



Our reach-deepening initiatives resulted in

**50%**

growth in AUM over the previous year



Arman intends to enter Uttar Pradesh taking the total operational states to

**4** in 2016-17.



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"The purpose of life is not to be happy. It is to be useful, to be honourable, to be compassionate; to have it make some difference that you have lived and lived well."

*Ralph Waldo Emerson*

**A number** of companies could have focused on diverse retail finance segments; we selected to focus on lower pyramid customers.

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**A number** of companies could have focused on giving a large quantum of the highest ticket loans; we selected to focus on the largest number of the smallest loan sizes.

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**A number** of micro-finance companies could have expanded across all 28 Indian states; we selected a conservative expansion into four states.

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**A number** of micro-finance companies lend and recover; we selected to help less-privileged Indians enhance their livelihoods.

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**A number** of micro-finance companies focused on the transaction; we focused on building the country at the grassroots.

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The result of this strategy is in the numbers. Over the last five years, we strengthened income from operations 30% and profit after tax 35% (compounded annual growth rate across five years ending 2015-16).

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At Arman, success is about three things.

Delving  
deeper.  
Spreading  
wider.  
Reaching  
higher.

In short, it is about extending a helping hand.



A snapshot of our  
progress in the business  
of Micro-finance

2010-11

11

Districts covered

2015-16

30

Districts covered

2010-11

46,381

Customers

2015-16

1,25,619

Customers

2010-11

44.02

Assets under  
management (₹ crore)

2015-16

172.32

Assets under  
management (₹ crore)

2010-11

21

Branches

2015-16

60

Branches

2010-11

11.42

Income from operations  
(₹ crore)

2015-16

40.69

Income from operations  
(₹ crore)

2010-11

4.7

Monthly disbursement  
per Arman field officer,  
average (₹ lac)

2015-16

8.3

Monthly disbursement  
per Arman field officer,  
average (₹ lac)

2010-11

259

Clients managed per  
Arman field officer  
(average)

2015-16

537

Clients managed per  
Arman field officer  
(average)

2010-11

1.81

Profit after tax  
(₹ crore)

2015-16

8.00

Profit after tax  
(₹ crore)

2010-11

17.6

Percentage of active  
repeat Arman customers

2015-16

41.8

Percentage of active  
repeat Arman customers

# deeper

In the challenging business of micro-finance, success is derived through the ability to reach furthest and remotest.

A number of business analysts and observers felt we needed to extend our micro-finance business across a number of states.

**At Arman,** we considered it prudent to maximise penetration within a few states, widening and deepening our presence, instead of extending our reach.

The result was that we extended our presence to districts where MFI presence had been marginal.

- We extended deeper into Kutch through the creation of four branches to capitalise on under-addressed micro-finance opportunities in this unpenetrated terrain
- We widened our Madhya Pradesh presence to five more districts; we added nine branches increasing our tally to 17 as on March 31, 2016.

These initiatives added 14,202 customers; we added ₹ 16.53 crore to our AUM from our new branches.

*Arman explores.*

Our reach-deepening  
initiatives added

**14,202**

customers (2015-16)



In the challenging business of micro-finance,  
success is derived from the proactive ability to  
extend prudently into contiguous geographies.



We plan to scale  
our presence to

**12**

branches in  
Maharashtra in 2016-17



**At Arman**, one of our biggest initiatives in the year was our decision to extend into Maharashtra.

The entry into Maharashtra was validated by a number of reasons.

- About 55% of Maharashtra comprises the rural segment; poverty index in the state is 17%. (source: CMIE Database and Census 2011)

- About 71 lakh Maharashtra households feature in the low-income and poor categories (source: CMIE Database and Census 2011)



- There is at least a 43% gap between potential micro-finance clients and actual MFI clients (source: Internal and MFIN Micrometer)
- Only six of 36 Maharashtra districts (including Mumbai) are classified as 'above average' in financial inclusion (Source: CRISIL)

Arman identified three Maharashtra districts for entry and commissioned two branches in 2015-16 with the objective to scale our presence to 12 branches in 2016-17.

*Arman extends.*

# higher

In the challenging business of micro-finance, we need to keep planning our extension into new geographies in line with our aspiration to emerge as a national company.



**At Arman,** we intend to extend our business to Uttar Pradesh, the most attractive micro-finance opportunity in North India.

The selection of Uttar Pradesh is endorsed by a number of realities.

- 78% of Uttar Pradesh's population is rural; the state's poverty level is about 29% (source: CMIE Database and Census 2011)
- 191 lakh households in the state are classified as low-income and poor (source: CMIE Database and Census 2011)
- More than 90% of households are at the 'below average' financial inclusion level (Source: CRISIL Inclusix Report)
- There is at least a 74% gap between potential micro-finance clients and actual MFI clients (source: Internal and MFIN Micrometer)

Arman intends to enter India's most populous state through four districts (two in North and two in Central) and open 12 branches in 2016-17.

*Arman adds.*

We plan to open

**12**

branches in Uttar Pradesh 2016-17.

Arman Financial Services.

An exciting  
micro-finance  
company in  
Western India.

A prominent  
two-wheeler  
financing player  
in Western India.

#### The Company

Headquartered in Ahmedabad, Gujarat

Headed by Jayendra Patel, Vice-  
Chairman & Managing Director

Operations managed by more than  
500 employees

Shares listed on the BSE Limited and  
NSE Limited

#### The business

One of India's oldest and highly  
respected non-banking financial service  
companies

Two business verticals – micro-finance  
(Namra Finance) and vehicle finance  
(Arman Financial)

Micro-finance business presence in  
four states (55 branch offices)

Vehicle finance business presence in  
two states (six branch offices and 50  
dealer locations)

500+

Team members  
(March 31, 2016)

1.26+

Customer base as on  
March 31, 2016 (₹ lakh)

172+

Assets under  
management as on  
March 31, 2016 (₹ crore)

247+

Disbursements in  
2015-16 (₹ crore)





## Vision

To attain globally best standards and become a world-class financial services enterprise – guided by its purpose to move towards a greater degree of sophistication and maturity.

## Mission

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

## Corporate values

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

40.69

Revenue from operations  
in 2015-16 (₹ crore)

8.00

Profit after tax in 2015-16  
(₹ crore)

11.27

Earnings per share in  
2015-16 (₹)

# A socially responsible business is a good business.



## Business snapshot in 2015-16

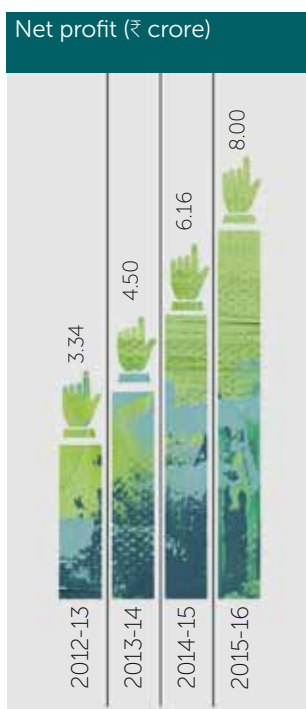
**21%**  
Growth in customers over the previous year

**35%**  
Growth in employee strength over the previous year

**18.60%**  
Return on equity, 2015-16

**4.81%**  
Return on assets, 2015-16

**2.87**  
Debt-Equity Ratio, 2015-16



50%

Growth in AUM over the previous year

37%

Growth in revenue from operations over the previous year

30%

Growth in net profit over the previous year

25%

Growth in average ticket size (Micro-finance)

40%

Growth in number of branches over the previous year

47%

Growth in disbursement over the previous year

Statement from the management

We are making a perceptible difference to grassroot Indians. This makes it mandatory for us to extend faster into new geographies to enhance financial inclusion and help build a stronger nation.



Dear shareholders,

Retail finance and micro-finance enjoy attractive currency on the Indian financial markets today.

There are a number of reasons for this.

**One**, in a country where formal financial inclusion is nominal, this business

represents an attractive multi-year growth opportunity estimated at ₹1.40 lac crore to ₹2.50 lac crore at penetration levels of 50-70% and average transaction size of ₹35,000-40,000 per household.

**Two**, as India's economy accelerates, we see a larger

capital appetite, which inspires the optimism that the sector has addressed only a fraction of its potential.

**Three**, much of India's capital appetite has been addressed at a level where the borrower is considered creditworthy through conventional appraisal filters; there is a considerably larger grassroots opportunity that has been largely un-addressed.

**Four**, micro-finance companies have, by and large, demonstrated their competence – through business growth and more importantly, through their non-performing assets being considerably lower than the country's corresponding bank sector average.

**Five**, there is a growing recognition that by addressing women through micro-finance, the business is not only addressing a financial grassroots need but also addressing a long unmet social gap that can completely redress the inequity of the centuries.

In view of these realities, the big moment for the business of micro-finance has arrived in India.



I am pleased to state that Arman has risen to this occasion, which is reflected in its numbers for 2015-16.

Our disbursements of ₹247 crore were 47% higher than in the previous year.

Our income from operations grew by 37%, outperforming the NBFC industry average.

Our net profit grew by 30%.

Our Assets Under Management grew by 50%.

Our profitability is one of the highest in the industry, with an ROA of 4.8% and ROE of 18.6%

At Arman, the growth in these numbers means just one thing: that we are making a perceptible difference in the lives of Indians at the grassroots. We are empowering, we are financing, we are enhancing confidence, we are educating and we are graduating. The success of this complement makes it necessary – even mandatory – for Arman to extend into new geographies, touch more lives, widen opportunities and strengthen nation-building.

At Arman, we painstakingly built our micro-finance business in the Gujarat

laboratory. This is where we learnt the business, this is where we built systems and processes, this is where we studied diverse consumer needs, this is where we took prudent risks, this is where we created a resilient business model.

The time has come then to grow the learnings from this model across the other parts of India in our quest to emerge as a successful pan-India micro-finance company. During the last 15 months, we extended our presence from one state to four. We entered Madhya Pradesh towards the close of 2014-15. Towards the close of 2015-16, we entered Maharashtra and began work to enter Uttar Pradesh. Besides, in our traditional market, we extended deeper into North Gujarat (Kutch) and South Gujarat. In doing so, we expanded our branch network: 29 as on March 31, 2014 to 60 as on March 31, 2016.

A number of our stakeholders are inclined to ask whether a widening of our geographic footprint will translate into a dilution in all the values that we hold dear.

My answer is that Arman has been a 'quality asset'

organisation; we have prided on the quality of our business and this reality will remain unchanged. We will grow our business to the extent that our Balance Sheet integrity will permit; we will walk away from business that could enhance our business throughput but erode out long-term competitiveness.

My optimism on this count has been derived from a number of business-strengthening initiatives that we undertook in the last few years.

We made the branch and village selection criteria more stringent, which ensures that our new branches service only the deserving. We are implementing a new MIS to drill down to brand and individual performance with alerts for deviations. We engaged expert business consultants to undertake business process benchmarking with the best industry standards. In doing so, we expect to improve service quality even as we extend wider and deeper. As we mentioned in previous communications, we will invest significantly in IT and other infrastructure requirements as and when required.

Our asset-financing business grew at a healthy 13% due to growth in the two-wheeler financing segment. To counter competition, we leveraged the micro-finance model in rural two-wheeler financing, which should catalyse growth in the current year.

To address our need for growth capital in the subsidiary Namra, we tapped the Tier-II equity market, issuing ₹5 crore Redeemable Preference Shares in 2015-16, which will allow us to raise more debt and increase our portfolio. We expect more Tier-II transactions to follow in the coming year.

#### Message to shareholders

At Arman, we are optimistic that our cautiously aggressive approach will continue to strengthen our asset portfolio and drive best-in-class profitable growth.

This will be made possible by Arman's dedicated team, whose diligence has made year-on-year growth a reality.

**Jayendra Patel**  
Vice-Chairman & Managing Director

#### Growth drivers for 2016-17

- New branches in our existing geographies of Gujarat and Madhya Pradesh
- New branches in new geographies of Maharashtra and Uttar Pradesh
- Reduce the cost of borrowing from banks and financial institutions

#### Profitability drivers for 2016-17

- Grow volumes to enhance economies of scale
- Increase employee efficiency
- Strengthen business processes through IT solutions

# The mind and matter of our business operations



## Business focus

**Our conviction:**

Concentrate on business verticals that provide profitable growth.

**Our delivery:** At Arman, we are focused on the micro-finance space as the key medium-term driver of our profitable growth. In line with this, the revenue proportion of our micro-finance business increased from 38% in 2011-12 to 68% in 2015-16.



## Geographic focus

**Our conviction:** Enter new underpenetrated areas/states only after having established a meaningful presence in existing marketplaces.

**Our delivery:** Having created a strong brand in Gujarat over 24 years, Arman extended its footprint across Madhya Pradesh, Maharashtra and Uttar Pradesh.



## Growth focus

**Our conviction:** Growth should not be at the cost of asset quality.

**Our delivery:** Arman continued to strengthen credit filters in line with a dynamic business environment. The result was that we continued to outperform industry growth: profit after taxes grew 35% (five-year CAGR) while Gross NPA was 0.19% for micro-finance and 3.04% for our asset finance business as on March 31, 2016.





#### People focus

**Our conviction:** People make profitable growth sustainable.

**Our delivery:** At Arman, an institutionalised training agenda strengthened organisational competence. The result is that disbursement per employee increased from ₹38.97 lac in 2011-12 to ₹49.80 lac in 2015-16.



#### Customer focus

**Our conviction:** Customer education in the importance of micro-finance improves aspirations and livelihoods.

**Our delivery:** At Arman, our primary objective is to educate customers on micro-finance, funds utilisation, cash flows and repayment management. This practice has strengthened customer loyalty – more than 42% of our disbursement is repeat in nature to the same customers.



#### Ticket size focus

**Our conviction:** Provide only that much of debt that a person can manage.

**Our delivery:** At Arman, understanding the customer, capability and need represents the bedrock of profitable business growth. Even as our ticket size remained one of the lowest in the industry, our customer base grew 171% between 2011-12 and 2015-16.



#### Funding focus

**Our conviction:** Maintain a judicious balance between internal and external fund sources so that repayments do not impact business growth.

**Our delivery:** At Arman, our funding philosophy ensures that our financial statements are adequately leveraged to fund growth, provide adequate liquidity to address debt repayment, and pay dividends to our valued shareholders.

# Management discussion and analysis

## Indian economy snapshot

7.6%

GDP growth  
in 2015-16

The Indian economy grew 7.6% in 2015-16 against 7.2% in 2014-15, riding improved manufacturing sector growth (9.5% in 2015-16 against 5.5% in 2014-15) and declining crude oil prices.

5.5%

CPI in 2015-16

According to the Economic Survey 2015-16, inflation measured by the CPI (Consumer Price Index), which was pegged at 6.5% in 2014-15, could decline to 5.0-5.5% in 2015-16, clearing the way for monetary easing.

>1%

Current Account  
Deficit in 2015-16

Assuming a moderation in average annual prices of crude petroleum and other commodities, Current Account Deficit was estimated at about 1.3% of the GDP for 2014-15 and less than 1% of GDP in 2015-16.

7.75%

Estimated GDP growth in  
2016-17

GDP growth for 7 – 7.75% was estimated at 2016-17 (7.6% in 2015-16), indicating only a modest improvement.

"For India to sustain its economic progress, it will need to graduate a larger number of its people from the bottom of its economic pyramid into the middle-class. This upliftment will transform India's consumption story towards double-digit growth and will effectively lead the growth of the Indian economy." - Aalok Patel, Managing Director

### India's GDP growth (%)

2012	5.6
2013	6.6
2014	7.2
2015	7.6

Source: World Bank



# Indian financial sector

The Indian financial sector - commercial banks (64% share), insurance companies, pension funds, non-banking financial companies, mutual funds and other small entities - reported attractive growth in 2015-16.

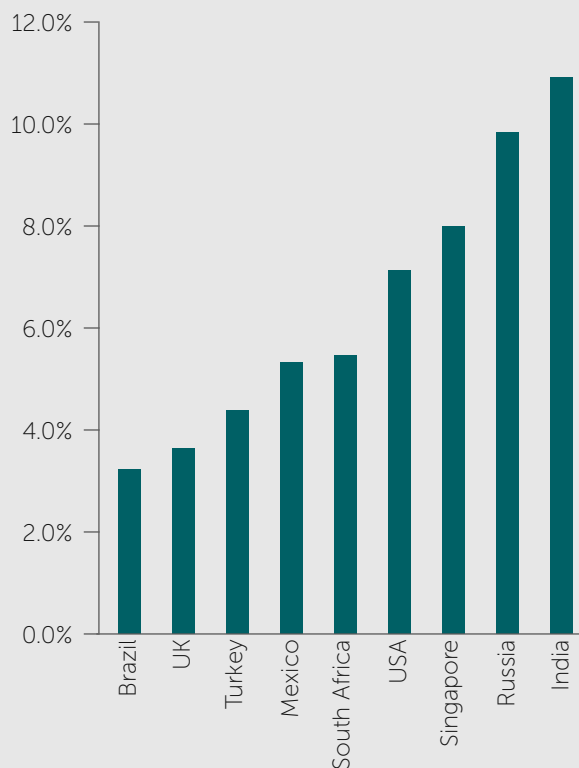
**India-Cash and coins:** Most Indians use cash in daily transactions. Only 10-15% of the population has ever used any kind of non-cash payment instrument, compared to 40% of people in countries like Brazil and China. Meanwhile, as of 2014, India's ratio of currency in circulation outside of banks to GDP was 11.1%, higher than other emerging economies like Russia, Mexico and Brazil. This cash reliance makes households vulnerable to theft and inflation, unable to fund broader economic activity. Additionally, people operating exclusively in cash and without a bank account often face tougher borrowing conditions.

**Outlook:** The growing Indian economy, rising income level and improving life expectancy are expected to sustain medium-term sectoral momentum. The Indian banking sector is expected to emerge as the fifth largest globally by 2020. Bank credit is expected to grow at 17% (Source: KPMG).

- Of 247 million households, only 145 million households have access to bank accounts
- About 73% of farmers have no formal source of credit

(Source: A World Bank report)

Cash and coins in circulation outside banks (%age of GDP)



1.06

Commercial banks  
outstanding credit in  
FY16 (US\$ tr)

185

Assets of the mutual  
fund industry in  
FY16 (US\$ bn)

18.3%

Life insurance premium  
growth till February 2016

14.1%

General insurance  
industry premium growth  
till February 2016

# Micro-finance in India...

...is about providing non-collateralised funding to the poor.

...makes it possible to provide loans to those that conventional banks won't trust.

...provides credit plus ancillary services.

...is an effective poverty-destroyer.

...represents hope for masses below the poverty line.

By definition, micro-finance is the business of providing small loans to individuals without access to formal banking services. The micro-finance goal is to provide low-income individuals with the opportunity to become self-reliant by providing a means to borrow and grow their micro-businesses.

For a country like India where close to 70% of Indians live on less than US\$2 a day, micro-finance helps transform its poor into livelihood generators.

From humble beginnings in the 1970s, the Indian micro-finance sector has been growing at a

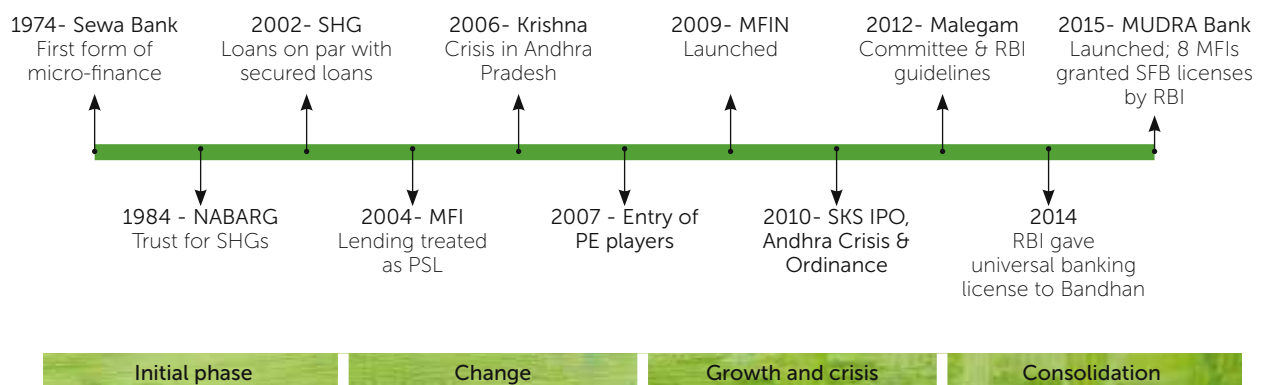
CAGR of 36% during the last five years (source: MFIN Micrometer). Micro-finance institutions can operate as formal micro banks, non-bank financial institutions, non-governmental organisations or community-based financial institutions.

Micro-finance is an effective poverty-reducing option, playing a significant role in bridging the gap between formal financial institutions and the rural poor. This movement was initiated by NABARD in collaboration with banks and NGOs forming self-help groups in 1992, the sector evolving with private sector participation.

Micro-finance refers to a variety of financial services that address low-income customers, particularly women. Since customers of micro-finance institutions earn low incomes with limited access to other financial services, micro-finance products are generally of small amounts.

Micro-loans are provided for a variety of purposes. Because of these varied needs and the industry's focus being on the poor, micro-finance institutions use methodologies like group lending and other collateral forms not generally practiced within the country's formal financial sector.

## Evolution of MFI sector in India





The emergence of Micro Units Development Refinance Agency (MUDRA) Bank, with a refinance corpus of ₹20,000 crore and credit guarantee corpus of ₹3,000 crore, is a landmark in India's financial sector that is expected to benefit 5.8 crore small businesses. MUDRA Bank will provide security-free financial aid up to ₹10 lacs to last-mile financiers of the micro businesses/units under the

aegis of the Pradhan Mantri MUDRA Yojana but this funding will be based on the growth stage of business enterprises.

### Government thrust on micro-finance

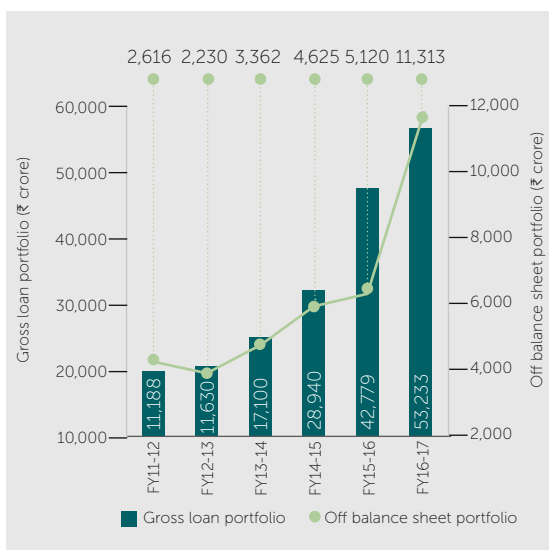
In its monetary policy announcement on April 7, 2015, Reserve Bank of India (RBI) provided

a boost to micro-finance institutions through an upward revision in the borrowing limits for an individual, income limits of borrowers and disbursement amounts. The increase in limit was based on the recommendations by the Nachiket Mor Committee on comprehensive financial services for small businesses and low income households.

	Existing norms	Revised norms
Total indebtedness	₹50,000	₹100,000*
Household annual income	<ul style="list-style-type: none"> <li>Rural – ₹60,000</li> <li>Urban and semi-urban – ₹1,20,000</li> </ul>	<ul style="list-style-type: none"> <li>Rural – ₹100,000</li> <li>Urban and semi-urban – ₹1,60,000</li> </ul>
Loan ticket size	<ul style="list-style-type: none"> <li>First cycle – ₹35,000</li> <li>Subsequent cycle – ₹50,000</li> </ul>	<ul style="list-style-type: none"> <li>First cycle – ₹60,000</li> <li>Subsequent cycle – ₹100,000</li> </ul>

\* Educational and medical expenses not included

## Growth of the micro-finance sector



### 2015, a watershed for financial inclusion

- RBI announced that 2nd February, 2015 was the last date to submit applications for small finance banks and payment banks, the first opportunity to financial intermediaries to offer a complete range of financial services like banks.
- In September 2015, Bandhan Financial Services, a NBFC-MFI, commenced operations as a bank.
- In August, 2014, the Indian Prime Minister launched the Pradhan Mantri Jan-Dhan Yojana, a national mission for financial inclusion to ensure access to financial services (banking/savings and deposit accounts, remittance, credit, insurance and pension) in an affordable manner.
- Prime Minister launched the MUDRA Yojana to offer loans to the unfunded, self-employed and small businesses up to ₹10 lac at a low interest rate.

## Drivers of the micro-finance sector

### Favourable macros

- There is a huge demand/supply gap for micro-finance
- Entry barriers and supervisory standards are significantly enhanced thwarting future competition
- No credible alternative for micro-finance emerges even after more than five years of the AP MFI crisis

### Regulatory clarity

- RBI's comprehensive regulatory framework mitigates political and regulatory risks
- RBI and MoF acknowledge micro-finance as a key component of financial inclusion
- PSL requirement of banks to enhance funding availability and value of the franchise

### Concerns

- Will there be multiple regulators?
- Funding uncertainty?
- Will there be contagion of the AP crisis?
- Has the operating model been challenged?
- What will be the economics under regulated interest rate regime?

