDs. Marginal PDs is probability that the obligor will default in a given year, conditional on it having survived till the end of the previous year.

Conditional marginal probability:

As per Ind AS 109, expected loss has to be calculated as an unbiased and probability-weighted amount for multiple scenarios.

Based on the historical loss experience, adjustments need to be made on the average PD computed to give effect of the current conditions which is done through management overlay by assigning probability weightages to different scenarios.

LGD:

LGD is an estimate of the loss from a transaction given that a default occurs. Under Ind AS 109, lifetime LGD's are defined as a collection of LGD's estimates applicable to different future periods.

Various approaches are available to compute the LGD. Company has considered workout LGD approach. The following steps are performed to calculate the LGD:

- 1) Analysis of historical credit impaired accounts at cohort level.
- 2) The computation consists of five components, which are:
 - a) Outstanding balance (POS).
 - b) Recovery amount (discounted yearly) by initial contractual rate.
 - c) Expected recovery amount (for incomplete recoveries), discounted to reporting date using initial contractual rate.
 - d) Collateral (security) amount.

The formula for the computation is as below:

$$\% \text{ Recovery rate} = (\text{discounted recovery amount} + \text{security amount} + \text{discounted estimated recovery}) / (\text{total POS})$$

$$\% \text{ LGD} = 1 - \text{recovery rate}$$

Notes Forming part of Financial Statements

for year ended March 31, 2020

EAD:

As per Ind AS 109, EAD is estimation of the extent to which the financial entity may be exposed to counterparty in the event of default and at the time of counterparty's default. Company has modelled EAD based on the contractual and behavioral cash flows till the lifetime of the loans considering the expected prepayments. Company has considered expected cash flows for all the loans at DPD bucket level for each of the segments, which was used for computation of ECL. Moreover, the EAD comprised of principal component, accrued interest and also the future interest for the outstanding exposure. So discounting was done for computation of expected credit loss.

Discounting:

As per Ind AS 109, ECL is computed by estimating the timing of the expected credit shortfalls associated with the defaults and discounting them using effective interest rate.

Changes in ECL allowances in relation to loans from beginning to end of reporting period:

(₹ In Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Opening provision of ECL	523.33	545.04
Addition during the year	1,268.48	487.47
Utilization / reversal during the year	(451.97)	(509.17)
Closing provision of ECL	1,339.85	523.33

The Company has taken expert advise from Actuary Valuer for making provision for ECL and accounted ECL provision based on Valuation report provided by Kapadia Actuaries and Consultants.

II Liquid Risk:

Liquidity risk is the risk that the Company will encounter difficulty in meeting its obligations associated with its financial liabilities. The Company's approach in managing liquidity is to ensure that it will have sufficient funds to meet its liabilities when due.

The Company is monitoring its liquidity risk by estimating the future inflows and outflows during the start of the year and planned accordingly the funding requirement. The Company manages its liquidity by unutilized cash credit facility, term loans and direct assignment.

The composition of the Company's liability mix ensures healthy asset liability maturity pattern and well diverse resource mix.

Capital adequacy ratio of the Company, as on 31 March 2020 is 21.61% against regulatory norms of 15%. Tier I capital is 19.34% as against requirement of 10%. Tier II capital is 2.26% which may increase from time to time depending on the requirement and also as a source of structural liquidity to strengthen asset liability maturity pattern.

The total cash credit limit available to the Company is ₹374 lakhs spread across 2 banks. The utilization level is maintained in such a way that ensures sufficient liquidity on hand. Majority of the Company's portfolio is MSME loans which qualifies as Priority Sector Lending. During the year, the Company has maintained around 5% to 10% of assets under management as off book through direct assignment transactions. It is with door to door maturity and without recourse to the Company. This further strengthens the liability management.

The table below summarizes the maturity profile of the Company's non derivative financial liabilities based on contractual undiscounted payments along with its carrying value as at the balance sheet date.

