

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

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

1. COMPANY'S PHILOSOPHY & CODE OF GOVERNANCE

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

CODE OF CONDUCT AND ETHICS

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

CEO / CFO CERTIFICATION

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

the provisions of Clause 49 of the Listing Agreement certifying that the financial statements do not contain any untrue statement and these statements represent a true and fair view of the Company's affairs. The said certificate is annexed and forms part of the Annual Report.

2. BOARD OF DIRECTORS

COMPOSITION OF THE BOARD OF DIRECTORS

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

As on March 31, 2015, the strength of the Board was nine Directors comprising of three Executive, three Non-Executive Directors and three Independent Directors. Independent directors are free from any business or other relationship that could materially influence their judgment.

Details of Directors as on March 31, 2015 and their attendance at the Board meetings and Annual General Meeting ("AGM") during the financial year ended March 31, 2015 are given below:

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



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

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

*Vacated office on 14/05/2015

BOARD MEETINGS

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

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

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

3. AUDIT COMMITTEE

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

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

reasons for the same

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

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

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

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

4. NOMINATION AND REMUNERATION COMMITTEE

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

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

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

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

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

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

*Vacated on 14/05/2015

REMUNERATION TO DIRECTORS

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

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

- (b) The criteria for making payments to the Vice Chairman and Managing Director, Executive Director and Whole Time Director were:
 - Salary, as recommended by the nomination and Remuneration Committee and approved by the Board and the shareholders of the Company. Perquisites, retirement benefits and performance pay are also paid/ provided in accordance with the Company's compensation policies, as applicable to all employees and the relevant legal provisions.
 - Remuneration is determined keeping in view the industry benchmarks.



(c) The Non-Executive Directors were paid sitting fees for attending the meetings of the Board and Committees.

The sitting fees paid to the Directors is given below:

Name of the Director	Sitting Fees Paid	No. of Equity Shares held
Shri C. R. Shah	70,000	200
Shri K. D. Shah	70,000	NIL
Smt Rita Patel	37,500	2,96,674
Shri Aditya Bhandari	NIL	NIL

5. SHAREHOLDERS RELATIONSHIP COMMITTEE

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

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

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

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

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

Share transfer committee

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

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

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

6. RISK MANAGEMENT COMMITTEE

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

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

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

8. DISCLOSURE ON MATERIALLY SIGNIFICANT RELATED PARTY TRANSACTIONS:

There were no materially significant related party transactions made by the Company with its promoters, directors, key managerial personnel or their relatives, which may have potential conflict with the interests of the Company at large. All related party transactions are placed on quarterly basis before the Audit Committee and also before the Board for approval. Register under section 188 of the Companies Act, 2013 is maintained and particulars of transactions are entered in the Register, wherever applicable.

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

The Board of Directors at its Meeting held on 12/05/2014 has formulated a policy on materiality of Related Party Transactions and also on dealing with Related Party Transactions pursuant to the provisions of the Companies Act, 2013 and Listing Agreement. The same is displayed on the website of the Company

9. STRICTURES AND PENALTIES

The Company has complied with requirements of the Stock Exchanges, SEBI and other statutory authorities on all matters

relating to capital markets during the last three years and they have not imposed any penalties on, or passed any strictures against the Company.

10. MEANS OF COMMUNICATION

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

Press Release on Quarterly result was made at the end of each Quarter for the benefit of the investors and analysts the said press release was available on the website of BSE as well as the Company's website at www.armanindia.com.

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

II. GENERAL SHAREHOLDER INFORMATION

a) Exclusive e-mail id for investor grievances

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

secretarial@armanindia.com

Person in-charge of the Department: Shri Deepak Rathod

b) Toll Free Number For Investor Grievances

Exclusive TollFreeNumber18001027626i.e. (1800-10-ARMAN) has been established for the Shareholders for communicating any grievances without any phone charges (charges are borne by the Company).

c) Annual General Meeting

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

d) Financial Calendar

First quarter results: July 2015

Second quarter results: October 2015

Third quarter results: January 2016

Annual results: April/May 2016

Annual General Meeting: August/September 2016

e) Book Closure

The Register of Members and the Share Transfer Register will

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

f) Dividend Payment Date

Dividend for the year ended March 31, 2015, if declared, at the Annual General Meeting shall be paid to:

- i) Beneficial owners in respect of shares held in electronic form as per the data made available by CDSL/NSDL, as of the close of the business hours on 22nd September, 2015; and
- ii) To all members in respect of shares held in physical form, after giving effect to valid transfers, in respect of transfer request lodged with the Company on or before the close of business hours on 22nd September, 2015.

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

Transfer of Unclaimed amounts to Investor Education and Protection Fund

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

g) Shares Listed At

The equity shares of the Company are listed at:

Bombay Stock Exchange Limited (BSE)

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

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

h) Stock Codes

The stock code of the Company at BSE is 531179.

i) International Securities Identification Number (ISIN)

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

j) Corporate Identity Number (CIN)

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



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

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

l) EVOLUTION OF CAPITAL

Particulars of Equity shares issued by the Company.

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

m) Share Transfer system

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

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

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

On the basis of Share held

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

On the basis of Category

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

o) DEMATERIALIZATION OF SHARES AND LIQUIDITY

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

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

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

p) CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

The Company has adopted a Code of Conduct for Prevention of Insider Trading in accordance with the requirements of SEBI (Prohibition of Insider Trading) Regulations, 2014 and the Companies Act, 2013 with a view to regulate trading in securities by the Directors and designated employees of the Company. The Code requires pre-clearance for dealing in the Company's shares beyond threshold limits. Further, it prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Code has been disseminated through

the Company's website for easy access to the employees and is updated from time to time.

q) RECONCILIATION OF SHARE CAPITAL AUDIT REPORT

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

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

r) Outstanding GDRs/ADRs/Warrants or any convertible instrument as on 31st March-15

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

s) Plant Locations

The nature of business is such that the Company has no plant.

t) Address for Correspondence

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

(1) 502-503, Sakar III, Opp: Old High Court, Off Ashram Road, Ahmedabad 380014

E-mail: finance@armanindia.com

(2) SHAREPRO SERVICES (INDIA) PVT. LTD.

416-420, 4th Floor, Devnandan Mall, Opp: Sanyash Ashram, Ellisbridge, Ahmedabad-380006

e-mail: sharepro@shareproservices.com



AUDITORS CERTIFICATE ON COMPLIANCE WITH CLAUSE 49 OF THE LISTING AGREEMENT

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

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

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

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

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

Place: Ahmedabad
Date: 24/08/2015

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

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

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

For and on behalf of the Board

Place: Ahmedabad
Date: 24/08/2015

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