### Clarity

- Regulatory clarity – RBI to be the sole regulator
- Priority sector status continues; MFIs are the only indirect priority sector dispensation
- No contagion; more than five years have passed and no other state has followed suit
- Collection efficiency maintained despite disbursements being a fraction of collections during the wind-down mode (October 2010 – June 2012)
- No alternative credit delivery model has gained currency

## Micro-finance in India

56

MFIs in operation

508

Districts covered in 28 states and 5 Union Territories

9669

Branch network as on March 31, 2016

16,394

Average loan outstanding per borrower as on March 31, 2016 (₹)

14.8

Average effective cost of borrowing (%)

(Source: MFIN Microspread 2015-16)



## 2015-16 snapshot



A number of factors contributed to high business volumes. One, banks are increasingly using this route to achieve their priority sector lending target. Two, negligible delinquencies and higher yields have made transactions attractive, helping expand the investor base. Three, in the last 12-15 months, MFIs have seen a spurt in assets under management securitised to fund growth.

Securitisation of micro-finance loan receivables – done by issuing pass-through certificates or via direct assignment – surged 125% to an estimated ₹11,500 crore in fiscal 2016 compared with ₹5,075 crore in fiscal 2015 as micro-finance institutions opted for this funding route to churn capital faster and catalyse growth. In comparison, CRISIL estimates the overall securitisation market to have grown by 60% in this fiscal to an estimated ₹70,000 crore. As for issuance demographics, pass-through certificates continue to be the preferred route (85% in fiscal 2016), whereas in the

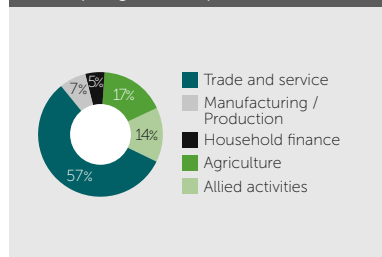
overall securitisation market, direct assignments account for two-thirds of new transaction volumes.

### Outlook

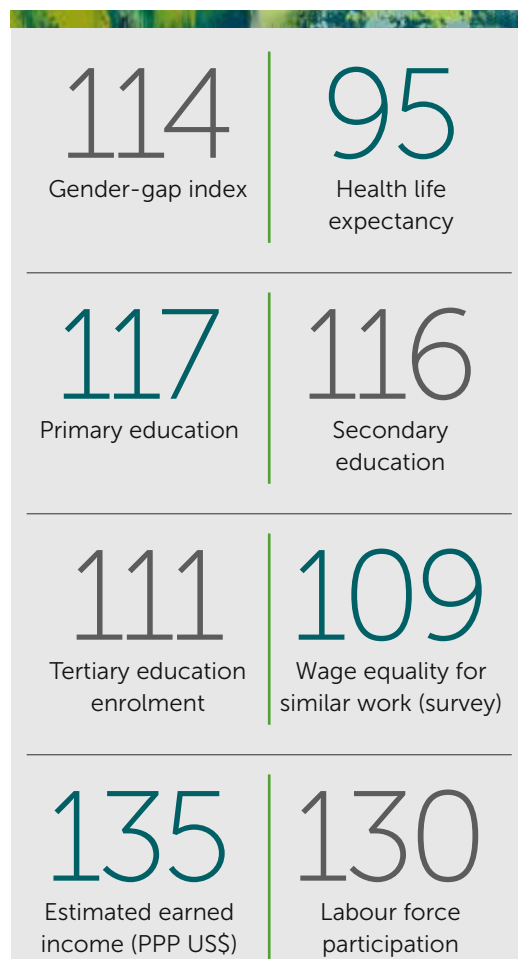
Micro-finance sector remains vulnerable on account of the unsecured nature of loans, weak credit profile of underlying borrowers as well as political and geographic concentration risks.

However, greater regulatory clarity – eight of 10 entities that were given an 'in principle' approval by the Reserve Bank of India (RBI) to set up small finance banks (SFBs) are microfinance institutions – and a stable operating environment have strengthened investor confidence.

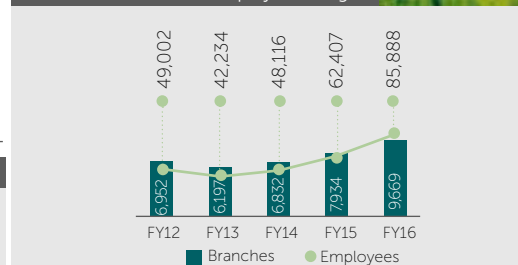
Break-up of gross loan portfolio (FY16)



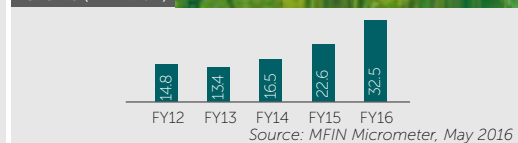
Women in India lag behind men in most development indices  
India's ranking out of 142 countries



Branches network and employee strength



Clients (in million)



## ABOUT THE BUSINESS

From a single branch in Ahmedabad in 1992 financing two- and three-wheelers, Arman has graduated to two segments – asset finance and micro-finance\*.

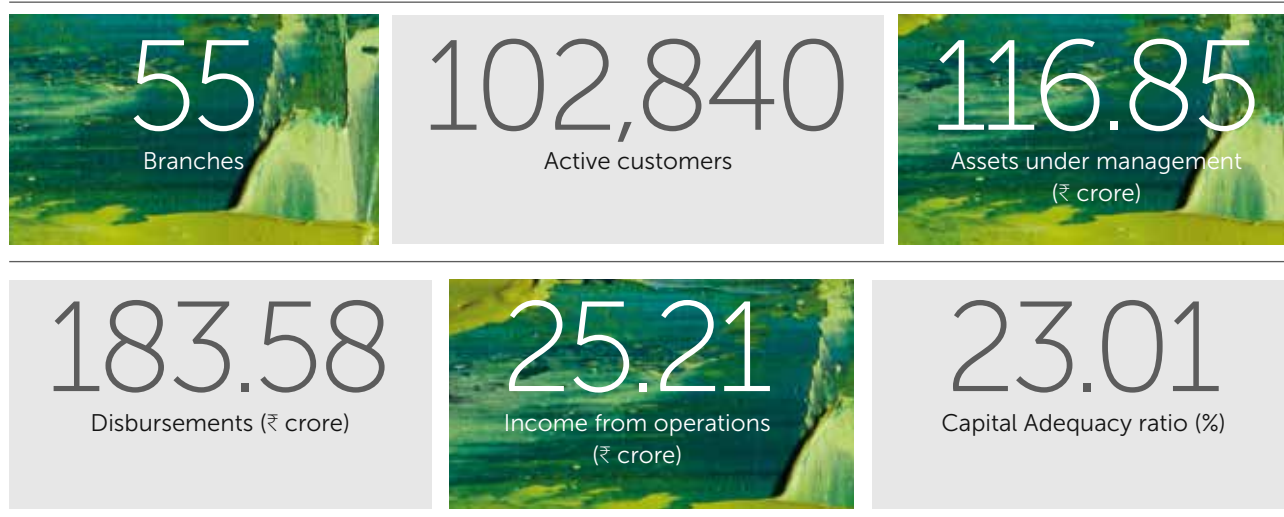
*\*Operated through our wholly-owned subsidiary Namra Finance Ltd..*

### Loan book break-up (₹ in crore)

Asset Finance		Micro Finance	
FY13	42.82	FY13	28.06
FY14	45.74	FY14	45.37
FY15	49.09	FY15	65.80
FY16	55.47	FY16	116.85

## Business segment 1

# MICRO-FINANCE



### Business highlights, 2015-16

**Performance:** Disbursements increased by 61%; income from business operations grew by 69%; average ticket size per customer increased 25%. Assets under management increased 78% from the previous year.

**Productivity:** Average loan assets managed by a loan officer increased 34%; from ₹43.1 lac per loan officer in 2014-15 to ₹57.7 lac per loan officer in 2015-16.

**Profitability:** Net profit from business

operations grew by 63%; from ₹3.38 crore in 2014-15 to ₹5.50 crore in 2015-16.

**Presence:** Extended the operational presence across Maharashtra and Uttar Pradesh; strengthened our footprint in Madhya Pradesh and Gujarat; opened 16 new branches in 2015-16

### Overview

Arman conducts its micro-finance business through Namra Finance, its 100% NBFC-MFI subsidiary. The

Company provides loans exclusively for income-generating activities to customers, largely comprising economically poor and socially-neglected communities in Gujarat and Madhya Pradesh. The Company had assets under management worth ₹116.85 crore and an active customer base comprising 103,000 individuals serviced by 55 branches. Namra responded with a conservative lending approach backed by a robust support system, translating into a strong loan book and quality portfolio.



## The Arman discipline

Location	Process	Disbursement	Collection
<ul style="list-style-type: none"> <li>• Preference in conducting business in small rural pockets.</li> <li>• Resistance in establishing branches with a high concentration of other MFIs.</li> <li>• Selection of locations marked by consumer aspirations and entrepreneurial mindset.</li> <li>• Selection of locations with a prevailing culture of financial discipline.</li> </ul>	<ul style="list-style-type: none"> <li>• Rigorous document authentication check.</li> <li>• A group approval test is undertaken.</li> <li>• Home verification is conducted.</li> <li>• Centralised credit decision making.</li> <li>• Pre- and post-disbursement call verification culture.</li> </ul>	<ul style="list-style-type: none"> <li>• Our first loan does not amount to more than ₹13000.</li> <li>• The Company does not top-up loans for active customers.</li> <li>• The Company does not provide emergency loans to active customers.</li> <li>• The Company lends higher amounts (two-year loans) only to customers who have completed three loan cycles.</li> </ul>	<ul style="list-style-type: none"> <li>• Fixed time and place of collection.</li> <li>• Pre-collection reminders.</li> <li>• Collections banked on the same day.</li> </ul>

## Sectoral optimism

In India, the extent of financial inclusion in the MSE sector is low. According to the fourth Census of the MSME sector, around 93% of the MSME units in India did not have access to finance and depended on self-finance. According to the Twelfth Plan, credit gap as a percentage of total demand was estimated at 56% in FY14 for the MSME sector. In absolute terms, this gap is estimated to be more than ₹1.6 trillion in FY17.

Even as the RBI directive states that 'not more than two micro-finance companies can lend to the same

borrower', making it difficult for new entrants to grab market share from incumbents, there still exist a number of pockets untouched by the micro-finance sector, inspiring optimism. Rural Maharashtra, Uttar Pradesh, Bihar and Madhya Pradesh suffer low penetration and offer MFI growth opportunities. Even in fully penetrated states like Tamil Nadu and West Bengal, customer acquisition has been strong, indicating that they are far from saturation.

- Establish a strong presence in Uttar Pradesh and Maharashtra, which it entered towards the close of 2015-16

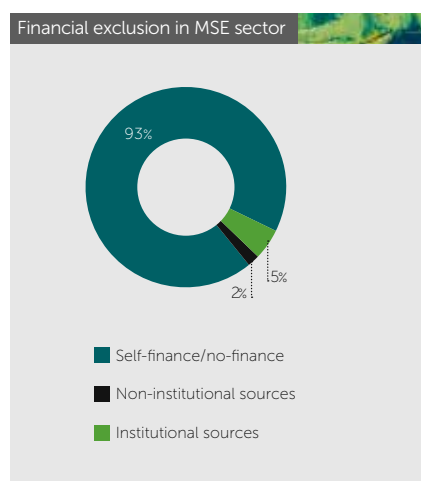
- Strengthen its presence in Madhya Pradesh as well as North and South Gujarat where its presence is relatively low

- Concentrate on rural and other weakly penetrated areas of India to grow the business.

Above all: continue to follow conservative lending policies and maintain high asset quality.

## Blueprint

Arman intends to grow its business through the following initiatives:



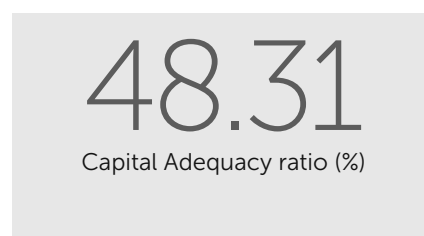
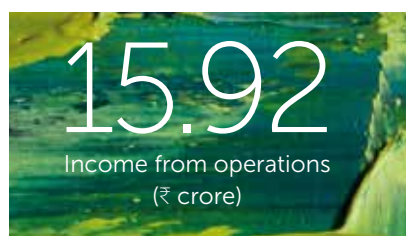
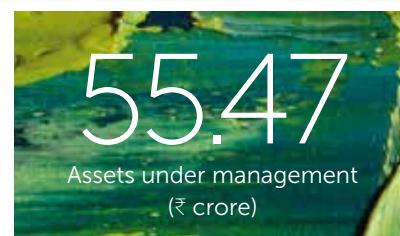
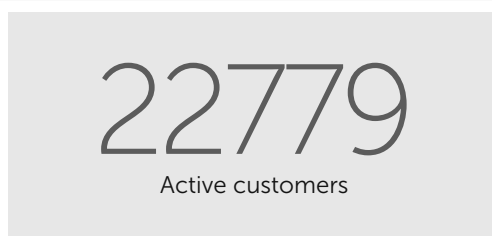
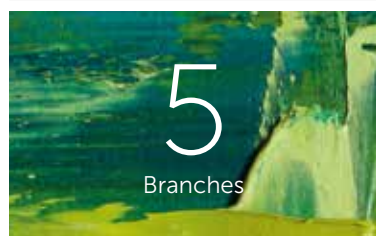
Under the priority sector lending norms, banks in India are required to give 40% of their loans to few specific sectors like agriculture and allied activities, micro and small enterprises, poor people for housing, students for education and other low income groups and weaker sections. As they do not have the reach, they provide money to MFIs to be disbursed to such borrowers. NBFC-MFIs are the only entities allowed by the RBI to act as intermediaries for onward priority sector lending by banks.

Source: Credit scoring – an effective way to ensure availability of timely and adequate credit to Micro and Small Enterprise (MSE), keynote address by Dr. KC Chakraborty, DG, RBI, 4 Dec 2013.



## Business segment 2

# ASSET FINANCE



## Business highlights, 2015-16

**Performance:** Disbursements increased by 16%; income from business operations grew by 4%; average portfolio outstanding per customer increased 4%.

**Productivity:** Average cases per month by sales offices increased 9%. Amount disbursed in two-wheeler business per sales officer increased 7%.

## Overview

Arman entered this business providing two- and three-wheeler loans to residents of Ahmedabad. Over the years, the Company established its competence through a growing presence in a number of towns and cities in Gujarat (Gandhinagar, Kalol, Kadi, Mehsana, Sabarkantha, Palanpur, Vadodara, Kheda, Anand, Sevalia, and Tarapur). The Company's USP was its flexibility in terms of loan tenure, initial down payment, processing fees, installment and service speed.

Over the years, growing competition, especially from vehicle

manufacturers who offer vehicles and financing, have slowed growth. The Company also discontinued fresh three-wheeler finance due to asset quality concerns, although it continues to service its existing 3-wheeler portfolio of ₹1.84 crore.

Arman continues to grow its two-wheeler financing business faster than the two-wheeler industry sales (currently growing at about 8%). The Company opened a branch for 2-wheeler financing in Indore (Madhya Pradesh), extending its presence from Gujarat in 2015-16.

## Sectoral optimism

India is the largest motorcycle and scooter market in the world. Overall two-wheeler sales increased 8.1% in the previous fiscal year. Sales declined in the motorcycle and moped segment, but increased in the scooter segment. Surge in consumer spending, decline in raw material prices, increase in commercial activities and decline in fuel price is expected to drive two-wheeler demand across India in the

long-term. Two-wheeler sales growth over the coming years is expected to come from increased rural market penetration which, as per CRISIL, stands at 39% of addressable rural households. It is estimated that by 2020, ~40mn rural households will comprise the addressable two-wheeler market. The existing household two-wheeler penetration in India in the addressable income segment (i.e. income of over ₹90,000 per annum) is estimated at around 52% in 2014-15, which is likely to increase to 63% by 2019-20, catalysed largely by a sharp rise in rural market penetration from 39% to 50%.

## Blueprint

Arman is adopting a micro-finance model for funding two-wheelers, widening the market (to rural areas), utilising resources efficiently and catalyzing business profitability. The backbone of the model is credit at the customer's doorstep. Repayment will occur at the customer's residence/business and the installment will be collected in cash.

## Risk management

# AT ARMAN, GROWTH IS DERIVED FROM BALANCING THE RISK-REWARD PROPOSITION

During a corporate's journey, the risk profile changes – from one of surviving the day-to-day challenges to one of sustaining growth momentum. The same holds true for Arman, which today is one of India's leading players in the micro-finance sector.

Risk management at Arman is an integral part of the business model, focusing to mitigate the adverse impact of risks on business objectives. The Company leverages its rich experience to allay shareholder apprehension about its growth prospects.

### Competition risk

Growing competition in the micro-finance space could impact the Company's growth over the medium term.

1

**Risk mitigation:** The opportunity for financial inclusion in India is sizeable enough to accommodate many more MFI players. Within the Indian land mass, there are a number of geographies that are preferred by MFI players, considering the growth opportunity it provides. At Arman, the team undertakes a threadbare analysis of every pincode/area within its licensed state to get a fair idea of the competition. It then cherry picks only those areas that are relatively under penetrated and hold promise in establishing a business presence. This strategy enables the Company to sustain its growth momentum. The Company's strategy also focuses on rural penetration, which has a much lower competition compared to urban sectors.

**Mitigation measure:** over 80% of the Company's assets under management are in the rural/semi-rural sector. The Company has outperformed 5-year the average industry growth.

### Geographic concentration risk

An over dependence on a single geography for business growth could impact growth aspiration over the medium term.

2

**Risk mitigation:** Up until 2013-14, Arman's micro-finance presence was focused in Gujarat. Having gained insights into the nuances of business and streamlined its processes, the Company extended to other states namely Madhya Pradesh. It is currently expanding into Maharashtra and Uttar Pradesh.

**Mitigation measure:** While Gujarat accounted for the Company's entire revenue in 2013-14; the contribution from this state reduced to 80% in 2015-16; its share is expected to decline with business expected to accrue from Maharashtra and Uttar Pradesh in 2016-17.

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### Asset risk

An incorrect customer acquisition strategy could result in an increase in the non-performing assets.

3

**Risk mitigation:** The Company is focused on quality growth as opposed to exponential growth. As a result, it has put in place relevant credit filters and prudent checks and balances (on-field and document analysis) which ensure that only diligent and deserving applicants are provided funds. It is one of the few MFIs which has a centralised sanctioning authority separate from the branch. In addition, the Company educates its customers on business opportunities, business and cash-flow management, which enable customers to meet repayment seamlessly.

**Mitigation measure:** The Company's Gross NPAs stood at a negligible 0.19% as on March 31, 2016 even as AUM grew by 50% over the previous year

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### Service risk

Inability to reduce the turnaround time (TAT) between application and disbursement could result in a loss of customers to competition.

4

**Risk mitigation:** As competition increases, the Company it cannot lose customers to peers if service levels are not acceptable. For one, the Company leveraged technology to significantly reduce the TAT between application and disbursement. In addition, continuous training to employees and disciplined monitoring of employee performance ensures that service levels to customers are sustained. Recently, the Company appointed consultants for business process mapping with prevailing best practices and suggesting improvements expected to be implemented in the current year.

**Mitigation measure:** The Company's TAT is lower than the industry average by a significant margin. The Company engaged consultants to increase monitoring without increasing TAT. The Company invested significantly in a completely online loan servicing system, which connects all branches to the head-office in real time, while working to make operations paper-less.

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### Funding risk

Inability to garner adequate funds could impact business growth.

5

**Risk mitigation:** The Company adopted a prudent debt-equity-repayment strategy to meet its fund requirement. Disbursements growth over the previous years resulted in increased collections prudently deployed in business growth. In 2015-16, the Company tapped the Tier-II equity market (redeemable preference share worth ₹5 crore) which enabled the Company to borrow 6x of the said amount. The Company plans to enter into further such transactions in FY2016-17. The Company also reduced its reliance on financial institutions, opting to borrow from banks, which provide funds at a considerably cheaper cost.

**Mitigation measure:** The Company reduced its reliance on financial institutions in the micro-finance segment from 40% in FY2014-15 to 26% in FY2015-16 on a year-end outstanding basis. This reduced total weighted average costs of borrowing by 25 bps.

## STATUTORY SECTION



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Shri Chinubhai R. Shah

*Chairman*

Shri Jayendra B. Patel

*Vice Chairman & Managing Director  
(Chief Executive Officer)*

Shri Aalok J. Patel

*Executive Director  
(Chief Finance Officer)*

Shri Amit R. Manakiwala

*Whole Time Director*

Shri Kaushikbhai D. Shah

*Independent Director*

Smt. Ritaben J. Patel

*Director*

Shri Aakash J. Patel

*Director*

Shri Aditya Bhandari

*Nominee Director*

Shri Ramakant D. Nagpal

*Independent Director*

## BOARD COMMITTEES

### Audit Committee

Shri Kaushikbhai D. Shah

*Chairman*

Shri Chinubhai R. Shah

*Member*

Smt. Ritaben J. Patel

*Member*

Shri Aditya Bhandari

*Member*

## Stakeholders Relationship Committee

Shri Chinubhai R. Shah

*Chairman*

Shri Kaushikbhai D. Shah

*Member*

Shri Jayendra B. Patel

*Member*

## Nomination and Remuneration Committee

Shri Ramakant D. Nagpal

*Chairman*

Shri Chinubhai R. Shah

*Member*

Shri Kaushikbhai D. Shah

*Member*

## COMPANY SECRETARY

Mr. Jaimish G. Patel

## STATUTORY AUDITOR

M/s J. T. Shah & Co.

## SECRETARIAL AUDITOR

M/s Pinakin Shah & Co.

## INTERNAL AUDITOR

M/s Dharmesh Parikh & Co.

## BANKERS

IDBI Bank Ltd

State Bank of India

State Bank of Patiala

Dena Bank

South Indian Bank

## REGISTERED OFFICE

502-503, Sakar-III,

Opp. Old High Court,

Ashram Road,

Ahmedabad-380014, Gujarat

Ph.: 079-40507000; 27541989

E-Mail: [finance@armanindia.com](mailto:finance@armanindia.com)

Website: [www.armanindia.com](http://www.armanindia.com)

## REGISTRAR & TRANSFER AGENTS

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

E-Mail: [bssahd@bigshareonline.com](mailto:bssahd@bigshareonline.com)

# DIRECTOR'S REPORT



*Dear members*

Your Directors have pleasure in presenting the 24th Director's Report of your Company together with the Audited Financial Statement for the year ended on 31st March, 2016.

You being our valued partners in the Company for a long time, we share our vision of growth with you and our guiding principles are a blend of optimism which has been and will be the guiding force of all our future endeavors.

The summary of operating results for the year and appropriation of divisible profits is given below:

## FINANCIAL PERFORMANCE

(Amount in ₹)

Particulars	Consolidated		Standalone	
	2015-16	2014-15	2015-16	2014-15
Gross Income	406,923,839	296,114,209	159,174,647	152,556,194
Profit Before Interest and Depreciation	276,691,643	202,342,970	95,381,452	100,097,718
Finance Charges	153,831,667	107,354,489	56,715,827	55,600,592
Gross Profit	122,859,976	94,988,481	38,665,625	44,497,126
Provision for Depreciation	1,792,862	2,398,245	1,327,368	2,230,635
Net Profit Before Tax	121,067,114	92,590,236	37,338,257	42,266,491
Provision for Tax	41,090,474	31,017,933	12,406,393	14,464,908
Net Profit After Tax	79,976,640	61,572,303	24,931,863	27,801,583
Balance of Profit brought forward	141,696,010	104,024,926	106,176,811	95,276,447
Balance available for appropriation	221,672,650	165,597,229	131,108,674	123,078,030
Proposed Dividend on Equity Shares	9,694,514	8,309,584	9,694,514	8,309,584
Tax on proposed Dividend	1,973,575	1,691,635	1,973,575	1,691,635
Transfer to General Reserve	1,100,000	1,200,000	1,000,000	1,200,000
Transfer to Special Reserve U/s 45-IC of RBI Act	16,275,000	12,700,000	5,025,000	5,700,000
Surplus carried to Balance Sheet	190,673,749	141,696,010	113,415,585	106,176,811

## COMPANY'S AFFAIRS AND FUTURE OUTLOOK

Your Company is engaged in the business of Asset Finance and Microfinance. The Parent Company, Arman Financial Services Limited, is engaged in Asset Finance, viz. Two-Wheeler and Three-Wheeler finance; 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. The Company has performed admirably in a highly competitive business segment and this performance has been consistent over a period of many years.

Net interest income from operations during the year under review was ₹40.69 Crores against ₹29.61 Crores for the previous year, resulting in increase of 37.42%. Earnings before Interest & Taxes (EBIT) for the current year is ₹27.49 Crores (₹19.99 Crores in previous year) thereby resulting in increased of 37.52%. Net Profit after Taxes amounted to ₹08.00 Crores (₹6.16 Crores in previous year) thereby resulting increase of 30%. Earnings Per share were ₹11.27 (For ₹10 each). The Company's consolidated Assets-Under-Management has crossed ₹175 Crores, and consolidated Disbursements totaled ₹348 Crores.

## CHANGE IN NATURE OF BUSINESS, IF ANY

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

## DIVIDEND

Your Directors are pleased to recommend a Dividend of ₹1.40/- (Previous Year ₹1.20) per equity share of ₹10/- each (i.e. 14%) for the year ended 31st March, 2016, subject to approval by the Members at the ensuing Annual General Meeting.

## 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: ₹50,25,000
- Transfer to general reserve: ₹10,00,000

## CHANGES IN SHARE CAPITAL, IF ANY

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

## SUBSIDIARY

The Company has one wholly owned subsidiary, named Namra Finance Limited as on date. During the year no changes took place in the group corporate structure of your Company. The Company has formulated a policy for determining 'material' subsidiaries pursuant to the provisions of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. The said policy is available at the Company website at the link [http://armanindia.com/pdf/CorporateGovernancePDF/material\\_subsidary.pdf](http://armanindia.com/pdf/CorporateGovernancePDF/material_subsidary.pdf)

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.