Notes Forming part of Financial Statements

for year ended March 31, 2020

(₹ In Lakhs)

Particulars	1 Day to 30/31 Days (One Month)	Over One Month to 2 Months	Over 2 Months up to 3 Months	Over 3 Months to 6 Months	Over 6 Months to 1 Year	Over 1 Year to 3 Years	Over 3 Year to 5 Years	Over 5 Years	Total
As at March 31, 2020									
Debt Securities (Refer Note 10)	Nil	Nil	Nil	Nil	Nil	4,117.09	Nil	Nil	4,117.09
Borrowings & Subordinated Liabilities (Refer Note 11 & 12)	1,788.62	1,624.13	3,394.53	7,371.03	10,063.53	16,951.43	7,644.87	Nil	48,838.14
Trade Payables	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
As at March 31, 2019									
Debt Securities (Refer Note 10)	Nil	Nil	Nil	1,658.60	1,658.60	Nil	Nil	Nil	3,317.19
Borrowings & Subordinated Liabilities (Refer Note 11 & 12)	1,776.46	1,380.40	1,858.84	7,431.13	10,498.72	17,368.98	1,351.87	Nil	41,666.40
Trade Payables	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
As at April 01, 2018									
Debt Securities (Refer Note 10)	Nil	Nil	Nil	Nil	Nil	3,302.26	Nil	Nil	3,302.26
Borrowings & Subordinated Liabilities (Refer Note 11 & 12)	876.42	799.87	799.87	1,578.10	11,577.35	7,982.92	2,024.12	883.89	26,522.54
Trade Payables	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

III Market risk :

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk includes interest rate risk and foreign currency risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

IV Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's investment in bank deposits and variable interest rate borrowings and lending. Whenever there is a change in borrowing interest rate for the Company, necessary change is reflected in the lending interest rates over the timeline in order to mitigate the risk of change in interest rates of borrowings.

Notes Forming part of Financial Statements

for year ended March 31, 2020

Sensitivity

The sensitivity analysis have been carried out based on the exposure to interest rates for bank deposits, lending and borrowings carried at variable rate.

(₹ In Lakhs)

Change in interest rates	For the year ended on March 31, 2020	
	50 bp increase	50 bp decrease
Bank Deposits (Refer Note 2)	3,280.31	3,280.31
Impact on profit for the year	16.40	(16.40)
Variable Rate Borrowings (Refer Note 11)	48,293.44	48,293.44
Impact on profit for the year	(241.47)	241.47

V Foreign currency risk:

As at March 31, 2020, the company has outstanding foreign currency borrowings of Euro 5 million (March 31, 2019: nil and April 1, 2018: Nil). The Company has undertaken principal swaps and cross currency swaps to hedge the foreign currency risk of the ECB principals. Whereas the company has entered into floating to fixed coupon only swaps and interest rate swaps along with forward contracts to hedge the floating interest and foreign currency risk of the coupon payments. All the derivative instruments are purely for hedging the underlying ECB transactions as per applicable RBI guidelines and not for any speculative purpose.

The Company is exposed to foreign exchange risk arising from foreign currency transactions. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the functional currency of the Company. To mitigate the Company's exposure to foreign currency risk, non-rupee cash flows are monitored and derivative contracts are entered into in accordance with the Company's risk management policies.

VI Foreign currency risk exposure

The Company exposure to foreign currency risk at the end of the reporting period expressed in ₹, are as follows:

(₹ In Lakhs)

Particulars	Currency	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
Financial liabilities				
External commercial borrowings (Refer- Note 11)	Euro	4,150.37	Nil	Nil
(including interest accrued)				
(Gain)/loss: Derivative contract		171.80	Nil	Nil
Sensitivity				
The sensitivity of profit and loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments.				

(₹ In Lakhs)

Particulars	For the Year Ended March 31, 2020	For the Year Ended March 31, 2019
Euro Sensitivity		
INR/Euro-increase by 5%	(207.52)	Nil
INR/Euro-decrease by 5%	207.52	Nil

* Holding all other variables constant

Notes Forming part of Financial Statements

for year ended March 31, 2020

42. Disclosures required in terms of Annexure XIV of the RBI Master Direction DNBR. PD. 008/03.10.119/2016-17 dated 1 September 2016 (updated as on 22 February 2019) "Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 are mentioned as below **(Regulatory (Non-IND AS) Information)**:

A. Capital to risk assets ratio (CRAR)

(₹ In Lakhs)

Sr. No.	Particulars	2019-20	2018-19
(i)	CRAR (%)	21.61%	18.57%
(ii)	CRAR Tier I Capital (%)	19.34%	15.87%
(iii)	CRAR Tier II Capital (%)	2.26%	2.70%
(iv)	Amount of subordinated debt raised as Tier-II Capital	1000	1,000
(v)	Amount raised by issue of perpetual debt instruments	-	-

B. Investments

(₹ In Lakhs)

Particulars	2019-20	2018-19
(1) Value of investments	325.90	331.64
(i) Gross value of investments		
(A) In India	325.90	331.64
(B) Outside India	-	-
(ii) Provision for depreciation		
(A) In India	-	-
(B) Outside India	-	-
(iii) Net value of investments		
(A) In India	325.90	331.64
(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

Forward Rate Agreement / Cross Currency Swaps:

Particulars	As at March 31, 2020	As at March 31, 2019
Notional Principal of swap agreements	4,130.00	Nil
Loss/(profit) which would be incurred if counterparties failed to fulfil their obligations under the agreements	171.81	Nil
Collateral required by the applicable NBFC upon entering into swaps	Nil	Nil
Concentration of credit risk arising from swaps	Nil	Nil
Fair value of the swap book	171.81	Nil

Notes Forming part of Financial Statements

for year ended March 31, 2020

D. Disclosure relating to securitization :

The Company has entered into transaction of Securitization (Sales) of ₹5,897.86 lakhs during the Year Ended March 31, 2020 and previous years (Sales) of ₹5,919.34 lakhs.

(₹ In Lakhs)

Sr No	Particulars	As at March 31, 2020	As at March 31, 2019	As at April 01, 2018
1)	No of SPVs sponsored by the company for securitization transactions	6	4	Nil
2)	Total amount of securitized assets as per books of the SPVs sponsored by the Company	4,642.06	5,713.14	Nil
3)	Total amount of exposures retained by the company to comply with MRR as on the date of balance sheet			
	a) Off-balance sheet exposures			
	• First loss	Nil	Nil	Nil
	• Others	Nil	Nil	Nil
	b) On-balance sheet exposures			
	• First loss	883.17	533.44	Nil
	• Others	Nil	Nil	Nil
4)	Amount of exposures to securitization transactions other than MRR			
	a) Off-balance sheet exposures			
	i) Exposure to own securitizations			
	• First loss	Nil	Nil	Nil
	• Others	Nil	Nil	Nil
	ii) Exposure to third party securitizations			
	• First loss	Nil	Nil	Nil
	• Others	Nil	Nil	Nil
	b) On-balance sheet exposures			
	i) Exposure to own securitizations			
	• First loss	Nil	Nil	Nil
	• Others	Nil	Nil	Nil
	ii) Exposure to third party securitizations			
	• First loss	Nil	Nil	Nil
	• Others	Nil	Nil	Nil

E. Details of financial assets sold to securitisation / reconstruction Company for asset reconstruction:

The Company has not sold financial assets to securitization/reconstruction Company for asset reconstruction during the year (Previous Year: Nil)

Notes Forming part of Financial Statements

for year ended March 31, 2020

F. Details of assignment transactions undertaken by NBFC:

(₹ In Lakhs)

Sr. No.	Particulars	As at March 31, 2020	As at March 31, 2019
i)	No. of Accounts	29,805	Nil
ii)	Book value of loans assets assigned during the year	5,786.99	Nil
iii)	Sale consideration received during the year	5,786.99	Nil
iv)	Additional consideration realized in respect of accounts transferred in earlier years	Nil	Nil
v)	Interest spread recognized in the statement of profit and loss during the year (including amortization of unamortized interest spread)	276.65	Nil

G. Details of non-performing assets purchase / sold

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

H. Assets Liability Management

Maturity pattern of certain Assets and Liability as on March 31, 2020

(₹ In Lakhs)