## UNCLAIMED DIVIDEND AS ON 31ST MARCH, 2016

The unclaimed dividend as on 31st March, 2016 was ₹15,26,542.20. No transfer of unclaimed/unpaid dividend was required to be made to the Investor Education And Protection Fund during the year.

## MATERIAL CHANGES AND COMMITMENTS

The RIF NorthWest-2, a Institutional Investor of the Company has sold their entire holding through Stock Exchange on 30.06.2016 and transferred 12,04,474 Class "A" Ordinary Equity Shares (DVR) held by them to Namra Holdings & Consultancy Services Private Limited. Other than the above disclosure, no material changes and commitments have occurred after the close of the financial year till the date of this report, which affect the financial position of the Company.

## LOANS, GUARANTEES AND INVESTMENTS

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

## PUBLIC DEPOSITS

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

## DIRECTORS AND KMP

In accordance with the Articles of Association of the Company and pursuant to the provisions of Section 152 of the Companies Act, 2013, Smt. Ritaben Patel [DIN 00011818] and Shri Aalok Patel [DIN-02482747] will retire by rotation at the ensuing AGM and being eligible, offers themselves for reappointment.

Shri Aditya Bhandari, Nominee Director of RIF NorthWest-2, has resigned from the Board of Director of the Company. The Board has accepted his resignation in its meeting held on 11/08/2016.

The term of Shri Jayendra Patel, Managing Director has expired on 31/08/2016. On recommendation of Nomination & Remuneration Committee in their meeting held on 11/08/2016, your directors recommend his reappointment as Managing Director for further period of 5 (five) years on a remuneration as specified in the notice calling 24th Annual General Meeting.

Mr. Shashikant N. Thakar has resigned from the post of the Company Secretary of the Company and in place of him Mr. Jaimish G. Patel has been appointed as a Company Secretary of the Company w.e.f. 01st March, 2016.

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

1. **Mr. Jayendra B. Patel** – *Managing Director and C.E.O.*
2. **Mr. Aalok Patel** – *Executive Director and C.F.O.*
3. **Mr. Amit Manakiwala** – *Whole Time Director.*
4. **Mr. Jaimish G. Patel** – *Company Secretary (w.e.f. 01.03.2016)*

## MEETING OF THE BOARD & AUDIT COMMITTEE

The Board during the financial year 2015-16 met eight times and Audit Committee met four times. All the recommendations made by the Audit Committee during the year were accepted by the Board. The details of the constitution and meetings of the Board and the Committees held during the year are provided in the Corporate Governance Report which forms part of this Annual Report.

## NOMINATION AND REMUNERATION COMMITTEE

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

## REMUNERATION POLICY

### Remuneration to Executive Directors:

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

### Remuneration to Non Executive Directors:

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



## 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.

In terms of the provisions of Section 197(12) of the Companies Act, 2013 read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended from time to time, a statement showing the names and other particulars of the employees is furnished as per Annexure-3.

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

The Company has zero tolerance for sexual harassment at workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and no complaint has been received on sexual harassment during the financial year 2015-16.

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3) (c) of the Companies Act, 2013 the Board of Directors of the Company confirms that-

- In the preparation of the annual accounts for the year ended on 31st March, 2016, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- 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, 2016 and of the profit and loss of the Company for the year ended on that date;
- 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;
- The Directors have prepared the annual accounts on a going concern basis;

- 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
- 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.

## DECLARATION BY INDEPENDENT DIRECTORS

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

## STATUTORY AUDITORS

M/s J. T. Shah & Co, Chartered Accountants, Ahmedabad (FRN No-190616W) were appointed as a Statutory Auditors of the Company with the approval of members at the 23rd Annual General Meeting to hold office till the conclusion of the 25th Annual General Meeting. The Board, in terms of Section 139 of the Act, on the recommendation of the Audit Committee, has recommended for the ratification of the Members, the appointment of M/s J. T. Shah & Co., Chartered Accountants, Ahmedabad from the conclusion of the ensuing Annual General Meeting till the conclusion of the 25th Annual General Meeting for such a remuneration that may be determined by the Board of Directors of the Company on recommendation of Audit Committee.

## SECRETARIAL AUDITORS

M/s Pinakin Shah & Co., Practicing Company Secretary, Ahmedabad were appointed to conduct secretarial audit under section 204 of the Companies Act, 2013 for the financial year 2015-16. The Secretarial Audit report is annexed herewith as Annexure-4. The Secretarial Audit report does not contain any qualification, reservation or adverse remark.

The Board has appointed M/s Pinakin Shah & Co., Practicing Company Secretary as a Secretarial Auditors of the Company for the financial year 2016-17.

## RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other

designated persons which may have a potential conflict with the interest of the Company at large and Approval of the Board of Directors & shareholders was obtained wherever required. Further all the necessary details of transaction entered with the related parties are attached herewith in Form No- AOC-2 as Annexure-6.

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 [http://armanindia.com/pdf/CorporateGovernancePDF/related\\_party\\_transaction.PDF](http://armanindia.com/pdf/CorporateGovernancePDF/related_party_transaction.PDF)

## RISK MANAGEMENT

Periodic assessments to identify the risk areas are carried out and management is briefed on the risks in advance to enable the Company to control risk through a properly defined plan. The risks are classified as financial risks, operational risks and market risks. The risks are taken into account while preparing the annual business plan for the year. The Board is also periodically informed of the business risks and the actions taken to manage them. The Company has formulated a policy for Risk management with the following objectives:

- Provide an overview of the principles of risk management
- Explain approach adopted by the Company for risk management
- Define the organisational structure for effective risk management
- Develop a "risk" culture that encourages all employees to identify risks and associated opportunities and to respond to them with effective actions.
- Identify access and manage existing and new risks in a planned and coordinated manner with minimum disruption and cost, to protect and preserve Company's human, physical and financial asset.

## INTERNAL CONTROL SYSTEM

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

with their recommendations and implementation contained therein are regularly reviewed by the Audit Committee of the Board. Internal Auditor has verified the key internal financial control by reviewing key controls impacting financial reporting and overall risk management procedures of the Company and found the same satisfactory. It was placed before the Audit Committee of the Company.

## INTERNAL FINANCIAL CONTROLS

The Company has laid down certain guidelines, processes and structure, which enables implementation of appropriate internal financial controls across the organisation. Such internal financial controls encompass policies and procedures adopted by the Company for ensuring the orderly and efficient conduct of business, including adherence to its policies, safeguarding of its assets, prevention and detection of frauds and errors, the accuracy and completeness of accounting records and the timely preparation of reliable financial information. Appropriate review and control mechanisms are built in place to ensure that such control systems are adequate and are operating effectively. Because of the inherent limitations of internal financial controls, including the possibility of collusion or improper management override of controls, material misstatements in financial reporting due to error or fraud may occur and not be detected. Also, evaluation of the internal financial controls is subject to the risk that the internal financial control may become inadequate because of changes in conditions, or that the compliance with the policies or procedures may deteriorate.

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

## CORPORATE SOCIAL RESPONSIBILITY

The Company does not meet the criteria of Section 135 of Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 so there is no requirement to constitute Corporate Social Responsibility Committee.

## ANNUAL EVALUATION

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out an annual performance evaluation of its own performance, the directors individually as well as the evaluation of its Audit Committee & Nomination & Remuneration Committee.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution and independence of judgment to safeguard the interest of the Company and its minority shareholders. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors.

## 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, Ahmedabad confirming the level of compliance is attached and forms a part of the Board's Report.

## WHISTLE BLOWER POLICY/ VIGIL MECHANISM

The Company has implemented a Whistle Blower Policy, whereby employees and other stakeholders can report matters such as generic grievances, corruption, misconduct, illegality and wastage/misappropriation of assets to the Company. The policy safeguards the whistle blowers to report concerns or grievances and also provides direct access to the Chairman of the Audit Committee. The details of the Whistle Blower Policy are available on Company's website at the link: [http://www.armanindia.com/pdf/CorporateGovernancePDF/whistle\\_blower\\_policy.pdf](http://www.armanindia.com/pdf/CorporateGovernancePDF/whistle_blower_policy.pdf)

## 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.

## 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-7 for your kind perusal and information.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO:

### A. Conservation of energy and Technology absorption

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

### B. Foreign exchange earnings and outgo

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

## SHARES

### Buy Back of Securities

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

### Sweat Equity

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

### Bonus Shares

No Bonus Shares were issued during the year under review.

### Employees Stock Option Plan

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

## CODE OF CONDUCT

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

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

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

The Company has received demand order from the Income Tax Department under the scrutiny of the assessment year 2012-13 amounting ₹7.42 Crores. The assessing officer has added an investment of ₹15 Crore made by RIF North West-2 in the Company, as an unexplained income of the Company.

The Company has also filed an appeal to challenge the said demand order before Commissioner of Income Tax, which is pending.

## ACKNOWLEDGEMENT

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

For, and on behalf of the Board

Date: 11/08/2016  
Place: Ahmedabad

**Chinubhai Shah**  
*Chairman*  
DIN: 00558310



## ANNEXURE-1

## FORM NO. AOC-1

STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL  
STATEMENTS OF SUBSIDIARIES

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

Details of Transaction are as follows:

Sr. No.	Particulars	Amount (₹ in Lakh)
1	Name of the Subsidiary Company	Namra Finance Limited
2	The date since when subsidiary was acquired	27.03.2012
3	Reporting period of the Subsidiary Company	31st March, 2016
4	Reporting Currency of the Subsidiary Company	INR
5	Share Capital	1537.50
6	Reserves & Surplus	983.77
7	Total Assets	13005.10
8	Total Liability	10483.83
9	Investment	140.00
10	Turnover	2574.70
11	Profit Before Tax	837.29
12	Provision for tax	286.84
13	Profit after Tax	550.45
14	Dividend	Nil
15	Extent of shareholding (in percentage)	100%

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

## ANNEXURE-2

# PARTICULARS OF REMUNERATION

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

- i. The ratio of the remuneration of each director to the median remuneration of the employees for the financial year 2015-16

Name of Director	Designation	Remuneration of the Directors for 2015-16 (₹ in Lacs)	Median remuneration of the employees (₹ in Lacs)	Ratio of remuneration of the directors to the median remuneration of the employees
Jayendra Patel	Vice Chairman & Managing Director	17.28	1.22	14.16:1
Amit Manakiwala	Whole Time Director	10.70	1.22	8.77:1
Aalok Patel	Executive Director	4.83	1.22	3.96:1

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

Name of Director	Designation	Percentage increase in remuneration
Jayendra Patel	Vice Chairman & Managing Director	14.29%
Amit Manakiwala	Whole Time Director	12.63%
Aalok Patel	Executive Director	(5.48%)

- iii. The percentage increase in the median remuneration of employees in the financial year 2015-16: 13.03%
- iv. There were 153 employees on the rolls of Company as on 31st March, 2016.
- v. Average percentile increase in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration

Average KMP Salary Increase: 9.64%, while Average Employees Salary Increase: 2.95%

Variable compensation is an integral part of the total pay package and is based on individual performance rating and business unit performance. The average percentile increase (decrease) in the remuneration of employees compared to KMP is in line with benchmark studies and the performance of the Company over a period of time. There is no exceptional increase in the managerial remuneration.

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

Company confirms the same.

## ANNEXURE-3

# PARTICULARS OF EMPLOYEE

Information in terms of sub-section 12 of Section 197 of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

i. Particulars of top ten Employee in terms of remuneration drawn

Name & Designation of Employee	Remu- neration Received (₹ in Lakh)	Nature of Employ- ment	Qualifica- tions	Experience	Date of Com- mencement of Employment	Age	Last Employ- ment	% of Equity Shares held
Jayendra Patel (Managing Director)	17.28	Permanent	B.SC	30 years	26/11/1992	65	Kapps Pharma Inc.	4.998 %
Amit Manakiwala (Whole Time Director)	10.70	Permanent	B.COM	30 years	26/11/1992	62	N.A.	2.220 %
Anju Agrawal (Sales Manager)	10.37	Permanent	M.A.	12 years	01/04/2006	44	ICICI Prudential Ltd.	0.002 %
Rambabu Agrawal (Marketing Manager)	10.14	Permanent	C.A.	20 years	01/04/2006	46	Uma Petro Product India Ltd.	0.002 %
Binu Methew (HR Manager)	4.90	Permanent	M.B.A.	13 years	01/12/2011	34	Sahayata Micro Finance	-
Aalok Patel (Director & CFO)	4.83	Permanent	B.S., C.P.A.	8 years	30/01/2007	32	KPMG	4.326 %
Atul Patel (Chief Accountant)	4.35	Permanent	B.COM	20 years	16/02/1998	46	Vadilal Industries Ltd.	0.002 %
Chandrabhan Gadhvi (IT Manager)	4.27	Permanent	B.E. Computer	10 years	29/10/2014	32	EPOS Guru	-
Mitul Vyas (Sr. Collection Manager)	4.23	Permanent	B.COM	15 years	10/02/2014	40	Fullerton India Ltd.	-
Jatin Koshti (Team Leader)	3.86	Permanent	H.S.C.	10 years	03/08/2008	29	ICICI Bank Ltd.	0.02 %

- ii. Employees who are employed throughout the year and in receipt of remuneration aggregating ₹1,02,00,000/- or more per year: Nil
- iii. Employees who are employed part of the year and in receipt of remuneration aggregating ₹8,50,000/- per month: Nil

## ANNEXURE-4

# FORM NO. MR-3

## SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2016

(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,

### 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 authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the financial year ended on 31st March, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Company for the financial year ended on 31st March, 2016 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made there under;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

4. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (up to 14th May 2015) and  
The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (effective from 15th May, 2015);
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client – (not applicable)
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;



Based on our verification, we have observed that the SEBI regulations mentioned at (c), (d), (e), (g) and (h) are not applicable to the Company during the year as it has not:

- i. Issued further share capital;
- ii. Listed debt capital;
- iii. Proposed to delist its equity shares; and
- iv. Proposed to buy back any of its securities.

6. Specifically applicable Laws to the Company, as identified and confirmed by the Management:

- i. The Reserve Bank of India Act, 1934,
- ii. Prevention of Money Laundering Act, 2002,

7. Labor Laws applicable to the Employees of the Company:

- i. Provident Fund Act, 1952;
- ii. Employees State Insurance Act, 1948;
- iii. Profession Tax Act, 1975;
- iv. The Payment of Gratuity Act, 1972

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

- a) Secretarial Standards issued by the Institute of Company Secretaries of India on Meetings of the Board of Directors (SS 1) and General Meeting (SS 2).
- b) Listing Agreements (till November 30, 2015) entered into by the Company with BSE Limited and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (From December 01, 2015 to March 31, 2016)

**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 except the following:

**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: 11.08.2016  
Place: Ahmedabad

**Pinakin Shah & Co.**  
*Company Secretaries,*

**Pinakin Shah**  
*Proprietor*

FCS: 2562; COP: 2932

Note: This report is to be read with our letter of even date which is annexed as Annexure-5 and forms an integral part of this report.

## ANNEXURE-5

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.

**Disclaimer:**

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: 11.08.2016  
Place: Ahmedabad

**Pinakin Shah & Co.**  
*Company Secretaries,*

Pinakin Shah  
*Proprietor*  
FCS: 2562; COP: 2932

## ANNEXURE-6

**FORM NO. AOC-2**

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

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

1. Details of contracts or arrangements or transactions not at arm's length basis:

There were no contracts or arrangements or transactions entered into during the year ended 31st March, 2016, which were not at arm's length basis

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

Name of Related Party	Nature of Relationship	Nature of contracts/ arrangements/ transaction	Duration of Contracts/ Arrangements/ Transactions	Salient terms of the Contracts or arrangements or transaction including the value, if any	Date of approval by Board	Amount Accepted during the year (Amt in ₹)
J. B. Patel & Co.	Director is Co-owner	Rent	Not Specific	Godown Rent	08.02.2016	20,224/-
Ritaben J. Patel	Director	Rent	Not Specific	Office Rent	08.02.2016	9,52,560/-
Aakash Patel (HUF)	Karta is Director	Loan	Not Specific	Interest	08.02.2016	1,42,047/-
Namra Finance Ltd	Subsidiary Company	Securitisation	Not Specific	Purchase of Receivables	08.02.2016	24,42,88,000 /-
Namra Finance Ltd	Subsidiary Company	Advances	Not Specific	Interest Received	08.02.2016	65,64,866/-
Namra Finance Ltd	Subsidiary Company	Loan	Not Specific	Interest Paid	08.02.2016	31,58,084/-

## ANNEXURE-7

# FORM NO. MGT 9

## EXTRACT OF ANNUAL RETURN

As on financial year ended on 31st March, 2016

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

## I. REGISTRATION &amp; COMPANY DETAILS

1.	CIN	L55910GJ1992PLC018623
2.	Registration Date	26/11/1992
3.	Name of the Company	Arman Financial Services Limited
4.	Category/Sub-category of the Company	Category: Company Limited by Shares Sub Category: Indian Non-Government Company
5.	Address of the Registered office & contact details	502-503, Sakar III, Opp. Old High Court, Off. Ashram Road, Ahmedabad-380014, Gujarat, India Ph: +91-79-40507000, 27541989 Fax: +91-79-27543666 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.	Sharepro Services (India) Pvt. Ltd. 416-420, 4th Floor, Devnandan Mall Opp. Sanyash Ashram, Ellisbridge, Ahmedabad-380006 Tel No.: +91-79-26582381 to 84 Fax No.: +91-79+26582385 E-mail: Sharepro@shareproservices.com

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10 % or more of the total turnover of the Company shall be stated)

S. No.	Name and Description of main products / services	NIC Code of the Product/Service	% to total turnover of the Company
1	Other financial service activities (Vehicle Finance)	64990	100%

## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	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	
<b>A</b>	<b>Promoters</b>									
(1)	<b>Indian</b>	-	-	-	-	-	-	-	-	-
A	Individual / HUF	1548046	-	1548046	27.06	1482512	-	1482512	25.92	-1.14
B	Central /State Govt (s)	-	-	-	-	-	-	-	-	-
C	Bodies Corporate	165400	-	165400	2.89	165400	-	165400	2.89	-
D	Any Other (Trust)	-	-	-	-	-	-	-	-	-
	<b>Sub-total (A1):-</b>	<b>1713446</b>	<b>-</b>	<b>1713446</b>	<b>29.95</b>	<b>1647912</b>	<b>-</b>	<b>1647912</b>	<b>28.81</b>	<b>-1.14</b>
(2)	<b>Foreign</b>									
A	Individuals (NRIs/ Foreign Individuals)	-	-	-	-	-	-	-	-	-
B	Bodies Corporate	-	-	-	-	-	-	-	-	-
C	Institutions	-	-	-	-	-	-	-	-	-
D	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
e	Others	-	-	-	-	-	-	-	-	-
	<b>Sub-Total (A2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total A=(A1)+(A2)</b>	<b>1713446</b>	<b>-</b>	<b>1713446</b>	<b>29.95</b>	<b>1647912</b>	<b>-</b>	<b>1647912</b>	<b>28.81</b>	<b>-1.14</b>
<b>B</b>	<b>Public Shareholding</b>									
(1)	<b>Institutions</b>									
a	Mutual Funds/UTI	-	-	-	-	-	-	-	-	-
b	Financial Institutions/Banks	-	-	-	-	-	-	-	-	-
c	Central /State Government(s)	-	-	-	-	-	-	-	-	-
d	Venture Capital Funds	-	-	-	-	-	-	-	-	-
e	Insurance Companies	-	-	-	-	-	-	-	-	-
f	Foreign Institutional Investors	1429415	-	1429415	24.99	1429415	-	1429415	24.99	-
g	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
h	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
i	Others	-	-	-	-	-	-	-	-	-
	<b>Sub-Total (B1)</b>	<b>1429415</b>	<b>-</b>	<b>1429415</b>	<b>24.99</b>	<b>1429415</b>	<b>-</b>	<b>1429415</b>	<b>24.99</b>	<b>-</b>

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	67525	45200	112725	1.97	81570	44200	125770	2.20	0.23
b	Individuals									
	(i) Individuals holding nominal share capital upto 1lakh	515868	458940	974808	17.04	770447	426940	1197387	20.93	3.89
	(ii) Individuals holding nominal share capital in excess of 1 lakh	1437085	-	1437085	25.12	1271589	-	1271589	22.23	-2.89
c	Others									
	Non-Resident Repatriates	31569	19000	50569	0.88	26123	19000	45123	0.79	-0.09
	Non Resident Non Repatriates	1258	-	1258	0.02	1475	-	1475	0.03	0.01
	Clearing Members	873	-	873	0.02	1508	-	1508	0.03	-0.01
	Sub-Total (B2)	2054178	523140	2577318	45.06	2152712	490140	2642872	46.20	1.14
	Total B=(B1)+(B2)	3483593	523140	4006733	70.05	3582127	490140	4072267	71.19	1.14
	Total (A+B) :	5197039	523140	5720179	100.00	5230039	490140	5720179	100.00	-

## b. Shareholding of Promoter

SN	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	284259	4.97	-	285911	5.00	-	0.03
2	Aakash Patel	278830	4.87	-	278830	4.87	-	-
3	Aalok Patel	247480	4.33	-	247480	4.33	-	-
4	Jayendra Patel -HUF	196000	3.43	-	196000	3.43	-	-
5	Namra Holding & Cons. Serv. Pvt. Ltd	165400	2.89	-	165400	2.89	-	-
6	Rita Patel	296674	5.19	-	296674	5.19	-	-
7	Amit Manakiwala	194003	3.39	-	126817	2.22	-	-1.17
8	Himani Manakiwala	50000	0.87	-	50000	0.87	-	-
9	Maulik Manakiwala	800	0.01	-	800	0.01	-	-

## c. Change in Promoters' Shareholding

Sr No	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	Jayendra Patel				
	At the Beginning of the year	284259	4.97	284259	4.97
	Transfer/ Sale of shares during the year	1650	0.03	285911	5.00
	At the end of the year			285911	5.00
2	Amit Manakiwala				
	At the Beginning of the year	194003	3.39	194003	3.39
	Transfer/ Sale of shares during the year	(67186)	(1.17)	126817	2.22
	At the end of the year			126817	2.22

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

SN	Name	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of Shares	% of total Shares	No. of Shares	% of total Shares
1	RIF Northwest 2	FII	1429415	24.9890	1429415	24.9890
2	Babulal Dugar	Public	135815	2.3743	146108	2.5543
3	Babulal Dugar	Public	126732	2.2155	135815	2.3743
4	Girish Gulati (HUF)	Public	124453	2.1757	118676	2.0747
5	Vinod Kumar Dugar	Public	91730	1.6036	91730	1.6036
6	Avinash P Wadhwa	Public	90099	1.5751	90099	1.5751
7	Amrav Babulal Dugar	Public	85000	1.4860	63117	1.1034
8	Gaurav Sud	Public	60000	1.0489	60000	1.0489
9	Maheshkumar K Shah	Public	52160	0.9119	52160	0.9119
10	Pragati Dugar	Public	50000	0.87	50000	0.87

## e. Shareholding of Directors and Key Managerial Personnel:

Sr No	Name of Promoter	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	284259	4.97	285911	5.00
2	Aakash Patel	278830	4.87	278830	4.87
3	Aalok Patel	247480	4.33	247480	4.33
4	Rita Patel	296674	5.19	296674	5.19
5	Amit Manakiwala	194003	3.39	126817	2.22
6	C. R. Shah	200	0.00	200	0.00
7	K. D. Shah	-	-	-	-
8	Aditya Bhandari	-	-	-	-
9	R. K. Nagpal	-	-	-	-
10	Jaimish Patel	-	-	-	-

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

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i. Principal Amount	482442543	682474	-	483125017
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	1170286	-	-	1170286
<b>Total (i + ii + iii)</b>	<b>483612829</b>	<b>682474</b>	<b>-</b>	<b>484295303</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	25000000	187843	-	25187843
Reduction	118390194	-	-	118390194
Net Change	-93390194	187843	-	-93202351
<b>Indebtedness at the end of the financial year</b>				
i. Principal Amount	379642920	870317	-	380513237
ii. Interest due but not paid	-	-	-	-
iii. Interest accrued but not due	579715	-	-	579715
<b>Total (i + ii + iii)</b>	<b>380222635</b>	<b>870317</b>	<b>-</b>	<b>381092952</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sr. No.	Particulars of Remuneration	Name of MD/WT/ Manager			Total Amount
1	Gross salary	Jayendra Patel (Managing Director)	Amit Manakiwala (Whole Time Director)	Aalok Patel (Exe. Director & CFO)	
	a) Salary as per provisions contained in section 17(1) of the Income tax Act, 1961	15,55,000/-	10,70,000/-	4,83,600/-	31,08,600/-
	b) Value of perquisites u/s 17(2) Income-tax Act, 1961	1,73,981/-	-	-	1,73,981/-
	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)	17,28,981/-	10,70,000/-	4,83,600/-	32,82,581/-
Ceiling as per the Act		₹37,33,825/- (Being 10% of the profit of ₹3,73,38,257/- the Company calculated as per section 198 of the Act.			