Particulars	Up to 30/31 days	Over 1 month upto 2 month	Over 2 month upto 3 month	Over 3 month & upto 6 month	Over 6 month & upto 1 year	Over 1 year & upto 3 year	Over 3 year & upto 5 year	Over 5 year	Total
Deposits	18.63	31.53	16.41	38.43	83.94	115.46	30.69	-	335.09
Advances	69.60	622.74	3,849.48	12,190.83	18,552.76	20,501.15	-	-	55,786.56
Investments	-	-	-	-	325.90	-	-	-	325.90
Cash & bank balance	4,568.60	2,280.75	98.95	291.49	973.43	875.04	-	-	9,088.26
Borrowings	1,788.62	1,624.13	3,394.53	7,371.03	10,063.53	16,991.04	7,644.86	-	48,877.74
Foreign currency assets	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	4,077.48	-	-	4,077.48

I. Exposure To Capital Market

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

J. Exposure to Real Estate Sector

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

K. Details of financing of parent Company products:

not applicable

L. Details of Single Borrower Limit ("SGL") / Group Borrower Limit ("GBL") exceeded by the NBFC

- i) Loans and advances, excluding advance funding but including off-balance sheet exposures to any single party in excess of 15 per cent of owned fund of the NBFC: Nil

Notes Forming part of Financial Statements

for year ended March 31, 2020

- ii) Loans and advances to (excluding advance funding but including debentures/bonds and off-balance sheet exposures) and investment in the shares of single party in excess of 25 per cent of the owned fund of the NBFC: Nil

M. Unsecured Advances

- a) Refer Note no. 3 to the financial statements.
- b) The Company has not granted any advances against intangible securities (March 31, 2019: Nil).

N. Registration obtained from other financial sector regulators.

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

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

O. Disclosure of penalties imposed by RBI and other regulators.

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

P. 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 upto	Borrowing limits or conditions imposed by rating agency
Long Term Bank Facility	CARE	24/09/19	CARE BBB+; Stable (Triple B Plus Outlook: stable)	23/09/20	₹157.23 Crore
Fund Based Short Term Facility	CARE	24/09/19	CARE A2 (A TWO)	23/09/20	₹5.00 Crore
Non-Convertible Debenture (Refer Note)	CARE	24/09/19	CARE BBB+; Stable (Triple B Plus Outlook: stable)	23/09/20	₹33.30 Crore
Non-Convertible Debenture	CARE	24/09/19	CARE BBB+; Stable (Triple B Plus Outlook: stable)	23/09/20	₹41.50 Crore

Note: Non-Convertible Debenture of ₹33.30 Crore has been fully repaid during the year ended March 31, 2020

Q. Remuneration of Directors

Refer Note no. 36 of Financial Statements

R. Management

The annual report has a detailed chapter on Management Discussion and Analysis.

S. Net Profit of Loss for the period, prior period items and change in accounting policies

There are no such material items which require disclosures in the notes to account in terms of the relevant Ind AS.

T. Revenue Recognition

Refer para 3.1 of significant accounting policies to the financial statements.

U. Ind AS 110 - consolidated financial statements (CFS)

Not Applicable.

Notes Forming part of Financial Statements

for year ended March 31, 2020

V. Provisions and Contingencies :

The information on all provisions and contingencies is as under:

(₹ In Lakhs)

Break up of 'provisions and contingencies' showed under the head expenditure in the statement of profit and loss.	As at March 31, 2020	As at March 31, 2019
Provision towards impaired assets (Stage3)	310.96	(98.36)
Provision made towards income tax	903.74	6,80.00
Provision towards impaired assets (Stage1 and 2)	505.56	76.66
Provision for employee benefits	17.48	9.15

W. Drawn down from Reserves:

There is no draw down from reserves during the year.

X. Concentration of deposits (for deposit taking NBFCs)

Not applicable, Non-Deposit Taking NBFC.

Y. Concentration of advances

The Company is in Retail Advance Segment hence there is no such substantial Concentration of advances.

Z. Concentration of exposure

The Company is in Retail Advance Segment hence there is no such substantial Concentration.