## B. Remuneration to other Directors

Particulars of Remuneration	Name of Directors				
Director	C. R. Shah	K. D. Shah	R. K. Nagpal	Ritaben Patel	Total
-Fees for attending Board/ Committee Meetings	87,500/-	70,000/-	15,000/-	37,500/-	2,10,000/-
-Commission	-	-	-	-	-
-Others, Please specify	-	-	-	-	-
Total (B)	87,500/-	70,000/-	15,000/-	37,500/-	2,10,000/-
Total Managerial Remuneration (A)+(B)					34,92,581/-

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

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
1	Gross salary	*CEO Jayendra Patel	*CFO Aalok Patel	Company Secretary Jaimish Patel (w.e.f. 01.03.2016)	
	d) Salary as per provisions contained in section 17(1) of the Income tax Act, 1961	-	-	19,000/-	19,000/-
	e) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	f) Profits in lieu of salary under Section 17(3) Income- tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	Total				19,000/-

\*Shri Jayendra Patel is a Managing Director and CEO of the Company and Shri Aalok Patel is an Executive Director & CFO of the Company so the details of his remuneration have already been given under clause A-Remuneration to Managing Director, Whole-time Director etc.

## VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

There were no material penalties/punishment/compounding of offences for the year ended on 31st March, 2016

# 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 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 objective of increasing the value of stakeholders and retention of investors' trust based on transparency, independency, integrity, professionalism and accountability.

## CODE OF CONDUCT AND ETHICS

The Board of Directors has adopted the Code of Conduct and Ethics to align with the provisions of the Companies Act, 2013. The confirmation from the Managing Director cum Chief Executive Officer 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 Company's website at the link [http://www.armanindia.com/pdf/CorporateGovernancePDF/code\\_of\\_conduct.pdf](http://www.armanindia.com/pdf/CorporateGovernancePDF/code_of_conduct.pdf)

## CEO / CFO CERTIFICATION

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

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

## 1. BOARD OF DIRECTORS

### COMPOSITION OF THE BOARD OF DIRECTORS

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

As on 31st March, 2016 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 31st March, 2016 and their attendance at the Board meetings and Annual General Meeting ("AGM") during the financial year ended 31st March, 2016 are given below:

Directors	Attendance Particular				Committee Membership including Arman	
	Category	Board Meeting	Last AGM	Other Directorship	Member	Chairman
C. R. Shah	C – ID	5	Yes	11	6	3
J. B. Patel	VC-MD	8	Yes	1	1	Nil
A. R. Manakiwala	WTD	8	Yes	1	Nil	Nil
Aalok. J. Patel	ED	7	Yes	1	1	Nil
Aakash J. Patel	NED	1	No	Nil	Nil	Nil
Rita. J. Patel	NED	6	Yes	1	1	Nil
K. D. Shah	ID	4	Yes	6	4	4
Lokesh Singh*	ID	Nil	No	Nil	Nil	Nil
Aditya Bhandari**	NED	5	No	3	2	Nil
R. K. Nagpal ***	ID	2	Yes	2	Nil	1

C-Chairman, VCMD-Vice Chairman & Managing Director, ED-Executive Director, NED-Non Executive Director, ID-Independent Director, WTD-Whole Time Director

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.

\* Vacated on 14.05.2015; \*\*Vacated on 11.08.2016;  
\*\*\*Appointed on 24.08.2015

## 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 Regulation 17(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Board met 8 (Eight) times in financial year details of which are summarised as below:

Sr. No	Date of Meeting	Board Strength	No of Director Present
1	14.05.2015	9	8
2	13.08.2015	8	5
3	24.08.2015	8	6
4	19.09.2015	9	4
5	05.11.2015	9	7
6	01.12.2015	9	4
7	26.12.2015	9	5
8	08.02.2016	9	8

In addition independent directors met exclusively in the last quarter of the financial year i.e. on 26.03.2016.

## 2. AUDIT COMMITTEE

The Audit Committee discharges such duties and functions generally indicated under Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as per Section 177 of Companies Act, 2013 and also such other functions as may be specifically dedicated to it by the Board from time to time.

The role of the audit committee shall include the following:

- 1) oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- 2) recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity;
- 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 and auditor's report thereon 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. major accounting entries involving estimates based on the exercise of judgment by management;
  - d. significant adjustments made in the financial statements arising out of audit findings;
  - e. compliance with listing and other legal requirements relating to financial statements;
  - f. disclosure of any related party transactions;
  - g. modified opinion(s) in the draft audit report;
- 5) reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- 6) reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;

- 7) reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- 8) approval or any subsequent modification of transactions of the listed entity with related parties;
- 9) scrutiny of inter-corporate loans and investments;
- 10) valuation of undertakings or assets of the listed entity, wherever it is necessary;
- 11) evaluation of internal financial controls and risk management systems;
- 12) reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- 13) 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;
- 14) discussion with internal auditors of any significant findings and follow up thereon;
- 15) 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;
- 16) 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;
- 17) to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- 18) to review the functioning of the whistle blower mechanism;
- 19) approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- 20) Carrying out any other function as is mentioned in the terms of reference of the audit committee.

During the period under review, the Audit Committee met Four times on 14/05/2015, 13/08/2015, 05/11/2015 and

08/02/2016.

Constitution of the Audit Committee and attendance details during the financial year ended March 31, 2016 are given below:

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

### 3. NOMINATION AND REMUNERATION COMMITTEE

As per Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and per Section 178 of the Companies Act, 2013, it is mandatory for all listed companies to constitute a Nomination & Remuneration Committee to take care of the nomination of Directors and 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 & KMP 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.

During the year the Committee was reconstituted with interchange of committee members for effective functioning. The following Directors are the members of the Committee during the financial year ended on 31st March, 2016 is given below:

Name	Position	Category
Shri R. K. Nagpal	Chairman	Independent, Non Executive
Shri C. R. Shah	Member	Independent, Non Executive
Shri K. D. Shah	Member	Independent, Non Executive

#### REMUNERATION TO DIRECTORS

The Vice Chairman and Managing Director, Executive Director and Whole Time Director get salary including perquisites. Remuneration paid for the year ended 31st March, 2016 was as under:

Name of the Director	Remuneration	Period of appointment	Approving Authority
Jayendra Patel	17,28,981/-	Three years w.e.f. 01/09/2013	21st AGM
Aalok Patel	4,83,600/-	Five years w.e.f. 01/07/2015	23rd AGM
Amit Manakiwala	10,70,000/-	Five years w.e.f. 01/07/2012	20th AGM
<b>Total</b>	<b>32,82,581/-</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.

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	87,500/-	200
Shri K. D. Shah	70,000/-	-
Shri R. K. Nagpal	15,000/-	-
Smt. Rita Patel	37,500/-	296674

#### 4. STAKEHOLDER RELATIONSHIP COMMITTEE

The Committee is functioning in terms of mandatory requirement of Regulation 20 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and as per Section 178 of the Companies Act, 2013. 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, dematerialisation, rematerialisation, 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, 2013, 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 financial year 2015-16 i.e. 14/05/2015, 13/08/2015, 05/11/2015 and 08/02/2016. 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	3
Shri Jayendra Patel	Member	4

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

Particulars	No. of Complaints
Investor complaints pending as at April 1, 2015	Nil
Investor complaints received during the year ended on March 31, 2016	Nil
Investor complaints resolved during the year ended March 31, 2016	Nil
Investor complaints pending as on March 31, 2016	Nil

#### 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 27 times during the year to approve transfer/ transmission/ demat of equity shares. It transferred 14,100 equity shares submitted through physical transfer deed.

### 5. 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.

### 6. SPECIAL RESOLUTIONS PASSED AT THE LAST 3 ANNUAL GENERAL MEETINGS

Year	Venue of A.G.M	Day, Date & Time	No. of Special Resolutions
2012-13	ATMA Hall Ahmedabad	Friday, 30.08.2013, 12.00 p.m.	Nil
2013-14	ATMA Hall Ahmedabad	Wednesday, 24.09.2014, 12.00 p.m.	1
2014-15	ATMA Hall Ahmedabad	Tuesday, 29.09.2015, 3:30 p.m.	Nil

### 7. FAMILIARIZATION PROGRAMME

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

Since all independence Directors, except Shri R. K. Nagpal who were appointed on 24th August, 2015 are associated and familiar with the Company since many years and hence Company has not conducted a structured familiarisation training programme. The familiarisation policy is posted on the website of the Company at [www.armanindia.com](http://www.armanindia.com)

### 8. DISCLOSURE ON MATERIAL SIGNIFICANT RELATED PARTY TRANSACTIONS

During the year, there have been no material 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

[http://armanindia.com/pdf/CorporateGovernancePDF/related\\_party\\_transaction.PDF](http://armanindia.com/pdf/CorporateGovernancePDF/related_party_transaction.PDF)

### 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

The quarterly, half-yearly and yearly financial results are sent to the Stock Exchanges immediately after the Board approves the same. Thereafter, the same were published in The Economic Times - English and Gujarati language editions in Ahmedabad. Disclosures pursuant to various Regulations of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 were promptly communicated to the Stock Exchanges. Press Release on quarterly result was made at the end of each quarter for the benefit of the investors and analysts the said press release was available on the website of Stock Exchanges as well as the Company's website at ([www.armanindia.com](http://www.armanindia.com)).

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

## 11. 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](mailto:secretarial@armanindia.com)

Compliance Officer: Jaimish G. Patel

### b) Toll Free Number For Investor Grievances

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

### c) Annual General Meeting

The 24th Annual General Meeting will be held on Thursday, 22nd Day of September, 2016, at 12.00 p.m. at Ahmedabad Textile Mills' Association (ATMA) Hall, Opp. City Gold Cinema, Ashram Road, Ahmedabad-380009

### d) Financial Calendar

First quarter results: July/August 2016

Second quarter results: October/November 2016

Third quarter results: January/February 2017

Annual results: April/May 2017

Annual General Meeting: August/September 2017

### e) Book Closure

The Register of Members and the Share Transfer Register will be closed from Thursday, 15th September, 2016, to Thursday, 22nd September, 2016 (both days inclusive) for determining the name of members eligible to receive dividend on equity shares.

### f) Dividend Payment Date

Dividend for the year ended 31st March, 2016, 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 14th September, 2016; 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 14th September, 2016.

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

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

The Investors are advised to claim the un-encashed dividends lying in the unpaid dividend accounts of the Company before the due date (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.

### h) Shares Listed At

The Bombay Stock Exchange Limited

\*The National Stock Exchange of India Limited

Annual Listing fee for the year 2016-17 has been paid to BSE and NSE. The Company has also paid the Annual Custodial fees to both the depositories.

\*The Company got listed on the National Stock Exchange of India Limited w.e.f. 14.06.2016

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.

High/Low of monthly Market Price of the Company's Equity Shares Traded on the Bombay Stock Exchanges during the financial year 2015-16 is furnished below:

Months	Bombay Stock Exchanges (Per Share in ₹)	
	Month's High Price	Month's Low Price
April, 2015	199.70	121.00
May, 2015	163.60	126.00
June, 2015	168.00	120.00
July, 2015	187.70	139.00
August, 2015	239.00	158.00
September, 2015	204.30	166.00
October, 2015	204.00	166.00
November, 2015	191.00	168.00
December, 2015	190.00	163.00
January, 2016	230.00	170.00
February, 2016	197.00	121.00
March, 2016	164.90	135.00

m) **Evolution of capital**

Particulars of Equity shares issued by the Company.

Year	Increase in Authorised 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	1993-94	08/09/1993	1,39,540	1,39,540
1993-94	20/05/1993	15,00,000	30,00,000	1994-95	20/07/1994	1,07,900	2,47,440
1994-95	14/09/1994	20,00,000	50,00,000	1994-95	06/10/1994	2,49,640	4,97,080
1995-96	20/05/1995	4,50,00,000	5,00,00,000	1995-96	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	2012-13	20/04/2012	13,58,129	54,34,729
Nil	Nil	Nil	Nil	2012-13	18/02/2013	2,14,164	56,48,893
Nil	Nil	Nil	Nil	2013-14	14/10/2013	71,286	57,20,179

**n) 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 dematerialisation/ rematerialisation of Company's shares.

In terms of Regulation 40(9) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 every six months, a qualified Practicing Company Secretary undertakes audit of the share transfer related activities carried out by the Department and issues a compliance certificate, which is submitted to the Stock Exchange.

**o) Distribution of Shareholding as on 31st March, 2016**

On the basis of Share held

Sl. No.	Category (Shares)	Electronic			Physical			Total		
		Holders	Shares	% to total shares	Holders	Shares	% to total shares	Holders	Shares	% to total shares
1	1-500	1236	172997	3.02	2925	348940	6.10	4161	521937	9.12
2	501-1000	133	110076	1.92	47	40400	0.71	180	150476	2.63
3	1001-2000	77	115056	2.01	19	29200	0.51	96	144256	2.52
4	2001-3000	30	74065	1.30	4	9700	0.16	34	83765	1.46
5	3001-4000	18	63935	1.12	1	3500	0.06	19	67435	1.18
6	4001-5000	14	65308	1.14	1	4500	0.08	15	69808	1.22
7	5001-10000	35	244486	4.28	2	13500	0.24	37	257986	4.52
8	10001-20000	12	144721	2.53	3	40400	0.71	15	185121	3.24
9	Above 20000	32	4239395	74.11	0	0	0.00	32	4239395	74.11
	<b>TOTAL</b>	<b>1587</b>	<b>5230039</b>	<b>91.43</b>	<b>3002</b>	<b>490140</b>	<b>8.57</b>	<b>4589</b>	<b>5720179</b>	<b>100.00</b>

On the basis of Category

Category	No of Shares Held	% to Total Shares Held
Individual	24,70,484	43.19
Private Corporate Bodies	1,25,770	02.20
Promoters	16,47,912	28.81
Non-resident Indians	14,76,013	25.80
<b>TOTAL</b>	<b>57,20,179</b>	<b>100.00</b>

**p) Dematerialisation 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 dematerialisation. 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 33,000 equity shares. As on 31st March, 2016, 91.43% of the total shares issued by the Company were held in dematerialised form.

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

**q) 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.

**r) 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..

**s) Outstanding GDRs/ADRs/Warrants or any convertible instrument as on 31st March, 2016**

There were no outstanding GDRs/ADRs/Warrants or any convertible instrument as on 31st March, 2016.

**t) Plant Locations**

The nature of business is such that the 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: 079-40507000; 079-27541989, Fax: 079-27543666, E-mail: [finance@armanindia.com](mailto:finance@armanindia.com)

**(2) Bigshare Services Private Limited**

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

Phone: 079-40024135 E-mail: [bssahd@bigshareonline.com](mailto:bssahd@bigshareonline.com)

# COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To,  
The Members,  
**Arman Financial Services Limited,**  
Ahmedabad

I have examined compliance of conditions of Corporate Governance by Arman Financial Service Limited (the Company), for the year ended 31st March, 2016, as stipulated in Clause 49 of the Listing Agreement ('Listing Agreement') of the Company with the stock exchanges for the period 1 April, 2015 to 30 November 2015 and as per the relevant provisions of Securities Exchange Board of India (LODR) Regulations, 2015 ('Listing Regulations') as referred to in Regulation 15(2) of the Listing Regulations for the period 1 December 2015 to 31 March 2016.

The compliance of conditions of Corporate Governance is the responsibility of the Management. My examination was limited to procedures & implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

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 the above mentioned Listing Agreement / Listing Regulations, as applicable.

I 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: 11/08/2016

**Pinakin Shah & Co.,**  
*Company Secretaries,*

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

# DECLARATION ON ADHERENCE TO THE CODE OF CONDUCT UNDER SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

All the Board Members of Board of Directors and senior management personnel have affirmed compliance with the code of conduct of Board of Directors and senior management of Arman Financial Services Limited for the financial year ended 31st March, 2016.

For, and on behalf of the Board

Place: Ahmedabad

Date: 11/08/2016

**Jayendra Patel**

*Chief Executive Officer*

DIN: 00011814

# CEO-CFO CERTIFICATION

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

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

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

For, Arman Financial Services Limited

**Jayendra Patel (CEO)**

DIN: 00011814

Date: 11/08/2016

Place: Ahmedabad

For, Arman Financial Services Limited

**Aalok Patel (CFO)**

DIN: 02482747

# Consolidated financial statements





# Independent Auditor's Report

To,  
The Members of  
ARMAN FINANCIAL SERVICES LIMITED  
Ahmedabad

## 1. Report on the Consolidated Financial Statements

We have audited the accompanying Consolidated Financial Statements of **ARMAN FINANCIAL SERVICES LIMITED** (hereinafter referred to as "the Holding Company") and its one subsidiary (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at 31st March, 2016, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

## 2. Management's Responsibility for the Consolidated Financial Statements

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

## 3. Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the

accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

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

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

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

## 4. Opinion

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

- i. In the case of the Consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2016;
- ii. In the case of the Consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and

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

#### 5. Report on Other Legal and Regulatory Requirements

- i. As required by Section 143(3) of the Act, we report, to the extent applicable that::
- We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - In our opinion, proper books of account as required by law relating to preparation of the afore said consolidated financial statements have been kept so far as it appear from our examination of those books and the reports of the other auditors.
  - 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.
  - In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act.
  - On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2016 taken on record by the Board of Directors of Holding Company and the Reports of the Statutory Auditors of its subsidiary companies, none of the directors of the Group companies, is disqualified as on

31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

- With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate Report in "Annexure-A".
- With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group. (Refer Note 23 to the consolidated financial statements.)
  - The Group did not have any material foreseeable losses on long-term contracts including derivative contracts
  - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India.

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

**J. J. Shah**  
Partner

Place : Ahmedabad  
Date : 20.05.2016

M. No. 45669

## Annexure "A" to the Consolidated Auditors Report

Referred to in paragraph 5 (i)(f) of our Report of even date to the Members of ARMAN FINANCIAL SERVICES LIMITED for the year ended 31st March, 2016.

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2016, We have audited the internal financial controls over financial reporting of ARMAN FINANCIAL SERVICES LIMITED (hereinafter referred to as "the Holding Company") and its one subsidiary company, which is a company incorporated in India, as of that date.

#### Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the of the Holding company, its subsidiary company, which is a company incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components

of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditor's Responsibility**

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

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

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for

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

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

#### **Opinion**

In our opinion, the Holding Company, its subsidiary company, which is a company incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, 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  
FRN No. 109616W

**J. J. Shah**  
Partner

Place : Ahmedabad  
Date : 20.05.2016

M. No. 45669

# Consolidated Balance Sheet

as at 31 March 2016

(Amounts in ₹)

Particulars	Notes	As at 31 March 2016	As at 31 March 2015
<b>EQUITY AND LIABILITIES</b>			
<b>[1] Shareholders' Funds :</b>			
[a] Share Capital	1	119,246,530	69,246,530
[b] Reserves & Surplus	2	385,358,431	319,005,692
		<b>504,604,961</b>	<b>388,252,222</b>
<b>[2] Money Received Against Share Warrant</b>			
		<b>Nil</b>	<b>4,218,750</b>
<b>[3] Non-Current Liabilities :</b>			
[a] Long Term Borrowings	4	457,705,399	223,489,172
[b] Deferred Tax Liabilities (Net)	5	Nil	Nil
[c] Long Term Provisions	6	2,937,029	1,533,078
		<b>460,642,428</b>	<b>225,022,250</b>
<b>[4] Current Liabilities</b>			
[a] Short-Term Borrowings	7	333,873,482	416,156,852
[b] Other Current Liabilities	8	618,650,557	312,528,851
[c] Short Term Provisions	9	34,756,683	25,386,142
		<b>987,280,723</b>	<b>754,071,845</b>
<b>Total .....</b>		<b>1,952,528,112</b>	<b>1,371,565,067</b>
<b>ASSETS :</b>			
<b>[1] Non-Current Assets</b>			
<b>[a] Fixed Assets :</b>			
[i] Tangible Assets	10	17,902,941	15,801,466
[ii] Intangible Assets		1,510,251	344,538
		<b>19,413,192</b>	<b>16,146,004</b>
[b] Long Term Investments	11	14,000,000	Nil
[c] Deferred Tax Assets (Net)	5	3,647,770	2,218,244
[d] Long-term Loans and Advances	12	262,558,996	141,045,902
[e] Other Non-Current Assets	13	67,541,249	23,623,963
		<b>367,161,207</b>	<b>183,034,113</b>
<b>[2] Current Assets</b>			
[a] Trade Receivables	14	19,721,979	12,308,449
[b] Cash & Bank Balances	15	106,991,834	167,621,616
[c] Short term Loans and Advances	12	1,458,653,093	1,008,600,889
[d] Other Current Assets		Nil	Nil
		<b>1,585,366,905</b>	<b>1,188,530,954</b>
<b>Total .....</b>		<b>1,952,528,112</b>	<b>1,371,565,067</b>
Significant Accounting Policies and Notes on Financial Statements	1 to 28		

As per our report of even date attached herewith

For, J.T. Shah &amp; Company

Chartered Accountants

FRN No. 109616W

For, Arman Financial Services Limited

J. J. Shah

Partner

M.No. 45669

Jayendra Patel

Vice Chairman &amp; Managing Director

(DIN - 00011814)

Aalok Patel

Director

DIN - 02482747

Jaimish Patel

Company Secretary

M.No.A42244

Place : Ahmedabad

Date: 20.05.2016

# Consolidated Statement of Profit and Loss for the year ended 31 March 2016

(Amounts in ₹)

Particulars	Notes	Current year 31 March 2016	Previous year 31 March 2015
<b>INCOME</b>			
Revenue from Operations	16	406,908,284	296,005,539
Other Income	17	15,555	108,670
<b>Total Revenue</b>		<b>406,923,839</b>	<b>296,114,209</b>
<b>EXPENDITURE</b>			
Employee Benefits Expenses	18	62,807,035	52,152,839
Finance Costs	19	153,831,667	107,354,489
Depreciation and Amortisation expense	20	1,792,862	2,398,245
Other Expenses	21	67,425,161	41,618,399
<b>Total Expenses</b>		<b>285,856,725</b>	<b>203,523,972</b>
<b>Profit before Tax</b>		<b>121,067,114</b>	<b>92,590,237</b>
<b>Less : Tax expense:</b>			
- Current Tax		42,520,000	32,030,000
- Short Provision of Income Tax of earlier years		Nil	284,670
- Deferred Tax Liability/(Asset)	22	(1,429,526)	(1,296,737)
<b>Profit for the year</b>		<b>79,976,640</b>	<b>61,572,304</b>
<b>Basic Earnings Per Share of ₹ 10 each</b>	25	11.27	8.89
<b>Diluted Earnings Per share of ₹ 10 each</b>	25	11.27	8.89
Significant Accounting Policies and Notes on Financial Statements	1 to 28		

As per our report of even date attached herewith

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

Chartered Accountants

FRN No. 109616W

**For, Arman Financial Services Limited****J. J. Shah**

Partner

M.No. 45669

Place : Ahmedabad

Date: 20.05.2016

**Jayendra Patel**

Vice Chairman &amp; Managing Director

(DIN - 00011814)

**Aalok Patel**

Director

DIN - 02482747

**Jaimish Patel**

Company Secretary

M.No.A42244

Consolidated Financial Statements of Arman Financial Services Ltd.



## Consolidated Cash flow statement for the year ended 31 March 2016

(Amounts in ₹)

Particulars	Year ended 31 March 2016		Year ended 31 March 2015	
<b>A. CASH FROM OPERATING ACTIVITIES :</b>				
Net Profit before Taxation		121,067,114		92,590,237
<b>Adjustment For :</b>				
Depreciation & Amortization Expense	1,792,862		2,398,245	
NPA Provisions(Net)	836,763		286,134	
Contingent Provision on Standard Assets	5,856,000		4,813,150	
Interest Expenses	138,632,820		103,074,419	
Loss on Sale of Fixed Assets	16,939		Nil	
Loss on Sale of Investments	Nil		Nil	
Bad Debts W/Off	5,263,456		4,935,304	
Profit on Sale of Fixed Assets	Nil		(98,332)	
Short fall on interest on Advance Tax Payment	1,320,000		1,300,000	
		153,718,841		116,708,920
Operating Profit Before Working				
<b>Capital changes :</b>		274,785,955		209,299,157
<b>Adjustment For :</b>				
Increase/(Decrease) In Long-Term Provision	(4,185,525)		432,433	
Increase/(Decrease) In Short-Term Provision	7,272,323		3,452,734	
Increase/(Decrease) In Other Current Liability	331,680,072		139,916,820	
Decrease/(Increase) In Trade Receivables	(12,676,985)		(9,113,816)	
Decrease/(Increase) In Long Term Loans And Advances	(121,513,094)		(32,320,323)	
Decrease/(Increase) In Short Term Loans And Advances	(441,952,939)		(213,153,352)	
		(241,376,148)		(110,785,504)
<b>Cash Generated From Operations</b>		<b>33,409,807</b>		<b>98,513,653</b>
Income Tax Paid	(43,672,145)		(29,788,276)	
		(43,672,145)		(29,788,276)
		<b>(10,262,339)</b>		<b>68,725,378</b>
<b>B. CASH FLOW FROM INVESTMENT ACTIVITIES :</b>				
Purchase of Fixed Assets	(5,093,851)		(1,404,711)	
Sale of Fixed Assets	21,000		(9,501,030)	
(Increase) /Decrease in Bank Deposits	(50,015,254)		3,374,333	
Purchase of investments	(15,000,000)		Nil	
Investments in Subsidiary	(4,218,750)		Nil	
Interest Received				
Sale of investments	995,861		Nil	
<b>Net Cash from Investment Activities</b>		<b>(73,310,994)</b>		<b>(7,531,408)</b>

## Consolidated Cash flow statement for the year ended 31 March 2016

(Amounts in ₹)

Particulars	Year ended 31 March 2016		Year ended 31 March 2015	
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>				
Proceeds From Issue of Share Capital	50,000,000		Nil	
Proceeds Issue of Share Warrant	Nil		4,218,750	
Proceeds From Application Money-CCD	Nil		3,000,000	
Refund From Share Application Money-CCD	(3,000,000)		Nil	
Proceeds From Long Term Borrowings	441,490,823		212,600,190	
Repayment of Long Term Borrowings	(207,274,598)		(78,453,973)	
Proceeds From Short Term Borrowings	61,936,230		73,641,927	
Repayment of Short Term Borrowings	(177,687,830)		(160,909,933)	
Interest Paid	(138,915,716)		(101,034,955)	
Dividend Paid	(9,703,327)		(7,816,895)	
<b>Net Cash from Financing Activities</b>		<b>16,845,583</b>		<b>(54,754,889)</b>
<b>Net Increase in Cash &amp; Cash Equivalents</b>		<b>(66,727,749)</b>		<b>6,439,080</b>
Cash & Cash Equivalents at the Beginning		139,697,929		133,258,849
Cash & Cash Equivalents at the End		72,970,179		139,697,929

As per our report of even date attached.