AA. Concentration of Stage 3 assets

The Company is in Retail Advance Segment hence there is no such substantial Concentration.

BB. Sector-wise Stage 3 assets (Gross) :

(₹ In Lakhs)

Sector	% of Stage 3 assets to Total Advances in that sector as at March 31, 2020	% of Stage 3 assets to Total Advances in that sector as at March 31, 2019
Micro Finance	0.95%	0.55%

CC. Movement of Stage 3 Assets:

(₹ In Lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
(i) Net stage 3 assets to net advances (%)	0.01%	0.07%
(ii) Movement of stage 3 assets (gross)		
(a) Opening balance	265.88	359.66
(b) Additions during the year	981.30	340.09
(c) Reductions during the year	(694.95)	(433.87)
(d) Closing balance	552.23	265.88
(iii) Movement of net stage 3 assets		
(a) Opening balance	31.97	27.38
(b) Additions during the year	458.16	138.49
(c) Reductions during the year	(482.77)	(133.90)
(d) Closing balance	7.36	31.97
(iv) Movement of provisions for stage 3 assets (excluding provisions on standard assets)		
(a) Opening balance	233.91	332.28
(b) Additions during the year	523.14	201.60
(c) Reductions during the year	(212.19)	(299.97)
(d) Closing balance	544.87	233.91

Notes Forming part of Financial Statements

for year ended March 31, 2020

DD. Disclosure of Overseas assets (for those with joint ventures and subsidiaries abroad) and Off-balance sheet SPVs sponsored (which are required to be consolidated as per accounting norms):

Nil

EE. Details of Average interest and charges paid on borrowing and charged on loans given to JLGs:

Particulars	Rate of Interest in %
Average interest rate on borrowings	15.05%
Average interest rate on Loans given to JLGs	25.05%

FF. Disclosure Of Customer Complaints

(₹ In Lakhs)

Sr. No.	Particulars	As at March 31, 2020	As at March 31, 2019
a)	No. of complaints pending at the beginning of the year	Nil	Nil
b)	No. of complaints received during the year	Nil	Nil
c)	No. of complaints redressed during the year	Nil	Nil
d)	No. of complaints pending at the end of the year	Nil	Nil

43. Disclosures required as per Circular DOR (NBFC) CC.PD. No. 109/22.10.106/2019-20- Implementation of Indian Accounting Standard (Regulatory (Non-IND AS) Information):

(₹ In Lakhs)

Asset Classification as per RBI Norms	Assets Classification AS per IND AS 109	Gross Carrying Amount as per IND AS	Loss Allowance (Provisions) as required under IND AS 109	Net Carrying Amounts	Provisions required as per IRACP Norms*	Difference between IND AS 109 Provision and IRACP Norms
A. Performing Assets						
Standard	Stage- 1	56,038.10	516.03	55,522.07	577.92	(61.89)
	Stage- 2	543.44	278.95	264.49	32.61	246.34
Subtotal		56,581.54	794.98	55,786.56	610.53	184.45
B. Non-Performing Assets						
Sub standards	Stage- 3	544.87	544.87	-	32.69	512.18
Doubtful upto 1 year	Stage- 3	-	-	-	-	-
1 to 3 years	Stage- 3	-	-	-	-	-
More than 3 years	Stage- 3	-	-	-	-	-
Sub total for Doubtful						
Loss	Stage- 3	-	-	-	-	-
Sub total for NPA		544.87	544.87	-	32.69	512.18
	Stage 1	56,038.10	516.03	55,522.07	577.92	-61.89
	Stage 2	543.44	278.95	264.49	32.61	246.34
	Stage 3	544.87	544.87	-	32.69	512.18
Total		57,126.41	1,339.85	55,786.56	643.22	696.63

Notes Forming part of Financial Statements

for year ended March 31, 2020

*As per Master Circular - 'Non-Banking Financial Company-Micro Finance Institutions' (NBFC-MFIs)-directions dated July'1,2015 vide reference no. RBI/2015-16/20, DNBR (PD) CC.No.047/03.10.119/2015-16, provisioning for the Non-AP portfolio would be as per the December 02, 2011 directions with effect from April 1, 2013 is "The aggregate loan provision to be maintained by NBFC-MFIs at any point of time shall not be less than the higher of a) 1% of the outstanding loan portfolio or b) 50% of the aggregate loan instalments which are overdue for more than 90 days and less than 180 days and 100% of the aggregate loan instalments which are overdue for 180 days or more".