**Notes :**

- (1) The above Cash Flow Statement has been prepared under the "Indirect Method" set out in Accounting Standard - 3 issued by the Institute of Chartered Accountants of India.
- (2) Cash and cash equivalents at the end includes ₹ 15,26,543/- (Prev. Year ₹ 12,28,651/-) in respect of unclaimed dividends which are not available for use by the Company.

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

Chartered Accountants

FRN No. 109616W

**J. J. Shah**

Partner

M.No. 45669

Place : Ahmedabad

Date: 20.05.2016

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

Vice Chairman &amp; Managing Director

(DIN - 00011814)

**Aalok Patel**

Director

DIN - 02482747

**Jaimish Patel**

Company Secretary

M.No.A42244

# Notes to the consolidated financial statements for the year ended 31 March 2016

## SIGNIFICANT ACCOUNTING POLICIES TO THE CONSOLIDATED BALANCE SHEET AND STATEMENT OF PROFIT AND LOSS:

### 1. PRINCIPLES OF CONSOLIDATION

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

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

### 2. Other significant accounting policies:-

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

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

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

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

### 1. SHARE CAPITAL

(Amounts in ₹)

	As at 31 March 2016	As at 31 March 2015
<b>[a] Authorised :</b>		
1,12,50,000 ( Previous Year 1,12,50,000) Ordinary Equity shares of par value of ₹ 10/- each	112,500,000	112,500,000
37,50,000 ( Previous Year 37,50,000) Class "A" Ordinary Equity shares of par value of ₹ 10/- each	37,500,000	37,500,000
	<b>150,000,000</b>	<b>150,000,000</b>
<b>[b] Issued, Subscribed &amp; Paid-up Capital :</b>		
57,20,179 (Previous Year 57,20,179 ) Ordinary Equity Shares of par value of ₹ 10/- each fully paid up	57,201,790	57,201,790
12,04,474 (Previous Year 12,04,474) Class "A" Ordinary Equity Shares of par value of ₹ 10/- each fully paid up	12,044,740	12,044,740
50,00,000 (Previous Year Nil) Cumulative Non - Convertible Compulsorily Redeemable Preference shares of par value of ₹ 10/- each fully paid up	50,000,000	Nil
<b>Total .....</b>	<b>119,246,530</b>	<b>69,246,530</b>

- The Company has two classes of shares referred to as i) Ordinary Equity shares having face value of ₹ 10/-. Each Holder of Equity Share is entitled to 1 vote per share and ii) Class "A" Ordinary Shares having face value of ₹ 10/-. Each Holder of Class "A" Ordinary Shares is Entitled to one Vote for one lac Shares.
- 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.
- The holder(s) of Cumulative Non - Convertible Compulsorily Redeemable Preference shares (CNCCRPS) shall have no voting rights other than in respect of matters directly affecting the rights attached to the CNCCRPS. In the event of any due and payable dividends on the CNCCRPS remaining unpaid, the holder(s) of CNCCRPS shall gain voting rights in respect of all matters placed at a General Meeting of its Equity Shareholders in accordance with the provisions of the Companies Act, 2013.

# Notes to the consolidated financial statements for the year ended 31 March 2016

## 1. SHARE CAPITAL (contd...)

- 1.4 Cumulative Non -Convertible Compulsorily Redeemable Preference shares are redeemable after 18 Months from date of issue i.e. 31.12.2015 at par. The Preference Share holders are not entitled to any voting rights except under the circumstances as mentioned in para 1.3 above.
- 1.5 During the year ended 31st March, 2016, dividend recognized as distribution to Cumulative Non - Convertible Compulsorily Redeemable Preference Share holders @ 13% on prorata basis (P.Y. ₹ Nil). The total dividend appropriation for the year ended 31st March, 2016 amounted ₹ 16,25,000/- (P.Y. ₹ Nil) excluding corporate dividend tax of ₹ 3,30,812/- (P.Y. ₹ Nil).
- 1.6 The Company declares and pays dividends in Indian Rupees. The Dividend proposed by the Board of Director is subject to the approval of the shareholders in the ensuing Annual General Meeting.
- 1.7 During the year ended 31st March, 2016, the amount of per share dividend recognised as distribution to equity shareholders was ₹ 1.40 (₹ 1.20). The Total dividend appropriation for the year ended 31st March, 2016 amounted ₹ 96,94,515/- (P.Y. ₹ 83,09,584/-) excluding corporate dividend tax of ₹ 19,73,575/- (P.Y. 16,91,636/-).
- 1.8 Details of Shareholders holding more than 5 % of Ordinary Shares of the company are as follows:

Name of Shareholder	As at 31 March 2016		As at 31 March 2015	
	%	Shares	%	Shares
RIF North West - 2	24.99	1,429,415	24.99	1,429,415
Jayendrabhai Patel	8.42	481,911	8.40	480,259
Ritaben Patel	5.19	296,674	5.19	296,674

- 1.9 Details of Shareholders holding more than 5 % of Class "A" Ordinary Shares of the company are as follows:

Name of Shareholder	As at 31 March 2016		As at 31 March 2015	
	%	Shares	%	Shares
RIF North West - 2	100.00	1,204,474	100	1,204,474

- 1.10 Details of Preference Shareholder holding more than 5 % preference shares of the company are as follows:

Name of Shareholder	As at 31 March 2016		As at 31 March 2015	
	%	Shares	%	Shares
UNIFI AIF	100.00	5,000,000	-	Nil

- 1.11 The Reconciliation of the number of shares outstanding and the amount of Ordinary Equity Share capital as at 31/03/2016 & 31/03/2015 is set out below

### Ordinary Equity Shares

Particulars	As at 31 March 2016		As at 31 March 2015	
	No. of Shares	Amounts ₹	No. of Shares	Amounts ₹
Shares at the beginning	5,720,179	57,201,790	5,720,179	57,201,790
Addition - Subscription during the year	Nil	Nil	Nil	Nil
Deletion	Nil	Nil	Nil	Nil
Shares at the end	5,720,179	57,201,790	5,720,179	57,201,790

### Class "A" Ordinary Equity Share capital

Particulars	As at 31 March 2016		As at 31 March 2015	
	No. of Shares	Amounts ₹	No. of Shares	Amounts ₹
Shares at the beginning	1,204,474	12,044,740	1,204,474	12,044,740
Addition - Subscription during the year	Nil	Nil	Nil	Nil
Deletion	Nil	Nil	Nil	Nil
Shares at the end	1,204,474	12,044,740	1,204,474	12,044,740

### Preference Shares

Particulars	As at 31 March 2016		As at 31 March 2015	
	No. of Shares	Amounts ₹	No. of Shares	Amounts ₹
Shares at the beginning	Nil	Nil	Nil	Nil
Addition - Subscription during the year	5,000,000	50,000,000	Nil	Nil
Deletion	Nil	Nil	Nil	Nil
Shares at the end	5,000,000	50,000,000	Nil	Nil

# Notes to the consolidated financial statements for the year ended 31 March 2016

## 2. RESERVES AND SURPLUS

(Amounts in ₹)

	As at 31 March 2016	As at 31 March 2015
<b>General Reserve</b>		
Balance as per last financial Statement	7,435,377	6,674,705
Less : Amount of depreciation in respect of fixed assets whose useful life has expired on adoption to Schedule - II of the Companies Act-2013	Nil	(650,326)
Add : Amount of reversal of Deferred Tax Liability in respect of fixed assets whose useful life has expired on adoption of Schedule II to the Companies Act-2013	Nil	210,998
Add: Transfer from Statement of Profit and Loss (Refer Note 2.1)	1,100,000	1,200,000
<b>Closing Balance</b>	<b>8,535,377</b>	<b>7,435,377</b>
<b>Special Reserve u/s 45-IC of the RBI Act,1934</b>		
Balance as per last financial Statement	47,375,000	34,675,000
Add: Transfer from Statement of Profit and Loss (Refer Note 2.1)	16,275,000	12,700,000
<b>Closing Balance</b>	<b>63,650,000</b>	<b>47,375,000</b>
<b>Securities Premium Reserve</b>	<b>122,499,306</b>	<b>122,499,306</b>
<b>Surplus in the Statement of Profit and Loss</b>		
Balance as per last financial Statement	141,696,010	104,024,926
Add : Profit for the year	79,976,640	61,572,303
Less: Appropriations		
Amount transfer to General Reserve (Refer Note 2.1)	(1,100,000)	(1,200,000)
Amount transfer to Special Reserve u/s 45-IC of RBI Act, 1934 (Refer Note 2.1)	(16,275,000)	(12,700,000)
Proposed Dividend On Cumulative Non - Convertible Compulsorily Redeemable Preference shares	(1,625,000)	Nil
Tax on Distributed Profit	(330,812)	Nil
Proposed Dividend	(9,694,514)	(8,309,584)
Provision for Tax on Dividend proposed	(1,973,575)	(1,691,636)
<b>Closing Balance</b>	<b>190,673,749</b>	<b>141,696,010</b>
<b>Total</b>	<b>385,358,431</b>	<b>319,005,692</b>

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



## Notes to the consolidated financial statements for the year ended 31 March 2016

### 3. MONEY RECEIVED AGAINST SHARE WARRANTS

(Amounts in ₹)

	As at 31 March 2016	As at 31 March 2015
Balance as per last financial Statement	4,218,750	Nil
Add: Addition during the year	Nil	4,218,750
Less: Shares Issued during the year	4,218,750	Nil
<b>Total</b>	<b>Nil</b>	<b>4,218,750</b>

3.1 Money Received against Share Warrants represents Nil Warrants (P.Y. 375000 ) of face value of ₹ 10 each issued to directors of the Company.

### 4. LONG-TERM BORROWINGS

(Amounts in ₹)

	As at 31 March 2016		As at 31 March 2015	
	Non-current	Current	Non-current	Current
<b>Secured</b>				
Loans				
From Financial Institutions				
-- Term Loans @@	191,128,825	271,819,215	108,501,182	167,130,750
From Banks				
-- Term Loans @@	266,576,574	313,513,932	114,987,990	104,747,663
From Others				
-- Term Loans @@	Nil	Nil	Nil	1,789,434
<b>Unsecured</b>				
Others				
From Directors and their Relatives	Nil	870,317	Nil	10,975,739
Inter Corporate Deposit	Nil	2,053,852	Nil	2,324,000
<b>Total .....</b>	<b>457,705,399</b>	<b>588,257,316</b>	<b>223,489,172</b>	<b>286,967,586</b>
Less : Amount disclosed under head Other Current Liabilities (Note - 7)	Nil	588,257,316	Nil	286,967,586
<b>Total .....</b>	<b>457,705,399</b>	<b>Nil</b>	<b>223,489,172</b>	<b>Nil</b>

#### Security :

@@ Term Loans are secured under Hypothecation of specific assets portfolio & Personal guarantee of some of the directors. The same are further secured by cash collateral security in the form of Fixed deposit & Investments in Mutual Funds which are shown under "Other Bank Balance" & "Investments" respectively.

#### Interest:

Term Loan carries an interest rate ranging from @ 8.25 % to @ 15.75 % p.a.

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

Inter Corporate Deposits carries interest rate @ 12 % to 16% p.a.

#### Repayment:

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

(Amounts in ₹)

	Upto 1 year	2 to 3 Years
Term Loan Repayment	585,333,147	457,705,399
Loans from relatives of directors	2,053,852	Nil
From Directors and their Relatives	870,317	Nil

# Notes to the consolidated financial statements for the year ended 31 March 2016

## 5. DEFERRED TAX LIABILITIES (NET)

(Amounts in ₹)

	As at 31 March 2016	As at 31 March 2015
<b>Deferred Tax Assets arising out of timing difference relating to :</b>		
Provision for Gratuity that are allowable for tax purpose in the year of payment	515,226	320,159
Shares Issue Expenses that are allowable for tax purpose on deferred basis	3,638,037	2,508,324
Provision for NPA that are allowable for tax purpose in the year of actual loss	1,351,666	946,202
<b>Total Deferred Tax Assets</b>	<b>5,504,929</b>	<b>3,774,685</b>
<b>Deferred Tax Liability arising out of timing difference relating to :</b>		
Difference of Depreciation as per Tax Provision and Company Law	1,857,159	1,556,441
<b>Total Deferred Tax Liability</b>	<b>1,857,159</b>	<b>1,556,441</b>
<b>Net Deferred Tax Liability / (Assets)</b>	<b>(3,647,770)</b>	<b>2,218,244</b>

## 6. LONG TERM PROVISIONS

(Amounts in ₹)

	As at 31 March 2016		As at 31 March 2015	
	Non-current	Current	Non-current	Current
Provision for Employee Benefit- Gratuity	1,257,029	208,485	1,154,754	19,567
Provision for Dividend Cumulative Non - Convertible Compulsorily Redeemable Preference shares	Nil	1,625,000	Nil	Nil
Provision for tax on distributed profits	Nil	330,812	Nil	Nil
Contingent Provision against standard Assets	1,680,000	11,370,000	349,900	6,844,100
NPA Provisions	Nil	1,802,560	28,424	937,373
	2,937,029	15,336,857	1,533,078	7,801,040
Less : Amount disclosed under head Short Term Provisions - (Note-9)	Nil	15,336,857	Nil	7,801,040
<b>Total</b>	<b>2,937,029</b>	<b>Nil</b>	<b>1,533,078</b>	<b>Nil</b>

## 7. SHORT-TERM BORROWINGS

(Amounts in ₹)

	As at 31 March 2016	As at 31 March 2015
Loans Repayable on Demand:		
Working Capital Loans from Banks -Secured @	333,873,482	416,156,852
	<b>333,873,482</b>	<b>416,156,852</b>

### Security :

- @ Working Capital are secured under Hypothecation of specific assets portfolio & Personal guarantee of some of the directors. The same are further secured by cash collateral security in the form of Fixed deposit & Investments in Mutual Funds which are shown under "Other Bank Balance" & "Investments" respectively.

## Notes to the consolidated financial statements for the year ended 31 March 2016

### 8. OTHER CURRENT LIABILITIES

(Amounts in ₹)

	As at 31 March 2016	As at 31 March 2015
Current maturity of long term borrowings ( Note 4)	588,257,316	286,967,586
Salary & Wages Payable	4,730,796	4,595,294
Other Statutory dues	731,465	1,169,659
TDS Payable	1,474,889	2,328,678
Sundry Creditors for Expense	9,596,609	7,266,408
Security Deposit	2,514,170	1,914,924
Interest Accrued but not due on Term Loans	2,330,068	2,612,963
Micro Insurance Payable	4,861,777	Nil
Unpaid Dividend	1,526,543	1,228,651
Unpaid Expenses	2,626,925	1,444,688
Application money received towards Compulsory Convertible Debentures Pending Allotment	Nil	3,000,000
<b>Total .....</b>	<b>618,650,557</b>	<b>312,528,851</b>

### 9. SHORT TERM PROVISIONS

(Amounts in ₹)

	Current	
	As at 31 March 2016	As at 31 March 2015
Provisions for employee benefits - Gratuity (Note - 5)	208,485	19,567
Contingent Provision against standard Asset (Note - 5)	11,370,000	6,844,100
NPA Provisions (Note- 5)	1,802,560	937,373
Provision for Tax	139,820,000	95,980,000
Less : Advance Tax & TDS	(132,068,263)	(88,396,117)
Net (Note - 5)	7,751,737	7,583,883
Provision for Dividend on Cumulative Non - Convertible Compulsorily Redeemable Preference shares (Note -5)	1,625,000	Nil
Provision for Tax on distribution Profit (Note - 5)	330,812	Nil
Proposed Dividend	9,694,514	8,309,584
Provision for Tax on Proposed Dividend	1,973,575	1,691,636
<b>Total .....</b>	<b>34,756,683</b>	<b>25,386,142</b>

#### 9.1 Contingent Provision against Standard Assets :

As per Master Circular - 'Non Banking Financial Company-Micro Finance Institutions' (NBFC-MFIs)-Directions dated July'1,2015 vide reference no. RBI/2015-16/20, DNBR (PD) CC.No.047/03.10.119/2015-16, Provisioning for the Non-AP portfolio would be as per the December 02, 2011 Directions with effect from April 1, 2013 is "The aggregate loan provision to be maintained by NBFC-MFIs at any point of time shall not be less than the higher of a) 1% of the outstanding loan portfolio or b) 50% of the aggregate loan instalments which are overdue for more than 90 days and less than 180 days and 100% of the aggregate loan instalments which are overdue for 180 days or more" and in case of Non Banking Finance Company -AFC provision of 0.30% of the outstanding loan portfolio is made as per provisions required by Non Banking Financial (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 and as per RBI circular RBI/2015-16/22 DNBR (PD) CC.No.045/03.10.119/2015-16 dated July 01, 2015 (updated as on April 11,2016).

# Notes to the consolidated financial statements for the year ended 31 March 2016

## 10. FIXED ASSETS

(Amounts in ₹)

Gross Block	Tangible Assets					Total Tangible Assets	Intangible Assets	Total Assets
	Buildings	Furniture & Fixtures	Office Equipment	Vehicles	Computer			
01.04.2014	13,072,926	3,498,263	1,259,005	4,648,067	3,238,506	25,716,767	-	25,716,767
Addition	25,224	534,291	94,500		385,526	1,039,541	365,170	1,404,711
Disposal			(153,200)	(1,924,065)		(2,077,265)	-	(2,077,265)
At 31.03.2015	13,098,150	4,032,554	1,200,305	2,724,002	3,624,032	24,679,043	365,170	25,044,213
Addition		1,490,514	820,615		1,482,022	3,793,151	1,300,700	5,093,851
Disposal		(189,403)	(227,066)	(1,550)	(258,126)	(676,145)	-	(676,145)
Other Adjustment		-	-	-	-	-		-
At 31.03.2016	13,098,150	5,333,665	1,793,854	2,722,452	4,847,928	27,796,049	1,665,870	29,461,919

Gross Block	Tangible Assets					Total Tangible Assets	Intangible Assets	Total Assets
	Buildings	Furniture & Fixtures	Office Equipment	Vehicles	Computer			
01.04.2014	1,205,581	2,136,746	430,178	2,390,940	1,350,791	7,514,236	-	7,514,236
Change for the year	206,175	234,510	217,154	839,040	880,734	2,377,613	20,632	2,398,245
Disposal			(68,482)	(1,596,116)	-	(1,664,598)	-	(1,664,598)
Other Adjustment (Transfer to Gen. Reserve)		80,551	170,638	(707)	399,844	650,326	-	650,326
At 31.03.2015	1,411,756	2,451,807	749,488	1,633,157	2,631,369	8,877,577	20,632	8,898,209
Change for the year	207,517	302,970	153,101	320,632	673,655	1,657,875	134,987	1,792,862
Disposal		(179,931)	(215,717)	(1,473)	(245,223)	(642,344)	-	(642,344)
At 31.03.2016	1,619,273	2,574,846	686,872	1,952,316	3,059,801	9,893,108	155,619	10,048,727
NET BLOCK								
AS AT 31.3.2015	11,686,394	1,580,747	450,817	1,090,845	992,663	15,801,466	344,538	16,146,004
AS AT 31.3.2016	11,478,877	2,758,819	1,106,982	770,136	1,788,127	17,902,941	1,510,251	19,413,192

## 11. INVESTMENT

(Amounts in ₹)

	As at 31 March 2016		As at 31 March 2015	
	Non-current	Current	Non-current	Current
Un Quoted Investments - Investments in Units of Mutual Funds				
400000 Units (P.Y. Nil) of SBI Debt Fund Series - B- 34 - Regular Growth	4,000,000	Nil	Nil	Nil
210758 Units (P.Y. Nil) of SBI Corporate Bond Fund - Regular Plan - Growth	5,000,000	Nil	Nil	Nil
2112 Units (P.Y. Nil) of SBI Premier Liquid Fund - Regular Plan - Growth	5,000,000	Nil	Nil	Nil
Total .....	14,000,000	Nil	Nil	Nil
Aggregate amount of Unquoted investment	14,073,381	Nil	Nil	Nil
Cost	14,000,000	Nil	Nil	Nil

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

## Notes to the consolidated financial statements for the year ended 31 March 2016

### 12. LOANS AND ADVANCES (Considered Good unless otherwise stated)

(Amounts in ₹)

	As at 31 March 2016		As at 31 March 2015	
	Non-current	Current	Non-current	Current
<b>A. Secured</b>				
Loans secured by Hypothecation of Assets	122,896,531	401,985,420	133,169,022	330,059,696
<b>B. Unsecured</b>				
Loans to Companies, Firms and Individuals	127,526,255	1,033,031,403	1,166,635	663,636,408
Deposits	12,136,210	7,666,964	6,710,245	9,249,643
Other Loans and Advances	Nil	14,690,061	Nil	4,599,462
Advances to Staff	Nil	1,109,931	Nil	1,034,323
Balance with government Authority	Nil	169,314	Nil	21,357
<b>Total .....</b>	<b>262,558,996</b>	<b>1,458,653,093</b>	<b>141,045,902</b>	<b>1,008,600,889</b>

12.1 Loans secured by hypothecation of Assets (Vehicles) are secured by hypothecation of the Assets (Vehicles) under finance. In the opinion of the Board, the market value of the hypothecated Assets (Vehicle) as on Balance Sheet date is more than the amount of Loan Outstanding.

12.2 Loans secured by Hypothecation of Vehicle includes ₹ 56,99,855/- (P.Y. ₹ 31,73,145/-) outstanding portfolio on which NPA provision of ₹ 5,72,535/- (P.Y. ₹ 3,17,315/-) has been made.

12.3 Deposits includes security deposits given as collateral security against Term Loans and Working Capital.

### 13. OTHER NON CURRENT ASSETS

(Amounts in ₹)

	As at 31 March 2016	As at 31 March 2015
Deposits with Original maturity for more than 12 months (Note 14)	67,541,249	23,623,963
	<b>67,541,249</b>	<b>23,623,963</b>

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

### 14. TRADE RECEIVABLES

(Amounts in ₹)

	As at 31 March 2016	As at 31 March 2015
<b>A. Outstanding for a period exceeding Six Months from the date they are due for Payment (Unsecured, considered good)</b>		
Secured	12,300,249	6,484,820
Unsecured	Nil	349,124
	<b>12,300,249</b>	<b>6,833,944</b>
<b>B. Other Trade receivables (Unsecured, considered good)</b>		
Secured	4,023,099	4,798,015
Unsecured	3,398,631	676,490
	<b>7,421,730</b>	<b>5,474,505</b>
<b>Total .....</b>	<b>19,721,979</b>	<b>12,308,449</b>

14.1 Sundry Debtors includes ₹ 1,23,00,249/- (P.Y. ₹ 64,84,820/-) outstanding portfolio on which NPA provision of ₹ 12,30,025 /- (P.Y. ₹ 6,48,482/-) has been made.



## Notes to the consolidated financial statements for the year ended 31 March 2016

### 15. CASH AND BANK BALANCE

(Amounts in ₹)

	As at 31 March 2016		As at 31 March 2015	
	Non-current	Current	Non-current	Current
<b>A. Cash and cash equivalents</b>				
Cash on hand	Nil	1,601,846	Nil	928,685
Balance With Banks	Nil	71,368,333	Nil	138,769,244
<b>Total</b>	<b>Nil</b>	<b>72,970,179</b>	<b>Nil</b>	<b>139,697,929</b>
<b>B. Other Bank Balance</b>				
Deposits with Original maturity for more than 12 months	67,541,249	34,021,655	23,623,963	27,923,687
	67,541,249	34,021,655	23,623,963	27,923,687
Less Amount disclosed Under Non Current Assets ( Note 12)	67,541,249	Nil	23,623,963	Nil
<b>Total .....</b>	<b>Nil</b>	<b>106,991,834</b>	<b>Nil</b>	<b>167,621,616</b>

15.1 Current Account with Banks includes ₹ 15,26,543/- (Prev. Year ₹ 12,28,651/-) in Unpaid Dividend Account.

15.2 Other Bank Balance includes deposits given as cash collateral security against Term Loans and working capital loans.