44. Disclosures pursuant to RBI Notification - RBI/2019-20/220 DOR.No.BP.BC.63/21.04.048/2019-20 dated 17th April, 2020 SMA/overdue categories, where the moratorium/ deferment was extended ('RBI circular') (Regulatory (Non-IND AS) Information):

Details of moratorium granted to overdue accounts as at February 29, 2020:

(₹ In Lakhs)

Asset Classification as per IND AS 109	Exposure (March 31, 2020)	Asset Classification Benefit
Stage I	152.79	-
Stage II	-	-
Stage III	-	-
Total	152.79	-

Note: Amounts indicated in the above represent gross carrying value of these exposures before adjustment for impairment allowance as required under Ind AS 109 as at March 31, 2020.

45. Information as required in terms of Paragraph 13 of the RBI Master Direction DNBR. PD. 008/03.10.119/2016-17 dated September 01, 2016 "Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 are mentioned as below (Regulatory (Non-IND AS) Information):

Liabilities Side:

A. Loans and advances availed by the NBFCs Inclusive of interest accrued thereon but not paid

(₹ In Lakhs)

Sr No.	Particulars	Year ended March 31, 2020	
		Amount outstanding	Amount Overdue
a)	Debentures: Secured	Nil	Nil
	: Unsecured (Other Than falling within the meaning of public deposits*)	4,314.22	Nil
b)	Deferred Credits	Nil	Nil
c)	Term Loans	48,555.60	Nil
d)	Inter-Corporate Loans and borrowings	251.48	Nil
e)	Commercial Paper	Nil	Nil
f)	Other loans:		
-	From Banks	167.34	Nil
-	From a Company	Nil	Nil
-	Security Deposits	Nil	Nil
-	Advances Received against loan agreements	Nil	Nil

Notes Forming part of Financial Statements

for year ended March 31, 2020

B. Break-up of (A)(f) above (outstanding public deposits inclusive of interest accrued thereon but not paid):

(₹ In Lakhs)

Sr No.	Particulars	Year ended March 31, 2020	
		Amount outstanding	Amount Overdue
a)	In the form of unsecured debentures	Nil	Nil
b)	In the partly secured Debentures i.e. debenture where there is shortfall in the value of security	Nil	Nil
c)	Other public deposits	Nil	Nil

C. Break-up of loans and advances including bills receivables (other than those included in (D) below)

(₹ In Lakhs)

Sr. No.	Particulars	Amount Outstanding
a)	Secured	Nil
b)	Unsecured	56,557.97

D. Break up of leased assets and stock on hire and other assets counting towards AFC activities

(₹ In Lakhs)

Sr. No.	Particulars	Amount Outstanding
(i)	Lease assets including lease rentals under sundry debtors:	
a)	Financial Lease	Nil
b)	Operating Lease	Nil
(ii)	Stock on hire including hire charges under sundry debtors:	
a)	Assets on hire	Nil
b)	Reposessed assets	Nil
iii)	Other loans counting towards AFC activities	
a)	Loans where assets have been reprocessed	Nil
b)	Loans other than a) above	Nil

E. Break-up of Investments:

Refer Note 42.B Above

F. Borrower group-wise classification of assets financed as in (C) and (D) above

(₹ In Lakhs)

Sr No.	Category	Amount net of provisions		
		Secured	Unsecured	Total
1	Related Parties**			
a)	Subsidiaries	Nil	Nil	Nil
b)	Companies with the same group	Nil	Nil	Nil
c)	Other related parties	Nil	Nil	Nil
2	Other than related parties	Nil	56,557.97	56,557.97
	Total	Nil	56,557.97	56,557.97