### 16. REVENUE FROM OPERATION

(Amounts in ₹)

	2015-16	2014-15
Interest Income	380,529,695	282,058,861
Other Interest Income	7,520,916	1,961,860
<u>Other Financial Services</u>		
Processing Fees	18,376,363	11,322,647
Other Charges in respect of Loans	481,310	662,171
<b>Total .....</b>	<b>406,908,284</b>	<b>296,005,539</b>

### 17. OTHER INCOME

(Amounts in ₹)

	2015-16	2014-15
Profit on Sale of Assets	Nil	98,332
Misc. Income	15,555	10,338
<b>Total .....</b>	<b>15,555</b>	<b>108,670</b>

## Notes to the consolidated financial statements for the year ended 31 March 2016

### 18. EMPLOYEE BENEFIT EXPENSES

(Amounts in ₹)

	2015-16	2014-15
Salary, Wages & Bonus	57,401,603	47,705,501
Contribution to Provident Fund & Other Funds	3,467,312	3,293,890
Welfare Expenses	1,938,120	1,153,448
<b>Total .....</b>	<b>62,807,035</b>	<b>52,152,839</b>

18.1 The disclosure in respect of Employee Benefit as defined in the Accounting Standard 15 is given below :

#### A. The Amounts (In ₹) Recognized In The Balance Sheet Are As Follows:

(Amounts in ₹)

Particulars	Gratuity Defined Benefit Obligation 2015-16	Gratuity Defined Benefit Obligation 2014-15
Present value of funded obligations	Nil	Nil
Fair value of plan assets	Nil	Nil
Present value of unfunded obligations	1,465,514	1,174,321
Unrecognized past service cost	Nil	Nil
Net liability	1,465,514	1,174,321
Amounts in the balance sheet:	Nil	Nil
Liabilities	1,465,514	1,174,321
Assets	Nil	Nil
Net liability	1,465,514	1,174,321

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

(Amounts in ₹)

Particulars	Gratuity Defined Benefit Obligation 2015-16	Gratuity Defined Benefit Obligation 2014-15
Current service cost	526,058	288,360
Interest on obligation	90,834	66,561
Expected return on plan assets	Nil	Nil
Net actuarial losses (gains) recognized in year	(325,699)	78,835
Past service cost	Nil	Nil
Losses (gains) on curtailments and settlement	Nil	Nil
Total, included in 'employee benefit expense'	291,193	433,756
Actual return on plan assets	Nil	Nil

# Notes to the consolidated financial statements for the year ended 31 March 2016

## 18. EMPLOYEE BENEFIT EXPENSES (contd...)

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

Particulars	Gratuity Defined Benefit Obligation 2015-16	Gratuity Defined Benefit Obligation 2014-15
Opening defined benefit obligation	1,174,321	740,565
Transfer Out Liability	Nil	Nil
Service cost	526,058	288,360
Interest cost	90,834	66,561
Actuarial losses (gains)	(325,699)	78,835
Losses (gains) on curtailments	Nil	Nil
Liabilities extinguished on settlement	Nil	Nil
Liabilities assumed in an amalgamation in the nature of purchase	Nil	Nil
Exchange differences on foreign plans	Nil	Nil
Benefits paid	Nil	Nil
Closing defined benefit obligation	1,465,514	1,174,321

### D. Changes In The Fair Value Of Plan Assets Representing Reconciliation Of The Opening And Closing Balances Thereof Are As Follows:

Particulars	Gratuity Defined Benefit Obligation 2015-16	Gratuity Defined Benefit Obligation 2014-15
Opening fair value of plan assets	Nil	Nil
Expected return	Nil	Nil
Actuarial gains and (losses)	Nil	Nil
Assets distributed on settlements	Nil	Nil
Contributions by employer	Nil	Nil
Assets acquired in an amalgamation in the nature of purchase	Nil	Nil
Exchange differences on foreign plans	Nil	Nil
Benefits paid	Nil	Nil
closing balance of fair value of plan assets	Nil	Nil

### E. Reconciliation of Gratuity Provision Account

(Amounts in ₹)

Particulars	Gratuity Defined Benefit Obligation 2015-16	Gratuity Defined Benefit Obligation 2014-15
Net Opening Provision in Books of Accounts	1,174,321	740,565
Employee Benefit Expense as per Annexure II	291,193	433,756
Transfer in liability from Arman Financials	Nil	Nil
	1,465,514	1,174,321
Benefits Paid by the Company	Nil	Nil
Amounts Transferred to 'Payable Account'	Nil	Nil
Contributions to Plan Assets	Nil	Nil
Closing Provision in Books of Accounts	1,465,514	1,174,321

## Notes to the consolidated financial statements for the year ended 31 March 2016

### 18. EMPLOYEE BENEFIT EXPENSES (contd...)

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

(Amounts in ₹)

Particulars	Gratuity Defined Benefit Obligation 2015-16	Gratuity Defined Benefit Obligation 2014-15
Government of India Securities	0%	0%
High quality corporate bonds	0%	0%
Equity shares of listed companies	0%	0%
Property	0%	0%
Insurance Company	0%	0%

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

(Amounts in ₹)

Particulars	Gratuity Defined Benefit Obligation 2015-16	Gratuity Defined Benefit Obligation 2014-15
Discount rate	8.05%	7.80%
Expected return on plan assets	-	-
Proportion of employees opting for early retirement	-	-
Annual increase in Salary costs	6.00%	6.00%
Future changes in maximum state health care benefits	-	-

#### H. Gratuity Benefit Amount for the current period are as follow

(Amounts in ₹)

Particulars	2015-16	2014-15
Defined benefit obligation	1,465,514	1,174,321
Plan assets	Nil	Nil
Surplus/(deficit)	(1,465,514)	(1,174,321)
Experience adjustments on plan liabilities	(180,476)	(128,386)
Experience adjustments on plan assets	Nil	Nil
Actuarial Loss/(Gain) due to change in assumption	(138,018)	108,983
Actuarial Loss/(Gain) due to participant experience	Nil	Nil
Actuarial Loss/(Gain) due to change in financial assumption	(7,205)	Nil
Actuarial Loss/(Gain) on liabilities	(325,699)	135,528
Net Actuarial Loss/(Gain) on liabilities	(325,699)	78,835

Particulars	31.3.2016	31.3.2015	31.3.2014	31.3.2013	31.3.2012
Defined Benefit Obligation	1,465,514	1,654,475	865,614	572,705	434,911
Plan Assets	Nil	Nil	Nil	Nil	Nil
Unrecognised past service Cost	Nil	Nil	Nil	Nil	Nil
Deficit	Nil	Nil	Nil	Nil	Nil
Experience adjustments on plan liabilities	1,465,514	1,654,475	865,614	572,705	434,911
Experience adjustments on plan assets	Nil	Nil	Nil	Nil	Nil

# Notes to the consolidated financial statements for the year ended 31 March 2016

## 19. FINANCE COST

(Amounts in ₹)

	2015-16	2014-15
Interest Expenses	139,832,820	103,074,419
Other Borrowing cost	13,998,847	4,280,070
<b>Total .....</b>	<b>153,831,667</b>	<b>107,354,489</b>

## 20. DEPRECIATION AND AMORTISATION EXPENSE

(Amounts in ₹)

	2015-16	2014-15
Depreciation of Tangible Assets	1,657,875	2,377,613
Amortization of Intangible Assets	134,987	20,632
<b>Total .....</b>	<b>1,792,862</b>	<b>2,398,245</b>

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

## 21. OTHER COSTS

(Amounts in ₹)

	2015-16	2014-15
Electricity & Fuel charges	963,080	780,248
<b>Repairs To:</b>		
Building	257,660	166,525
Other	493,671	408,266
<b>Sub Total</b>	<b>751,331</b>	<b>574,791</b>
Insurance	307,058	266,623
Rent	5,799,418	4,393,231
Rates & Taxes	236,816	162,911
Stationery & Printing	2,835,580	1,626,747
Advertisement Expenses	456,192	287,947
Communication	3,772,227	2,826,130
Traveling & Conveyance Expenses	6,324,375	2,405,763
Professional Fees	11,024,598	7,037,382
<b>Auditor's Remuneration:</b>		
Audit Fees	475,175	393,260
For Tax Audit	114,500	112,360
For Certification	18,795	4,496
For Income Tax Consultancy Fee	16,854	Nil
<b>Sub Total</b>	<b>625,324</b>	<b>510,116</b>
Corporate Social Responsibility Activities	100,000	Nil
Director Sitting Fees	230,646	199,439
Marketing & Incentive Expenses	10,583,134	6,285,121
Bad debts written off	7,316,249	5,594,914
Provision for NPA	836,763	286,134
Contingent Provision Against Standard Assets ( Net )	5,856,000	4,813,150
Share Issue Expenditure	541,745	Nil
Loss on Sale of Tangible Assets	12,800	Nil
Loss/ (Profit) on Sale of Investments	4,139	Nil
Sundry Balance Written Off	211,304	683,596
General Charges (including Bank Charges, Security Charges & Membership Fees etc.)	8,636,382	2,884,156
<b>Total .....</b>	<b>67,425,161</b>	<b>41,618,399</b>

21.1 Bad debts & Irrecoverable W/off are shown net off bad debts recovery during the year amounting to ₹ 9,52,470/- (P.Y. Rs 8,81,556/-).

21.2 NPA provisions are shown net off NPA Provision written back during the year amounting to ₹ Nil (P.Y. ₹ 6,79,663/-).

## Notes to the consolidated financial statements for the year ended 31 March 2016

### 22. DEFERRED TAX LIABILITIES / (ASSETS)

(Amounts in ₹)

	2015-16	2014-15
Opening balance of Deffered Tax Liability / (Assets)	(2,218,244)	(710,509)
Less : Amount of reversal of Deferred Tax Liability in respect of fixed assets whose useful life has expired on adoption of Schedule II to the Companies Act-2013	Nil	(210,998)
Adjusted Opening balance of Deffered Tax Liability / (Assets)	(2,218,244)	(921,507)
Closing balance of Deffered Tax Liability / (Assets)	(3,647,770)	(2,218,244)
<b>Deferred Tax Liabilities / (Assets) for the year</b>	<b>(1,429,526)</b>	<b>(1,296,737)</b>

### 23. CONTINGENT LIABILITIES NOT PROVIDED FOR: -

Disputed Demand of Income Tax ₹ 764.04 Lacs (Previous year ₹ 42.06 Lacs) (Against which the Company has paid ₹ 3.20 Lacs [Previous year ₹ Nil] under protest which are shown as advances).

### 24. RELATED PARTY DISCLOSURES :

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

#### A) Key Managerial Personnel

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

#### B) Directors and Relatives of Key Managerial Personnel with whom transaction have taken place during the year.

Name of Party	Related party Relationship
Mrs. Ritaben J. Patel	Director
Mr. Aakash J. Patel	Director
Mr. Aditya Bhandari	Director
J.B.Patel HUF	Key Managerial personnel is Karta
Raj Enterprise	Key Managerial personnel is Proprietor
Mrs. Himani Manakiwala	Relative of Key Managerial Personnel
J B Patel & Co.	Key Managerial personnel is co-owner
Mrs. Sachi Patel	Relative of Key Managerial Personnel
Aalok Patel (HUF)	Key Managerial personnel is Karta
Amit Manakiwala (HUF)	Key Managerial personnel is Karta
Aakash Patel (HUF)	Relative of Key Managerial Personnel

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

Namra Holdings & Cons. Services Pvt. Limited	Relative of Key Managerial Personnel is Director
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# Notes to the consolidated financial statements for the year ended 31 March 2016

## 24. RELATED PARTY DISCLOSURES : (contd...)

Details of Transactions are as follows:

(Amounts in ₹)

Sr. No.	Nature of Transaction	Key Managerial Personnel	Relatives of Key Managerial Personnel	Relative of Key Managerial Personnel and their enterprise	Total
<b>1</b>	<b>Expenses</b>				
	Remuneration & Perquisites	54,68,581	Nil	Nil	54,68,581
		(73,20,950)	(Nil)	(Nil)	(73,20,950)
	Sitting Fees	Nil	37,500	Nil	37,500
		(Nil)	(37,500)	(Nil)	(37,500)
	Interest Expenses	5,94,463	14,90,445	55,057	21,39,965
		(7,84,654)	(14,64,271)	(1,89,344)	(22,48,925)
	Rent Paid	Nil	9,52,560	Nil	9,52,560
		(Nil)	(5,75,884)	(Nil)	(5,75,884)
	Dividend paid	8,70,469	9,86,765	1,98,480	20,55,714
		(7,25,391)	(8,23,304)	(1,65,400)	(17,14,095)
<b>2</b>	<b>Unsecured Loan</b>				
	Loan taken during the year	1,07,15,000	90,94,630	4,75,000	2,02,84,630
		(37,30,000)	(1,15,20,000)	(18,70,000)	(1,71,20,000)
	Loan repaid during the year	1,46,92,148	1,73,07,812	5,30,057	3,25,30,017
		(1,65,68,056)	(45,44,450)	(25,59,344)	(2,11,12,506)
	Balance out standing at 31/03/2016	Nil	8,70,317	Nil	8,70,317
		(45,20,204)	(64,55,535)	(Nil)	(1,09,75,739)
<b>3</b>	<b>Compulsory Convertible Debentures Application Money Received</b>	Nil	Nil	Nil	Nil
		(30,00,000)	(Nil)	(Nil)	(30,00,000)
<b>4</b>	<b>Compulsory Convertible Debentures Application Money Redunded</b>	30,00,000	Nil	Nil	30,00,000
		(Nil)	(Nil)	(Nil)	(Nil)
<b>5</b>	<b>Interest Paid on Compulsory Convertible Debentures Application Money</b>	1,12,192	Nil	Nil	1,12,192
		(Nil)	(Nil)	(Nil)	(Nil)

List of Parties with whom nature of transaction is more than 10%

**Unsecured Loan taken includes** taken from Shri Jayendra Patel ₹ 64,65,000 (P.Y. ₹ 30,50,000), from Smt. Himani A. Manakiwala ₹ Nil (P.Y. ₹ 22,00,000) from Smt. Ritaben J. Patel ₹ Nil (P.Y. ₹ 19,50,000), from Shri Aalok J. Patel ₹ 42,50,000 (P.Y. ₹ 6,80,000), from Jayendra Patel (HUF) ₹ 27,74,630 (P.Y. ₹ 15,75,000), from Amit Manakiwala (HUF) Nil (₹ 10,00,000), from Namra Holdings & Consultancy Services Pvt. Limited ₹ 4,75,000 (P.Y. ₹ 18,70,000) from Shri Aakash J. Patel – (HUF) ₹ 22,15,000 (P.Y. ₹ 20,90,000), from Aakash J Patel ₹ 21,70,000 (P.Y. ₹ Nil) Raj Enterprise ₹ 2,15,000 (P.Y. ₹ 20,00,000) (Prop. of Shri Jayendra Patel).

**Unsecured Loan repayments includes paid to** Shri Jayendra Patel ₹ 89,37,567 (P.Y. ₹ 26,73,644), to Smt. Himani A. Manakiwala ₹ 17,15,433 (P.Y. ₹ 23,38,715), to Smt. Ritaben J. Patel ₹ Nil (P.Y. ₹ 20,06,960), to Shri Aalok Patel ₹ 57,54,581 (P.Y. ₹ 18,92,233), to Aakash Patel (HUF) ₹ 28,66,852 (P.Y. ₹ 35,15,512), to Amit Manakiwala (HUF) ₹ 17,07,233 (P.Y. ₹ 11,96,077), to Jayendra Patel (HUF) ₹ 36,69,850 (P.Y. ₹ 23,47,623), to Aakash J Patel 32,77,083 (P.Y. ₹ Nil) to Namra Holdings & Consultancy Services Pvt. Limited ₹ 5,30,057 (P.Y. ₹ 25,59,344).

## Notes to the consolidated financial statements for the year ended 31 March 2016

### 24. RELATED PARTY DISCLOSURES : (contd...)

**Interest Expenses includes paid to** Shri Jayendra Patel ₹2,63,229 (P.Y. ₹ 3,82,982), to Shri Aalok Patel ₹ 3,31,234 (P.Y. ₹ 3,85,580), to Smt. Ritaben J Patel ₹ Nil (P.Y. ₹ 10,9,911), to J B Patel (HUF) ₹ 2,33,270 (P.Y. ₹ 1,84,573), to Aakash Patel (HUF) ₹2,52,878 (P.Y. ₹ 2,25,483), to Amit Manakiwala (HUF) ₹2,51,310 (P.Y. ₹ 2,52,000), to Smt. Himani Manakiwala ₹ 2,60,284 (P.Y. ₹ 2,43,864), to Raj Enterprise (Prop. Jayendra Patel) ₹ 2,20,602 (P.Y. ₹ 2,05,436) to Namra Holdings & Consultancy Services Pvt. Limited ₹ 55,057 (P.Y. ₹ 1,89,344).

**Remuneration and perquisite includes** payment to Shri Jayendrabhai Patel ₹27,28,981 (P.Y. ₹ 325,2600) and to Shri Amit Manakiwala ₹ 15,70,000 (P.Y. ₹ 9,50,000), to Shri Aalok Patel ₹ 11,69,600 (P.Y. 22,39,600)

**Sitting Fees included** paid to Smt. Ritaben Patel ₹ 37,500 (P.Y. ₹ 37,500), C.R. Shah ₹ 87,500 (P.Y. ₹ 70,000) K.D. Shah ₹ 70,000 (P.Y. ₹ 70,000)

**Rent includes paid to** J B Patel & Co. ₹ (P.Y. 20224), to Ritaben J Patel ₹ 9,52,560 /- (P.Y. 5,55,660)

**Dividend Paid includes** paid to Shri Aalok Patel ₹ 2,96,976 (₹ 2,47,480), to Jayendrabhai Patel HUF ₹ 2,35,200 (P.Y. ₹ 1,96,000), to Shri Aakash Patel ₹3,34,596 (P.Y. ₹ 2,47,480), to Shri Jayendrabhai Patel ₹3,40,690 (P.Y. ₹ 2,83,908), to Smt. Ritaben Patel ₹3,56,009 (P.Y. ₹ 2,78,830), to Namra Holdings & Cons. Services Pvt. Limited ₹1,98,480 (P.Y. ₹ 1,65,400), to Shri Amitbhai Manakiwala ₹ 2,32,804 . (P.Y. ₹ 1,94,003), to Smt. Himani Manakiwala ₹ 60,000 (P.Y. ₹ 50,000).

**Compulsory Convertible Debentures Application Money Received includes** paid to Aalok J Patel ₹ Nil (P.Y. ₹ 9,99,999), Jayendra. B Patel ₹ Nil (P.Y. 20,00,001).

**Compulsory Convertible Debentures Application Money Refunded includes** paid to Aalok J Patel Rs 9,99,999 (P.Y. Nil), Jayendra. B Patel ₹ 20,00,001 (P.Y. Nil).

### 25. EARNINGS PER SHARE:

Particulars	Unit	2015-2016	2014-2015
Numerator used for calculating Basic Earnings per Share (Profit after Tax)	₹	7,99,76,640	6,15,72,304
Less: Dividend on Preference Shares	₹	(16,25,000)	Nil
Less: Tax on Preference Dividend	₹	(3,30,812)	Nil
Numerator used for calculating Diluted Earnings per Share (Profit after Tax)	₹	7,80,20,828	6,15,72,304
Weighted average No. of shares used as denominator for calculating Basic EPS	No. of Shares	69,24,653	69,24,653
Weighted average No. of shares used as denominator for calculating Diluted EPS	No. of Shares	69,24,653	69,24,653
Face Value of Share	₹	10	10
Basic Earnings per Share	₹	11.27	8.89
Diluted Earnings per Share	₹	11.27	8.89

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

## Notes to the consolidated financial statements for the year ended 31 March 2016

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

Name of the entity	Net Assets i.e. Total Assets minus Total liabilities		Share in Profit or Loss	
	As % of Consolidated Net Assets	Amounts (₹ In Lacs)	As % of Consolidated Net Assets	Amounts (₹ In Lacs)
<b>Parent</b>				
Arman Financial Services Limited	71.35%	3683.65	31.17%	249.32
<b>Subsidiaries Indian</b>				
Namra Finance Limited	48.84%	2521.27	68.83%	550.45
Foreign	Nil	Nil	Nil	Nil
<b>Minority Interests in all subsidiaries Associates (Investments as per the equity method)</b>				
<b>Parent Subsidiaries Indian</b>				
Namra Finance Limited	Nil	Nil	Nil	Nil
Foreign	Nil	Nil	Nil	Nil

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

### Signature to Schedules "1" to "28"

As per our report of even date attached herewith

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

*Chartered Accountants*

FRN No. 109616W

**For, Arman Financial Services Limited**

**J. J. Shah**

*Partner*

M.No. 45669

**Jayendra Patel**

*Vice Chairman & Managing Director*

(DIN - 00011814)

**Aalok Patel**

*Director*

DIN - 02482747

**Jaimish Patel**

*Company Secretary*

M.No.A42244

Place : Ahmedabad

Date: 20.05.2016

# standalone financial statements



# Independent Auditor's Report

To,  
The Members of  
ARMAN FINANCIAL SERVICES LIMITED  
Ahmedabad

## 1. Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **ARMAN FINANCIAL SERVICES LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

## 2. Management's Responsibility for the Standalone Financial Statements

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

## 3. Auditor's Responsibility

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

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

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

An audit involves performing procedures to obtain audit evidence

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

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

## 4. Opinion

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

- i. In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2016;
- ii. In the case of the Profit and Loss Account, of the profit for the year ended on that date; and
- iii. In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

## 5. Report on Other Legal and Regulatory Requirements

- i. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of Companies Act 2013, we give in the Annexure "A" on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable.
- ii. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our

opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 22 to the financial statements;
- ii. The Company did not have any outstanding long-term contracts including derivative contracts as at 31st March, 2016 for which there were any material foreseeable losses; and
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

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

**J. J. Shah**  
Partner  
M. No. 45669

Place : Ahmedabad  
Date : 20.05.2016

## Annexure "A" to the Auditors Report

Referred to in paragraph 5 (i) of our Report of even date to the Members of ARMAN FINANCIAL SERVICES LIMITED for the year ended 31st March, 2016.

### 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 loans to its wholly owned subsidiary company covered under the register maintained under section 189 of the Companies

Act, 2013, the year-end balance is amounting to ₹ Nil and the maximum involved during the year was ₹ 1112.35 Lacs.

- (a) In our opinion and according to information and explanation given to us, we state that the terms and conditions of the grant of such loans are not prejudicial to the company's interest.
- (b) In our opinion and according to information and explanation given to us, the company is regular in receipt of principal and recovery of interest there on.
- (c) In our opinion and according to the information and explanations given to us, there were no overdue outstanding as at 31st March 2016 in respect of Loans and Advances granted during the year.

### 4. Loans, Investments and guarantees:

According to the information and explanation given to us, the company had given loans to its wholly owned subsidiary having the year-end balance of ₹ Nil and the maximum involved during the year was ₹ 1112.35 Lacs and also provided guarantees in respect of loans taken by its wholly owned subsidiary company



having the year-end balance of ₹ 5200 lacs and the maximum involved during the year was ₹ 5200 Lacs. In our opinion company had complied with terms and conditions of Section 185 and 186 of the Companies Act 2013.

5. During the year, the company has not accepted any deposits and hence the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under are not applicable to the company. Therefore clauses (v) of companies (Auditor's Report) Order, 2016 is not applicable.
6. According to the information and explanations given to us, the company is not required to maintain cost records as required by the central government under sub section (1) of section 148 of the Companies Act, 2013. Hence clause (vi) of the (Auditor's Report) Order, 2016 is not applicable.

Name of the Statute	Nature of the Dues	Amount (₹ In Lacs)	Period to which the amount relates (A.Y.)	Forum Where Dispute is Pending	Remarks, if any
Income Tax Act, 1961	Income Tax	18.05	2013-14	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 had paid managerial remuneration which is in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V of The Companies Act, 2013.
12. In our opinion and according to the information and explanations given to us, the provisions of special statute applicable to chit funds and nidhi / mutual benefit funds / societies are not applicable to the company. Hence, clause (xii) of the Company's (Auditor's Report) Order, 2016 is not applicable.

#### 7. In respect of Statutory Dues :

- (a) According to the records of the Company, the Company is by and large regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, 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 were outstanding as at 31st March, 2016 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.

13. In our opinion and according to the information and explanations given to us, the transactions entered by the company with related parties are in compliance with the provisions of section 177 and 188 of The Companies Act, 2013 and details thereof are properly disclosed in the financial statements.
14. The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review hence provisions of sections of 42 of the Companies Act, 2013 are not applicable.
15. The company had 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 is not Applicable. 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 required to be 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  
FRN No. 109616W

**J. J. Shah**  
Partner

Place : Ahmedabad  
Date : 20.05.2016

M. No. 45669

## Annexure “B” to Independent Auditor’s Report

Referred to in paragraph 4(ii)(f) of our Report of even date to the Members of ARMAN FINANCIAL SERVICES LIMITED for the year ended 31st March, 2016.