Notes Forming part of Financial Statements

for year ended March 31, 2020

G. Break-up of (A)(f) above (outstanding public deposits inclusive of interest accrued thereon but not paid):

(₹ In Lakhs)

Sr No.	Category	Market Value/ Breakup or Fair value of NAV	Book Value (Net of Provision)
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	325.90	325.90
	Total	325.90	325.90

**As per Ind AS issued by MCA (Refer Note 3 below)

H. Other Information:

(₹ In Lakhs)

Sr No	Particulars	Amount
(i)	Gross non- performing Assets	
	a) Related parties	Nil
	b) Other than related parties	552.23
(ii)	Net non-performing assets	
	a) Related parties	Nil
	b) Other than related parties	7.36
(iii)	Assets acquired in satisfaction of debt	Nil

Notes:

- As defined in point xix of paragraph 3 of Chapter - 2 of these Directions.
- Provisioning norms are applicable as prescribed in Non-Banking Financial Companies Prudential Norms (Reserve Bank) Directions, 1998.
- All Ind AS issued by MCA are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up / fair value / NAV in respect of unquoted investments shall be disclosed irrespective of whether they are classified as long term or current in E above.

46. There have been no events after the reporting date that require disclosure in these financial statements.

47. 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.

48. Reserve Bank of India (RBI) has issued guidelines relating to COVID-19 Regulatory Package dated March 27, 2020 and May 23, 2020 allowing the lending institutions to offer moratorium to their borrowers on instalments falling due between march 1, 2020 to August 31, 2020. The company has extended / will be extending moratorium to its borrowers in accordance with its board approved policy. In managements view providing moratorium to the borrowers at a large scale based on RBIs directives by itself is not considered to result in a significant increase in the credit risk (SICR) for such borrowers. Further considering the unique and widespread impact of COVID-19 the Company has estimated the expected credit loss in its provisions, based on the information available at this point of time.

Accordingly, the provision for expected credit loss on financial assets as at March 31, 2020 aggregates, ₹1,339.85 lakh (as at March 31, 2019, ₹523.33 lakh) which includes potential impact on account of the pandemic of ₹453.01

Notes Forming part of Financial Statements

for year ended March 31, 2020

lakh. Based on the current indicators of future economic conditions, the Company considers this provision to be adequate.

These estimates are based on the early indicators that are subject to uncertainty and severity and duration of the pandemic. Given these circumstances the business and financial metrics, including the expected credit losses could be different from that estimated by the company.

49. The outbreak of COVID-19 pandemic across the globe and in India has contributed to a significant decline and volatility in the global and Indian financial markets and slowdown in the economic activities. The Government of India announced nation-wide lockdown on March 24, 2020 till April 14, 2020 with subsequent extension till May 31, 2020 to contain the spread of virus. The lockdown has led to significant disruptions, impacting company's regular operations, including disbursements and collections activities due to inability of employees to physically reach the borrowers. The companies major operations are in rural parts of India where the impact of COVID-19 has been relatively lower. The government has announced series of relief packages for rural India. This is expected to support the rural borrowers repayment capacity. The relaxations announced in the lockdown since June 1, 2020 has helped the company's employees to contact the borrowers and resume business activities.

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

Signature to notes "1" to "50"

As per our report of even date attached herewith

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

J. J. Shah
Partner
[M.No.45669]
UDIN: 20045669AAAABC5775

Place: Ahmedabad
Date: 29.06.2020

For, & on Behalf of Board of Directors

Jayendra Patel
Chairman & Managing Director
(DIN - 00011814)

Aalok Patel
Joint Managing Director
(DIN - 02482747)

Vivek Modi
Chief Financial Officer

Jaimish Patel
Company Secretary
(M.No. A42244)

Notes

A series of horizontal dotted lines for writing notes.

Notes

A series of horizontal dotted lines for writing notes.



Arman Financial Services Limited

502-503, Sakar-III, Opp. Old High Court, Off. Ashram Road,
Ahmedabad-380014, Gujarat
CIN: L55910GJ1992PLC018623

Ph.: 079-40507000; 27541989

E-Mail: finance@armanindia.com; secretarial@armanindia.com
Website: www.armanindia.com