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

We have audited the internal financial controls over financial reporting of **ARMAN FINANCIAL SERVICES LIMITED** as of 31st March 2016, in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### Management’s Responsibility for Internal Financial Controls

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

#### Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

#### Meaning of Internal Financial Controls over Financial Reporting

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

#### Inherent Limitations of Internal Financial Controls over Financial Reporting

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

#### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2016, 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  
FRN No. 109616W

Place : Ahmedabad  
Date : 20.05.2016

**J. J. Shah**  
Partner  
M. No. 45669

# Balance Sheet

as at 31 March 2016

(Amounts in ₹)

Particulars	Notes	As at 31 March 2016	As at 31 March 2015
<b>EQUITY AND LIABILITIES</b>			
<b>[1] Shareholders' Funds :</b>			
[a] Share Capital	1	69,246,530	69,246,530
[b] Reserves & Surplus	2	287,450,266	274,186,492
		<b>356,696,796</b>	<b>343,433,022</b>
<b>[2] Money Received Against Share Warrant</b>		<b>Nil</b>	<b>Nil</b>
<b>[3] Non-Current Liabilities :</b>			
[a] Long Term Borrowings	3	16,214,576	74,192,795
[b] Deferred Tax Liabilities (Net)	4	Nil	Nil
[c] Long Term Provisions	5	1,129,221	1,044,598
		<b>17,343,797</b>	<b>75,237,393</b>
<b>[4] Current Liabilities</b>			
[a] Short-Term Borrowings	6	305,546,963	316,712,295
[b] Other Current Liabilities	7	67,773,159	100,591,260
[c] Short Term Provisions	8	15,021,348	12,086,585
		<b>388,341,470</b>	<b>429,390,140</b>
<b>Total .....</b>		<b>762,382,063</b>	<b>848,060,555</b>
<b>ASSETS :</b>			
<b>[1] Non-Current Assets</b>			
[a] Fixed Assets :			
[i] Tangible Assets	9	15,860,658	14,936,360
[ii] Intangible Assets		672,111	344,538
		<b>16,532,769</b>	<b>15,280,898</b>
[b] Long Term Investments	10	104,218,750	100,000,000
[c] Deferred Tax Assets (Net)	4	189,901	176,294
[d] Long-term Loans and Advances	11	130,151,191	139,814,478
[e] Other Non-Current Assets	12	13,000,000	9,669,022
		<b>264,092,611</b>	<b>264,940,693</b>
<b>[2] Current Assets</b>			
[a] Trade Receivables	13	16,323,348	11,282,835
[b] Cash & Bank Balances	14	24,452,847	120,776,733
[c] Short term Loans and Advances	11	457,513,257	451,060,295
[d] Other Current Assets		Nil	Nil
		<b>498,289,452</b>	<b>583,119,862</b>
<b>Total .....</b>		<b>762,382,063</b>	<b>848,060,555</b>
Significant Accounting Policies and Notes on Financial Statements	1 to 34		

As per our report of even date attached herewith

For, J.T. Shah &amp; Company

Chartered Accountants

FRN No. 109616W

For, Arman Financial Services Limited

J. J. Shah

Partner

M.No. 45669

Jayendra Patel

Vice Chairman &amp; Managing Director

(DIN - 00011814)

Aalok Patel

Director

DIN - 02482747

Jaimish Patel

Company Secretary

M.No.A42244

Place : Ahmedabad

Date: 20.05.2016

## Statement of Profit and Loss for the year ended 31 March 2016

(Amounts in ₹)

Particulars	Notes	Current year 31 March 2016	Previous year 31 March 2015
<b>INCOME</b>			
Revenue from Operations	15	159,164,309	152,447,524
Other Income	16	10,339	108,670
<b>Total Revenue</b>		<b>159,174,647</b>	<b>152,556,194</b>
<b>EXPENDITURE</b>			
Employee Benefits Expenses	17	26,334,800	25,529,736
Finance Costs	18	56,715,827	55,600,592
Depreciation and Amortisation expense	19	1,327,368	2,230,635
Other Expenses	20	37,458,395	26,928,739
<b>Total Expenses</b>		<b>121,836,391</b>	<b>110,289,703</b>
<b>Profit before Tax</b>		<b>37,338,257</b>	<b>42,266,490</b>
<b>Less : Tax expense:</b>			
- Current Tax		12,420,000	13,990,000
- Short Provision of Income Tax of earlier years		Nil	284,670
- Deferred Tax Liability/(Asset)	21	(13,607)	190,238
<b>Profit for the year</b>		<b>24,931,863</b>	<b>27,801,583</b>
<b>Basic Earnings Per Share of ₹ 10 each</b>	24	<b>3.60</b>	<b>4.01</b>
<b>Diluted Earnings Per share of ₹ 10 each</b>	24	<b>3.60</b>	<b>4.01</b>
Significant Accounting Policies and Notes on Financial Statements	1 to 34		

As per our report of even date attached herewith

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

Chartered Accountants

FRN No. 109616W

**For, Arman Financial Services Limited****J. J. Shah**

Partner

M.No. 45669

Place : Ahmedabad

Date: 20.05.2016

**Jayendra Patel**

Vice Chairman &amp; Managing Director

(DIN - 00011814)

**Aalok Patel**

Director

DIN - 02482747

**Jaimish Patel**

Company Secretary

M.No.A42244

## Cash flow statement for the year ended 31 March 2016

(Amounts in ₹)

Particulars	Year ended 31 March 2016		Year ended 31 March 2015	
<b>A. CASH FROM OPERATING ACTIVITIES :</b>				
Net Profit before Taxation		37,338,257		42,266,490
<b>Adjustment For :</b>				
Depreciation & Amortization Expense	1,327,368		2,230,635	
NPA Provisions(Net)	836,763		377,873	
Contingent Provision on Standard Assets	280,000		270,000	
Interest Expense	53,590,069		53,977,538	
Loss on Sale of Fixed Assets	12,800		Nil	
Bad Debts W/Off	5,263,456		4,935,304	
Profit on Sale of Fixed Assets	Nil		(98,332)	
Short fall on interest on Advance Tax Payment	120,000		340,000	
		61,430,456		62,033,018
Operating Profit Before Working				
<b>Capital changes :</b>		<b>98,768,713</b>		<b>104,299,509</b>
<b>Adjustment For :</b>				
Increase/(Decrease) In Long-Term Provision	71,147		80,520	
Increase/(Decrease) In Short-Term Provision	164,606		(1,869)	
Increase/(Decrease) In Other Current Liability	942,808		(2,340,555)	
Decrease/(Increase) In Trade Receivables	(10,303,968)		(8,560,982)	
Decrease/(Increase) In Long Term Loans And Advances	12,856,726		(31,051,488)	
Decrease/(Increase) In Short Term Loans And Advances	(6,452,963)		(68,870,762)	
		(2,721,644)		(110,745,136)
<b>Cash Generated From Operations</b>		<b>96,047,069</b>		<b>(6,445,627)</b>
Income Tax Paid	(15,733,438)		(13,525,744)	
		(15,733,438)		(13,525,744)
		<b>80,313,631</b>		<b>(19,971,371)</b>
<b>B. CASH FLOW FROM INVESTMENT ACTIVITIES :</b>				
Purchase of Fixed Assets	(2,613,040)		(718,636)	
Sale of Fixed Assets	21,000		510,999	
(Increase) /Decrease in Bank Deposits	(7,926,137)		3,374,333	
Investments in Subsidiary	(4,218,750)		Nil	
<b>Net Cash from Investment Activities</b>		<b>(14,736,927)</b>		<b>3,166,696</b>

## Cash flow statement for the year ended 31 March 2016

(Amounts in ₹)

Particulars	Year ended 31 March 2016		Year ended 31 March 2015	
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>				
Proceeds From Long Term Borrowings	Nil		92,470,477	
Repayment of Long Term Borrowings	(57,978,219)		(78,453,973)	
Proceeds From Short Term Borrowings	33,609,711		73,641,927	
Repayment of Short Term Borrowings	(78,243,272)		(30,495,562)	
Interest Paid	(54,180,640)		(53,165,028)	
Dividend Paid	(9,703,327)		(7,816,895)	
<b>Net Cash from Financing Activities</b>		<b>(166,495,748)</b>		<b>(3,819,054)</b>
<b>Net Increase in Cash &amp; Cash Equivalents</b>		<b>(100,919,045)</b>		<b>(20,623,729)</b>
Cash & Cash Equivalents at the Beginning		110,897,719		131,521,448
Cash & Cash Equivalents at the End		9,978,674		110,897,719

As per our report of even date attached.

### Notes :

- (1) The above Cash Flow Statement has been prepared under the "Indirect Method" set out in Accounting Standard - 3 issued by the Institute of Chartered Accountants of India.
- (2) Cash and cash equivalents at the end includes ₹ 15,26,543/- (Prev. Year ₹ 12,28,651/-) in respect of unclaimed dividends which are not available for use by the Company.

As per our report of even date attached herewith

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

Chartered Accountants

FRN No. 109616W

**For, Arman Financial Services Limited**

**J. J. Shah**

Partner

M.No. 45669

Place : Ahmedabad

Date: 20.05.2016

**Jayendra Patel**

Vice Chairman & Managing Director

(DIN - 00011814)

**Aalok Patel**

Director

DIN - 02482747

**Jaimish Patel**

Company Secretary

M.No.A42244

# Notes to the financial statements for the year ended 31 March 2016

## SIGNIFICANT ACCOUNTING POLICIES:

### a. Basis of preparation

The financial statements have been prepared under the historical cost convention and on accrual basis and in accordance with Generally Accepted Accounting Principles in India (Indian GAAP) except interest on loans which have been classified as non-performing assets and are accounted for on realization basis. The said financial statements comply in all material respects with Accounting Standards notified under section 133 of the Companies Act, 2013 ("the Act"), read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of RBI as applicable to a Non Banking Financial services (NBFC).

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

All Assets and liabilities have been classified as current or non-current as per the Companies normal operating cycle as 12 months for the above purpose.

### b. Use of estimates

In preparing the Company's financial statements in conformity with the accounting principles generally accepted in India, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods.

### c. Revenue Recognition:

Revenue is recognized to the extent that it is probable that economic benefits will flow to the company and the revenue can be measured reliably.

#### i. Interest from Loans:

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

#### ii. Income from Assignment

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

#### iii. Other Interest Income

Other Interest Income is recognized on accrual basis.

#### iv. Processing Fees

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

#### v. Late Payment Charges

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

#### vi. Insurance Commission

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

#### vii. Income from Investments

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

### d. Fixed Assets

All the Fixed Assets are stated at cost less depreciation. The cost of assets includes other direct/indirect and incidental cost incurred to bring them into their working condition.

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



## Notes to the financial statements for the year ended 31 March 2016

### e. Depreciation

The depreciation on assets for own use is provided on "Straight Line Method" as per useful life Specified in Schedule II to the Companies Act, 2013 on Pro-rata Basis. . Intangible assets are amortized on a straight – line basis over 5 years.

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

### f. Investments

Long Term Investments are stated at cost. Provision is made for any diminution in the value of the Long Term Investments, if such decline is other than temporary. The Company does not have any Current Investments.

### g. Retirement Benefits

- a. The Employee and Company make monthly fixed Contribution to Government of India Employee's Provident Fund equal to a specified percentage of the Covered employee's salary. Provision for the same is made in the year in which services are rendered by the employee.
- b. The Liability for Gratuity to employees, which is a defined benefit plan, as at Balance Sheet date determined on the basis of actuarial Valuation based on Projected Unit Credit method is funded to a Gratuity fund administered by the trustees and managed by Life Insurance Corporation of India and the contribution thereof paid/payable is absorbed in the accounts.
- c. The Company does not allow carry forward of unavailed leave and hence unavailed leaves are encashed in the current year itself.
- d. Short Term benefits are recognised as an expense at the undiscounted amounts in the Statement of Profit and Loss of the year in which the related service is rendered.

### h. Borrowing Cost

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

### i. Segment Information:

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

### j. Lease:

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

### k. Provision for Current and Deferred Tax

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

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

### l. Intangible Assets

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

Intangible assets are amortized on a straight – line basis over their estimated useful lives. A rebuttable presumption that the useful life of an

## Notes to the financial statements for the year ended 31 March 2016

intangible asset will not exceed than years from the date when the asset is available for use is considered by the management. The amortization period and the amortization method are reviewed at least at each reporting date. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly.

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

### m. Earnings per Share

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

### n. Impairment

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

### o. Provision, Contingent Liabilities and Contingent Assets :

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

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

### p. Transfer and recourse obligation under Debt Securitization.

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

### q. Classification and Provision Policy for Loan Portfolio.

#### (i) Classification of Loan Portfolio

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

#### (ii) Provisioning policy for loan portfolio

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

Classification	Period	% of Provision
Standard Assets	-	0.30 %
Non Performing assets	Overdue for 150 days or more	
Substandard Assets	NPA for a period not exceeding 16 months	10 %
Doubtful Assets – Unsecured	Substandard for a period exceeding 16 months	
Doubtful- Secured	Doubtful upto 1 year	20 %
	Doubtful from 1 to 3 years	30 %
	Doubtful for more than 3 years	50 %
Doubtful- Unsecured	Substandard for a period exceeding 16 months	100 %
Loss Assets	As identified by Management	100 %

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

# Notes to the financial statements for the year ended 31 March 2016

## 1. SHARE CAPITAL

(Amounts in ₹)

	As at 31 March 2016	As at 31 March 2015
<b>[a] Authorised :</b>		
1,12,50,000 ( Previous Year 1,12,50,000) Ordinary Equity shares of par value of ₹ 10/- each	112,500,000	112,500,000
37,50,000 ( Previous Year 37,50,000) Class "A" Ordinary Equity shares of par value of ₹ 10/- each	37,500,000	37,500,000
	<b>150,000,000</b>	<b>150,000,000</b>
<b>[b] Issued, Subscribed &amp; Paid-up Capital :</b>		
57,20,179 (Previous Year 57,20,179 ) Ordinary Equity Shares of par value of ₹ 10/- each fully paid up	57,201,790	57,201,790
12,04,474 (Previous Year 12,04,474) Class "A" Ordinary Equity Shares of par value of ₹ 10/- each fully paid up	12,044,740	12,044,740
<b>Total .....</b>	<b>69,246,530</b>	<b>69,246,530</b>

- 1.1 The Company has two classes of shares referred to as i) Ordinary Equity shares having face value of ₹ 10/-. Each Holder of Equity Share is entitled to 1 vote per share and ii) Class "A" Ordinary Shares having face value of ₹ 10/-. Each Holder of Class "A" Ordinary Shares is Entitled to one Vote for one lac Shares.
- 1.2 In the event of liquidation of the Company, the holders of both type of Equity shares will be entitled to receive any of the remaining assets of the company , after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of Equity shares held by shareholders.
- 1.3 The Company declares and pays dividends in Indian Rupees. The Dividend proposed by the Board of Director is subject to the approval of the shareholders in the ensuing Annual General Meeting.
- 1.4 During the year ended 31st March, 2016, the amount of per share dividend recognised as distribution to equity shareholders was ₹ 1.40/-(P.Y. ₹ 1.20). The Total dividend appropriation for the year ended 31st March, 2016 amounted ₹96,94,514 /- (P.Y. ₹ 83,09,584/-) excluding corporate dividend tax of ₹ 19,73,575/- (P.Y. ₹ 16,91,636/- ).

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

Name of Shareholder	As at 31 March 2016		As at 31 March 2015	
	%	Shares	%	Shares
RIF North West - 2	24.99	1,429,415	24.99	1,429,415
Jayendrabhai Patel	8.42	481,911	8.40	480,259
Ritaben Patel	5.19	296,674	5.19	296,674

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

Name of Shareholder	As at 31 March 2016		As at 31 March 2015	
	%	Shares	%	Shares
RIF North West - 2	100.00	1,204,474	100	1,204,474

- 1.7 The Reconciliation of the number of shares outstanding and the amount of Ordinary Equity Share capital as at 31/03/2016 & 31/03/2015 is set out below

Particulars	As at 31 March 2016		As at 31 March 2015	
	No. of Shares	Amounts ₹	No. of Shares	Amounts ₹
Shares at the beginning	5,720,179	57,201,790	5,720,179	57,201,790
Addition - Subscription during the year	Nil	Nil	Nil	Nil
Deletion	Nil	Nil	Nil	Nil
Shares at the end	5,720,179	57,201,790	5,720,179	57,201,790

- 1.8 The Reconciliation of the number of shares outstanding and the amount of Class "A" Ordinary Equity Share capital as at 31/03/2016 & 31/03/2015 is set out below

Particulars	As at 31 March 2016		As at 31 March 2015	
	No. of Shares	Amounts ₹	No. of Shares	Amounts ₹
Shares at the beginning	1,204,474	12,044,740	1,204,474	12,044,740
Addition - Subscription during the year	Nil	Nil	Nil	Nil
Deletion	Nil	Nil	Nil	Nil
Shares at the end	1,204,474	12,044,740	1,204,474	12,044,740

# Notes to the financial statements as at 31 March 2016

## 2. RESERVES AND SURPLUS

(Amounts in ₹)

	As at 31 March 2016	As at 31 March 2015
<b>General Reserve</b>		
Balance as per last financial Statement	7,435,376	6,674,704
Less : Amount of depreciation in respect of fixed assets whose useful life has expired on adoption to Schedule - II of the Companies Act, 2013	Nil	(650,326)
Add : Amount of reversal of Deferred Tax Liability in respect of fixed assets whose useful life has expired on adoption of Schedule II to the Companies Act, 2013	Nil	210,998
Add: Transfer from Statement of Profit and Loss (Refer Note 2.1)	1,000,000	1,200,000
<b>Closing Balance</b>	<b>8,435,376</b>	<b>7,435,376</b>
<b>Special Reserve u/s 45-IC of the RBI Act, 1934</b>		
Balance as per last financial Statement	38,075,000	32,375,000
Add: Transfer from Statement of Profit and Loss (Refer Note 2.1)	5,025,000	5,700,000
<b>Closing Balance</b>	<b>43,100,000</b>	<b>38,075,000</b>
<b>Securities Premium Reserve</b>	<b>122,499,306</b>	<b>122,499,306</b>
<b>Surplus in the Statement of Profit and Loss</b>		
Balance as per last financial Statement	106,176,810	95,276,447
Add : Profit for the year	24,931,863	27,801,583
Less: Appropriations		
Amount transfer to General Reserve (Refer Note 2.1)	(1,000,000)	(1,200,000)
Amount transfer to Special Reserve u/s 45-IC of RBI Act, 1934 (Refer Note 2.1)	(5,025,000)	(5,700,000)
Proposed Dividend	(9,694,514)	(8,309,584)
Provision for Tax on Dividend proposed	(1,973,575)	(1,691,636)
<b>Closing Balance</b>	<b>113,415,585</b>	<b>106,176,810</b>
<b>Total</b>	<b>287,450,266</b>	<b>274,186,492</b>

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

## Notes to the financial statements as at 31 March 2016

### 3. LONG-TERM BORROWINGS

(Amounts in ₹)

	As at 31 March 2016		As at 31 March 2015	
	Non-current	Current	Non-current	Current
<b>Secured</b>				
Loans				
From Financial Institutions				
-- Term Loans @@	16,214,576	57,881,381	74,192,795	89,748,020
From Others				
-- Term Loans @@	Nil	Nil	Nil	1,789,434
<b>Unsecured</b>				
Others				
From Directors and their Relatives	Nil	870,317	Nil	682,474
<b>Total .....</b>	<b>16,214,576</b>	<b>58,751,698</b>	<b>74,192,795</b>	<b>92,219,928</b>
Less : Amount disclosed under head Other Current Liabilities (Note - 7)	Nil	58,751,698	Nil	92,219,928
<b>Total .....</b>	<b>16,214,576</b>	<b>Nil</b>	<b>74,192,795</b>	<b>Nil</b>

#### Security

@@ Term Loans are secured under Hypothecation of specific assets portfolio & Personal guarantee of some of the directors. The same are further secured by cash collateral security in the form of Fixed deposit which are shown under "Other Bank Balance".

#### Interest:

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

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

#### Repayment:

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

(Amounts in ₹)

	Upto 1 year	2 to 3 Years
Term Loan Repayment	57,881,381	16,214,576
<b>Loans from relatives of directors</b>		
From Directors and their Relatives	870,317	Nil

### 4. DEFERRED TAX LIABILITIES (NET)

(Amounts in ₹)

	As at 31 March 2016	As at 31 March 2015
<b>Deferred Tax Assets arising out of timing difference relating to :</b>		
Provision for Gratuity that are allowable for tax purpose in the year of payment	307,459	225,257
Shares Issue Expenses that are allowable for tax purpose on deferred basis	331,737	651,172
Provision for NPA that are allowable for tax purpose in the year of actual loss	1,174,583	790,416
<b>Total Deferred Tax Assets</b>	<b>1,813,779</b>	<b>1,666,846</b>
<b>Deferred Tax Liability arising out of timing difference relating to :</b>		
Difference of Depreciation as per Tax Provision and Company Law	1,623,878	1,490,551
<b>Total Deferred Tax Liability</b>	<b>1,623,878</b>	<b>1,490,551</b>
<b>Net Deferred Tax Liability / (Assets)</b>	<b>(189,901)</b>	<b>(176,294)</b>

## Notes to the financial statements as at 31 March 2016

### 5. LONG TERM PROVISIONS

(Amounts in ₹)

	As at 31 March 2016		As at 31 March 2015	
	Non-current	Current	Non-current	Current
Provision for Employee Benefit- Gratuity	749,221	180,699	678,074	16,093
Contingent Provision against standard Assets	380,000	1,370,000	338,100	1,131,900
NPA Provisions	Nil	1,802,560	28,424	937,373
	1,129,221	3,353,259	1,044,598	2,085,366
Less : Amount disclosed under head Short Term Provisions - (Note-8)	Nil	3,353,259	Nil	2,085,366
<b>Total</b>	<b>1,129,221</b>	<b>Nil</b>	<b>1,044,598</b>	<b>Nil</b>

### 6. SHORT-TERM BORROWINGS

(Amounts in ₹)

	Current	
	As at 31 March 2016	As at 31 March 2015
Loans Repayable on Demand:		
Working Capital Loans from Banks -Secured @	305,546,963	316,712,294
	<b>305,546,963</b>	<b>316,712,294</b>

#### Security :

@ Term Loans are secured under Hypothecation of specific assets portfolio & Personal guarantee of some of the directors. The same are further secured by cash collateral security in the form of Fixed deposit which are shown under "Other Bank Balance".

### 7. OTHER CURRENT LIABILITIES

(Amounts in ₹)

	Current	
	As at 31 March 2016	As at 31 March 2015
Salary & Wages Payable	1,394,682	2,302,528
Other Statutory dues	256,801	210,520
TDS Payable	644,412	387,776
Security Deposits	2,514,170	1,914,924
Interest Accrued but not due on Term Loans	579,715	1,170,286
Unpaid Dividend	1,526,543	1,228,651
Unpaid Expenses	2,105,138	1,156,647
<b>Total .....</b>	<b>67,773,159</b>	<b>100,591,260</b>

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

### 8. SHORT TERM PROVISIONS

(Amounts in ₹)

	Current	
	As at 31 March 2016	As at 31 March 2015
Provisions for employee benefits - Gratuity (Note - 5)	180,699	16,093
Contingent Provision against standard Asset (Note - 5)	1,370,000	1,131,900
NPA Provisions (Note- 5)	1,802,560	937,373
Proposed Dividend	9,694,514	8,309,584
Provision for Tax on Proposed Dividend	1,973,575	1,691,636
<b>Total .....</b>	<b>15,021,348</b>	<b>12,086,585</b>

## Notes to the financial statements as at 31 March 2016

### 9. FIXED ASSETS

(Amounts in ₹)

Gross Block	Tangible Assets					Total Tangible Assets	Intangible Assets	Total Assets
	Buildings	Furniture & Fixtures	Office Equipment	Vehicles	Computer			
01.04.2014	13,072,926	3,498,263	1,115,205	4,648,067	3,020,104	25,354,565	-	25,354,565
Addition	25,224	130,581	94,500		103,161	353,466	365,170	718,636
Disposal	-	-	(153,200)	(1,924,065)	-	(2,077,265)	-	(2,077,265)
At 31.03.2015	13,098,150	3,628,844	1,056,505	2,724,002	3,123,265	23,630,766	365,170	23,995,936
Addition		972,061	779,135		422,144	2,173,340	439,700	2,613,040
Disposal		(189,403)	(227,066)	(1,550)	(258,126)	(676,145)	-	(676,145)
Other Adjustment		-	-	-	-	-	-	-
At 31.03.2016	13,098,150	4,411,502	1,608,574	2,722,452	3,287,283	25,127,961	804,870	25,932,831

Depreciation	Tangible Assets					Total Tangible Assets	Intangible Assets	Total Assets
	Buildings	Furniture & Fixtures	Office Equipment	Vehicles	Computer			
01.04.2014	1,205,581	2,136,746	426,895	2,390,940	1,338,513	7,498,675	-	7,498,675
Change for the year	206,175	206,177	217,154	839,040	741,457	2,210,003	20,632	2,230,635
Disposal			(68,482)	(1,596,116)	-	(1,664,598)	-	(1,664,598)
Other Adjustment (Transfer to Gen. Reserve)		80,551	170,638	(707)	399,844	650,326	-	650,326
At 31.03.2015	1,411,756	2,423,474	746,205	1,633,157	2,479,814	8,694,406	20,632	8,715,038
Change for the year	207,517	229,706	148,869	320,632	308,517	1,215,241	112,127	1,327,368
Disposal		(179,931)	(215,717)	(1,473)	(245,223)	(642,344)	-	(642,344)
At 31.03.2016	1,619,273	2,473,249	679,357	1,952,316	2,543,108	9,267,303	132,759	9,400,062
NET BLOCK								
AS AT 31.3.2015	11,686,394	1,205,370	310,300	1,090,845	643,451	14,936,360	344,538	15,280,898
AS AT 31.3.2016	11,478,877	1,938,253	929,217	770,136	744,175	15,860,658	672,111	16,532,769

### 10. INVESTMENT

(Amounts in ₹)

	As at 31 March 2016		As at 31 March 2015	
	Non-current	Current	Non-current	Current
Investments (Trade)				
In equity Shares of Subsidiary Companies				
Unquoted, Fully paid up				
Namra Finance Limited				
1,03,75,000 Shares (P.Y. 1,00,00,000) of ₹10 each fully paid.	104,218,750	Nil	100,000,000	Nil
Total .....	104,218,750	Nil	100,000,000	Nil
Aggregate amount of Unquoted Investments	104,218,750	Nil	100,000,000	Nil



## Notes to the financial statements as at 31 March 2016

### 11. LOANS AND ADVANCES (Considered Good unless otherwise stated)

(Amounts in ₹)

	As at 31 March 2016		As at 31 March 2015	
	Non-current	Current	Non-current	Current
<b>A. Secured</b>				
Loans secured by Hypothecation of Assets	122,896,531	401,985,420	133,169,022	336,508,353
<b>B. Unsecured</b>				
Loans to Companies, Firms and Individuals	Nil	39,592,943	Nil	100,687,186
Deposits	3,904,810	3,003,596	6,489,045	9,249,643
Other Loans and Advances	Nil	12,522,136	Nil	4,233,137
Advances to Staff	Nil	329,821	Nil	360,619
Balance with government Authority	Nil	79,341	Nil	21,357
Advance Tax & TDS	86,139,850		70,406,411	
Less: Provision for Tax	(82,790,000)		(70,250,000)	
Net	3,349,850		156,411	
<b>Total .....</b>	<b>130,151,191</b>	<b>457,513,257</b>	<b>139,814,478</b>	<b>451,060,295</b>

11.1 Loans secured by hypothecation of Assets (Vehicles) are secured by hypothecation of the Assets (Vehicles) under finance. In the opinion of the Board, the market value of the hypothecated Assets (Vehicle) as on Balance Sheet date is more than the amount of Loan Outstanding.

11.2 Loans secured by Hypothecation of Vehicle includes ₹ 59,75,578/- (P.Y. ₹ 31,73,145/-) outstanding portfolio on which NPA provision of ₹ 6,00,108/- (P.Y. ₹ 3,17,315/-) has been made.

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

### 12. OTHER NON CURRENT ASSETS

(Amounts in ₹)

	As at 31 March 2016	As at 31 March 2015
Deposits with Original maturity for more than 12 months (Note 14)	13,000,000	9,669,022
	<b>13,000,000</b>	<b>9,669,022</b>

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

### 13. TRADE RECEIVABLES

(Amounts in ₹)

	As at 31 March 2016	As at 31 March 2015
<b>A. Outstanding for a period exceeding Six Months from the date they are due for Payment (Unsecured, considered good)</b>		
Secured	12,024,526	6,484,820
Unsecured	Nil	Nil
	12,024,526	6,484,820
<b>B. Other Trade receivables (Unsecured, considered good)</b>		
Secured	4,298,822	4,798,015
Unsecured	Nil	Nil
	4,298,822	4,798,015
<b>Total .....</b>	<b>16,323,348</b>	<b>11,282,835</b>

13.1 Sundry Debtors includes ₹ 1,20,24,526/- (P.Y. ₹ 64,84,820/-) outstanding portfolio on which NPA provision of ₹ 12,02,452 /- (P.Y. ₹ 6,48,482/) has been made.

## Notes to the financial statements as at 31 March 2016

### 14. CASH AND BANK BALANCE

(Amounts in ₹)

	As at 31 March 2016		As at 31 March 2015	
	Non-current	Current	Non-current	Current
<b>A. Cash and cash equivalents</b>				
Cash on hand	Nil	933,400	Nil	720,813
Balance With Banks	Nil	9,045,274	Nil	110,176,905
<b>Total</b>	<b>Nil</b>	<b>9,978,674</b>	<b>Nil</b>	<b>110,897,719</b>
<b>B. Other Bank Balance</b>				
Deposits with Original maturity for more than 12 months	13,000,000	14,474,173	9,669,022	9,879,014
	13,000,000	14,474,173	9,669,022	9,879,014
Less Amount disclosed Under Non Current Assets ( Note 12)	13,000,000	Nil	9,669,022	Nil
<b>Total .....</b>	<b>Nil</b>	<b>24,452,847</b>	<b>Nil</b>	<b>120,776,733</b>

14.1 Current Account with Banks includes ₹ 15,26,543/- (Prev. Year ₹ 12,28,651/-) in Unpaid Dividend Account.

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

### 15. REVENUE FROM OPERATION

(Amounts in ₹)

	2015-16	2014-15
Interest Income	158,682,999	151,625,953
<u>Other Financial Services</u>		
Processing Fees	Nil	159,400
Other Charges in respect of Loans	481,310	662,171
<b>Total .....</b>	<b>159,164,309</b>	<b>152,447,524</b>

### 16. OTHER INCOME

(Amounts in ₹)

	2015-16	2014-15
Profit on Sale of Assets	Nil	98,332
Misc. Income	10,339	10,338
<b>Total .....</b>	<b>10,339</b>	<b>108,670</b>

## Notes to the financial statements for the year ended 31 March 2016

### 17. EMPLOYEE BENEFIT EXPENSES

(Amounts in ₹)

	2015-16	2014-15
Salary, Wages & Bonus	24,458,664	23,637,586
Contribution to Provident Fund & Other Funds	1,257,547	1,312,322
Welfare Expenses	618,589	579,828
<b>Total .....</b>	<b>26,334,800</b>	<b>25,529,736</b>

17.1 The disclosure in respect of Employee Benefit as defined in the Accounting Standard 15 is given below :

#### A. The Amounts (In ₹) Recognized In The Balance Sheet Are As Follows:

(Amounts in ₹)

Particulars	Gratuity Defined Benefit Obligation 2015-16	Gratuity Defined Benefit Obligation 2014-15
Present value of funded obligations	Nil	Nil
Fair value of plan assets	Nil	Nil
Present value of unfunded obligations	929,920	694,167
Unrecognized past service cost	Nil	Nil
Net liability	929,920	694,167
Amounts in the balance sheet:	Nil	Nil
Liabilities	929,920	694,167
Assets	Nil	Nil
<b>Net liability</b>	<b>929,920</b>	<b>694,167</b>

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

(Amounts in ₹)

Particulars	Gratuity Defined Benefit Obligation 2015-16	Gratuity Defined Benefit Obligation 2014-15
Current service cost	202,101	151,932
Interest on obligation	53,517	55,195
Expected return on plan assets	Nil	Nil
Net actuarial losses (gains) recognized in year	(19,865)	(128,476)
Past service cost	Nil	Nil
Losses (gains) on curtailments and settlement	Nil	Nil
Total, included in 'employee benefit expense'	235,753	78,651
Actual return on plan assets	Nil	Nil

## Notes to the financial statements for the year ended 31 March 2016

### 17. EMPLOYEE BENEFIT EXPENSES (contd...)

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

Particulars	Gratuity Defined Benefit Obligation 2015-16	Gratuity Defined Benefit Obligation 2014-15
Opening defined benefit obligation	694,167	615,516
Transfer Out Liability	Nil	Nil
Service cost	202,101	151,932
Interest cost	53,517	55,195
Actuarial losses (gains)	(19,865)	(128,476)
Losses (gains) on curtailments	Nil	Nil
Liabilities extinguished on settlement	Nil	Nil
Liabilities assumed in an amalgamation in the nature of purchase	Nil	Nil
Exchange differences on foreign plans	Nil	Nil
Benefits paid	Nil	Nil
Closing defined benefit obligation	929,920	694,167

#### D. Changes In The Fair Value Of Plan Assets Representing Reconciliation Of The Opening And Closing Balances Thereof Are As Follows:

Particulars	Gratuity Defined Benefit Obligation 2015-16	Gratuity Defined Benefit Obligation 2014-15
Opening fair value of plan assets	Nil	Nil
Expected return	Nil	Nil
Actuarial gains and (losses)	Nil	Nil
Assets distributed on settlements	Nil	Nil
Contributions by employer	Nil	Nil
Assets acquired in an amalgamation in the nature of purchase	Nil	Nil
Exchange differences on foreign plans	Nil	Nil
Benefits paid	Nil	Nil
closing balance of fair value of plan assets	Nil	Nil

#### E. Reconciliation of Gratuity Provision Account

(Amounts in ₹)

Particulars	Gratuity Defined Benefit Obligation 2015-16	Gratuity Defined Benefit Obligation 2014-15
Net Opening Provision in Books of Accounts	694,167	615,516
Employee Benefit Expense as per Annexure II	235,753	78,651
Transfer in liability from Arman Financials	Nil	Nil
	929,920	694,167
Benefits Paid by the Company	Nil	Nil
Amounts Transferred to 'Payable Account'	Nil	Nil
Contributions to Plan Assets	Nil	Nil
Closing Provision in Books of Accounts	929,920	694,167

# Notes to the financial statements for the year ended 31 March 2016

## 17. EMPLOYEE BENEFIT EXPENSES (contd...)

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

(Amounts in ₹)

Particulars	Gratuity Defined Benefit Obligation 2015-16	Gratuity Defined Benefit Obligation 2014-15
Government of India Securities	0%	0%
High quality corporate bonds	0%	0%
Equity shares of listed companies	0%	0%
Property	0%	0%
Insurance Company	0%	0%

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

(Amounts in ₹)

Particulars	Gratuity Defined Benefit Obligation 2015-16	Gratuity Defined Benefit Obligation 2014-15
Discount rate	8.05%	7.80%
Expected return on plan assets	-	-
Proportion of employees opting for early retirement	-	-
Annual increase in Salary costs	6.00%	6.00%
Future changes in maximum state health care benefits	-	-

### H. Gratuity Benefit Amount for the current period are as follow

(Amounts in ₹)

Particulars	2015-16	2014-15
Defined benefit obligation	929,920	694,167
Plan assets	Nil	Nil
Surplus/(deficit)	(929,920)	(694,167)
Experience adjustments on plan liabilities	(71,468)	(237,459)
Experience adjustments on plan assets	Nil	Nil
Actuarial Loss/(Gain) due to change in assumption	51,603	108,983
Actuarial Loss/(Gain) due to participant experience	Nil	Nil
Actuarial Loss/(Gain) on liabilities	(19,865)	(128,476)
Net Actuarial Loss/(Gain) on liabilities	(19,865)	(128,476)

(Amounts in ₹)

Particulars	31.3.2016	31.3.2015	31.3.2014	31.3.2013	31.3.2012
Defined Benefit Obligation	929,920	694,167	615,516	572,705	434,911
Plan Assets	Nil	Nil	Nil	Nil	Nil
Unrecognised past service Cost	Nil	Nil	Nil	Nil	Nil
Deficit	Nil	Nil	Nil	Nil	Nil
Experience adjustments on plan liabilities	929,920	694,167	615,516	572,705	434,911
Experience adjustments on plan assets	Nil	Nil	Nil	Nil	Nil

## Notes to the financial statements for the year ended 31 March 2016

### 18. FINANCE COST

(Amounts in ₹)

	2015-16	2014-15
Interest Expenses	53,590,069	53,977,538
Other Borrowing cost	3,125,758	1,623,054
<b>Total .....</b>	<b>56,715,827</b>	<b>55,600,592</b>

### 19. DEPRECIATION AND AMORTISATION EXPENSE

(Amounts in ₹)

	2015-16	2014-15
Depreciation of Tangible Assets	1,215,241	2,210,003
Amortization of Intangible Assets	112,127	20,632
<b>Total .....</b>	<b>1,327,368</b>	<b>2,230,635</b>

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

### 20. OTHER COSTS

(Amounts in ₹)

	2015-16	2014-15
Electricity & Fuel charges	526,748	485,995
<b>Repairs To:</b>		
Building	142,430	319,346
Other	493,671	231,350
<b>Sub Total</b>	<b>636,101</b>	<b>550,696</b>
Insurance	70,355	124,137
Rent	1,659,518	1,591,729
Rates & Taxes	143,230	137,017
Stationery & Printing	965,224	662,685
Advertisement Expenses	456,192	287,947
Communication	1,295,019	1,255,681
Traveling & Conveyance Expenses	1,334,305	1,335,318
Professional Fees	6,601,702	5,688,875
<b>Auditor's Remuneration:</b>		
Audit Fees	257,625	252,810
For Tax Audit	85,875	84,270
For Certification	8,518	3,372
For Income Tax Consultancy Fee	16,854	Nil
<b>Sub Total</b>	<b>368,872</b>	<b>340,452</b>
Director Sitting Fees	230,646	199,439
Marketing & Incentive Expenses	10,531,559	6,265,121
Bad debts written off (Net)	5,263,456	4,935,304
Provision for NPA (Net)	836,763	377,873
Contingent Provision Against Standard Assets ( Net )	280,000	270,000
Loss on Sale of Tangible Assets	12,800	Nil
Sundry Balance Written Off	211,304	683,596
General Charges (including Bank Charges, Security Charges & Membership Fees etc.)	6,034,601	1,736,873
<b>Total .....</b>	<b>37,458,395</b>	<b>26,928,739</b>

20.1 Bad debts & Irrecoverable W/off are shown net off bad debts recovery during the year amounting to ₹ 9,52,470/- (P.Y. Rs 8,81,556/-).

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

## Notes to the financial statements for the year ended 31 March 2016

### 21. DEFERRED TAX LIABILITIES / (ASSETS)

	(Amounts in ₹)	
	2015-16	2014-15
Opening balance of Deferred Tax Liability / (Assets)	(176,294)	(155,534)
Less : Amount of reversal of Deferred Tax Liability in respect of fixed assets whose useful life has expired on adoption of Schedule II to the Companies Act, 2013	Nil	(210,998)
Adjusted Opening balance of Deferred Tax Liability / (Assets)	(176,294)	(366,532)
Closing balance of Deferred Tax Liability / (Assets)	(189,901)	(176,294)
<b>Deferred Tax Liabilities / (Assets) for the year</b>	<b>(13,607)</b>	<b>190,238</b>

### 22. CONTINGENT LIABILITIES NOT PROVIDED FOR: -

- (a) Disputed Demand of Income Tax ₹ 764.04 Lacs (Previous year ₹ 42.06 Lacs) (Against which the Company has paid ₹ 3.20 Lacs [Previous year ₹ Nil] under protest which are shown as advances).
- (b) Guarantee given by company of ₹ 5200 Lacs (P.Y. ₹ 3800 Lacs) for Working Capital / Term Loan taken by its wholly owned subsidiary company.

### 23. RELATED PARTY DISCLOSURES :

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

#### A) Subsidiary

Namra Finance Limited

#### B) Key Managerial Personnel

Mr. Jayendrabhai Patel

Mr. Aalokbhai Patel

Mr. Amitbhai Manakiwala

#### C) Directors and Relatives of Key Managerial Personnel with whom transaction have taken place during the year.

Name of Party	Related party Relationship
Mrs. Ritaben J. Patel	Director
Mr. Aakash J. Patel	Director
Mr. Aditya Bhandari	Director
J.B.Patel HUF	Key Managerial personnel is Karta
Raj Enterprise	Key Managerial personnel is Proprietor
Mrs. Himani Manakiwala	Relative of Key Managerial Personnel
J B Patel & Co.	Key Managerial personnel is co-owner
Mrs. Sachi Patel	Relative of Key Managerial Personnel
Aalok Patel (HUF)	Key Managerial personnel is Karta
Amit Manakiwala (HUF)	Key Managerial personnel is Karta
Aakash Patel (HUF)	Relative of Key Managerial Personnel

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

Namra Holdings & Cons. Services Pvt. Limited	Relative of Key Managerial Personnel is Director
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## Notes to the financial statements for the year ended 31 March 2016

### 23. RELATED PARTY DISCLOSURES : (contd...)

Details of Transactions are as follows:

(Amounts in ₹)

Sr. No.	Nature of Transaction	Subsidiary	Key Managerial Personnel	Relatives of Key Managerial Personnel	Relative of Key Managerial Personnel and their enterprise	Total
<b>1</b>	<b>Expenses</b>					
	Remuneration & Perquisites	Nil	32,82,581	Nil	Nil	32,82,581
		(Nil)	(29,93,700)	(Nil)	(Nil)	(29,93,700)
	Sitting Fees	Nil	Nil	37,500	Nil	37,500
		(Nil)	(Nil)	(37,500)	(Nil)	(37,500)
	Interest Expenses	31,58,084	Nil	1,47,472	Nil	33,05,556
		(Nil)	(43,274)	(2,28,949)	(Nil)	(2,72,223)
	Rent Paid	Nil	Nil	9,52,560	Nil	9,52,560
		(Nil)	(Nil)	(5,75,884)	(Nil)	(5,75,884)
	Dividend paid	Nil	8,70,469	9,86,765	1,98,480	20,55,714
		(Nil)	(7,25,391)	(8,23,304)	(1,65,400)	(17,14,095)
<b>2</b>	<b>Income</b>					
	Interest Income	65,64,866	Nil	Nil	Nil	65,64,866
		(1,03,53,560)	(Nil)	(Nil)	(Nil)	(1,03,53,560)
<b>3</b>	<b>Unsecured Loan</b>					
	Loan taken during the year	70,54,57,132	Nil	18,85,000	Nil	70,73,42,132
		(Nil)	(11,50,000)	(9,30,000)	(1,20,000)	(22,00,000)
	Loan repaid during the year	70,86,15,216	Nil	18,44,629	Nil	71,04,59,845
		(Nil)	(11,93,274)	(14,81,354)	(1,24,438)	(27,99,066)
	Balance out standing at 31/03/2016	Nil	Nil	8,70,317	Nil	8,70,317
		(Nil)	(Nil)	(6,82,474)	(Nil)	(6,82,474)
<b>4</b>	<b>Investments in Subsidiary</b>	42,18,750	Nil	Nil	Nil	42,18,750
		(Nil)	(Nil)	(Nil)	(Nil)	Nil
<b>5</b>	<b>Purchase of Receivables under Securitization</b>	24,42,88,000	Nil	Nil	Nil	24,42,88,000
		(20,53,05,969)	(Nil)	(Nil)	(Nil)	(20,53,05,969)
<b>6</b>	<b>Loan Granted</b>					
	Loan granted during the year	27,06,85,830	Nil	Nil	Nil	27,06,85,830
		(31,25,37,802)	(Nil)	(Nil)	(Nil)	(31,25,37,802)
	Loan recd. Back during the year	28,36,99,353	Nil	Nil	Nil	28,36,99,353
		(32,79,14,263)	(Nil)	(Nil)	(Nil)	(32,79,14,263)
	Balance out standing at 31/03/2016	Nil	Nil	Nil	Nil	Nil
		(64,48,657)	(Nil)	(Nil)	(Nil)	(64,48,657)

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

#### Unsecured Loan taken includes

Taken from Shri Jayendra Patel ₹ Nil (P.Y. ₹ 9,00,000), from Smt. Himani A. Manakiwala ₹ Nil (P.Y. ₹ Nil), from Smt. Ritaben J. Patel ₹ Nil (P.Y. ₹ 2,50,000), from Shri Aalok J. Patel ₹ Nil (P.Y. ₹ 2,50,000), from Namra Holdings & Consultancy Services Pvt. Limited ₹ Nil (P.Y. ₹ 1,20,000), from Shri Aakash J. Patel ( HUF ) ₹ 6,85,000 (P.Y. ₹ 6,80,000), from Namra Finance Limited ₹ 70,54,57,132 (P.Y. ₹ Nil).

## Notes to the financial statements for the year ended 31 March 2016

### 23. RELATED PARTY DISCLOSURES : (contd...)

#### Unsecured Loan repayments includes

Paid to Shri Jayendra Patel ₹Nil (P.Y. ₹ 9,33,904), to Smt. Ritaben J. Patel ₹Nil (P.Y. ₹ 2,59,493), to Shri Aalok Patel ₹Nil (P.Y. ₹ 2,59,370), to Aakash Patel (HUF) ₹6,39,204 (P.Y. ₹ 2,98,623), to Namra Holdings & Consultancy Services Pvt. Limited ₹Nil (P.Y. ₹ 1,24,438), to Chinubhai R. Shah (HUF) ₹12,05,425 (P.Y. ₹ 9,23,238), to Namra Finance Limited ₹70,86,15,216 (P.Y. ₹ Nil)

#### Unsecured Loan granted includes

Paid to Namra Finance Limited ₹27,06,85,830 (P.Y. ₹ 31,25,37,802).

#### Unsecured Loan received back includes

Received from Namra Finance Limited ₹28,36,99,353 (P.Y. ₹ 32,79,14,263).

#### Interest Income includes

Received from Namra Finance Limited ₹65,64,866 (P.Y. ₹ 1,03,53,560).

**Interest Expenses includes** paid to Shri Jayendra Patel ₹ Nil (P.Y. ₹ 33,904), to Shri Aalok Patel ₹ Nil (P.Y. ₹ 9,370), to Smt. Ritaben J Patel ₹ Nil (P.Y. ₹ 9,493), to Aakash Patel (HUF) ₹1,42,047 (P.Y. ₹ 91,777), to Namra Holdings & Consultancy Services Pvt. Limited ₹ Nil (P.Y. ₹ 4,438) to C.R. Shah ₹ 5,425 (P.Y. ₹12,32,38), Namra Finance Limited ₹31,58,084 (P.Y. ₹ Nil).

**Remuneration and perquisites includes payment to** Shri Jayendrabhai Patel ₹15,55,000 (P.Y. ₹ 15,32,600) and to Shri Amit Manakiwala ₹10,70,000 (P.Y. ₹ 9,50,000), to Shri Aalok Patel ₹4,83,600 (P.Y. ₹ 5,11,100)

**Sitting Fees included paid** to Smt. Ritaben Patel ₹ 37,500 (P.Y. ₹ 37,500).

**Rent includes paid to** J B Patel & Co. ₹ 20240 (P.Y. ₹ 20240) and to Ritaben Patel ₹ 95,25,560 (P.Y. ₹ 5,55,660)

**Dividend Paid includes paid to** Shri Aalok Patel ₹2,96,976 (₹ 2,47,480), to Jayendrabhai Patel HUF ₹2,35,200 (P.Y. ₹1,96,000), to Shri Aakash Patel ₹ 3,34,596 (P.Y. ₹2,47,480), to Shri Jayendrabhai Patel ₹3,40,690 (P.Y. ₹ 2,83,908), to Smt. Ritaben Patel ₹ Nil 3,56,009 (P.Y. ₹ 2,78,830), to Namra Holdings & Cons. Services Pvt. Limited ₹1,98,480 (P.Y. ₹ 1,65,400), to Shri Amitbhai Manakiwala ₹ 2,32,804 (P.Y. ₹ 1,94,003), to Smt. Himani Manakiwala ₹60,000 (P.Y. ₹ 50,000), to Maulik A Manakiwala ₹960 (P.Y. Nil), Namra Holdings & Consultancy Services Pvt. Limited ₹ 1,98,480 (P.Y. ₹ 1,65,400).

**Investments in Subsidiary Company includes** investment into Namra Finance Limited ₹ 42,18,750 (P.Y. ₹ Nil).

**Purchase of Receivables under Securitization included** transaction with Namra Finance Limited of ₹ 24,42,88,000 /- (P.Y. ₹ 22,31,50,400)

### 24. EARNINGS PER SHARE:

Particulars	Unit	2015-2016	2014-2015
Numerator used for calculating Basic & Diluted Earnings Per Share (PAT)	₹	2,49,31,863	2,78,01,584
Weighted Average No. of Shares used as denominator for calculating Basic & Diluted Earnings Per Share	Shares	69,24,653	69,24,653
Nominal Value per Share	₹	10	10
Basic Earnings per share	₹	3.60	4.01
Diluted Earnings per share	₹	3.60	4.01

### 25. LOAN PORTFOLIO AND PROVISION FOR STANDARD AND NON PERFORMING ASSETS:

(Amounts in ₹)

Classification	Portfolio loan Outstanding (Gross)		Provision for Standard and Non Performing Assets	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
Standard Assts	59,23,71,779	57,62,22,568	17,50,000	14,70,000
Sub Standard Assets	1,80,00,104	96,57,965	18,02,560	9,65,796
<b>Total</b>	<b>57,43,71,675</b>	<b>58,58,80,533</b>	<b>35,52,560</b>	<b>24,35,796</b>

## Notes to the financial statements for the year ended 31 March 2016

26. Balances are subject to confirmation.
27. Borrowing costs attributable to the acquisition or construction of Qualifying Assets amounting to ₹ Nil (P.Y. ₹ Nil)
28. **LEASE:**  
The Company has entered into certain rent agreements and amounts of Rs 16.60. Lacs (P.Y. ₹ 15.92 Lacs) paid under such agreements have been charged to the Statement of Profit and Loss. These rents agreements are generally not non-cancellable and are renewable by mutual consent on mutually agreed terms. There are no restrictions imposed by such agreements.
29. During the year, the company has impaired the assets to the tune of ₹ Nil (P.Y. ₹ Nil).
30. In the opinion of the Board, Current assets and loans and advances, are approximately of the value stated, if realized in ordinary course of business.
31. As per the prudential norms of the Reserve Bank of India, provision has been made in the accounts for the Non Performing Assets. Income is not recognised in respect of Non Performing Assets.
32. 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.

### 33. ADDITIONAL DISCLOSURES REQUIRED BY THE RBI

#### A) Capital to Risk Assets Ratio (CRAR)

(Amount in ₹ Lacs)

Sr. No.	Particulars	2015-2016	2014-2015
(i)	CRAR (%)	48.60	44.69
(ii)	CRAR Tier I Capital (%)	48.31	44.45
(iii)	CRAR Tier II Capital	0.29	0.24
(iv)	Amount of subordinated debt raised as Tier-II Capital	--	--
(v)	Amount raised by issue of Perpetual Debt Instruments	--	--

#### B) Investments

(Amount in ₹ Lacs)

Sr. No.	Particulars	2015-2016	2014-2015
1	Value of Investments	1042.19	1000.00
(i)	Gross Value of Investments		
	(A) In India	1042.19	1000.00
	(B) Outside India	-	-
(ii)	Provision for Deprecation	-	-
	(A) In India	-	-
	(B) Outside India	-	-
(iii)	Net Value of Investments		
	(A) In India	-	-
	(B) Outside India	-	-
2	Movement of provisions held towards Depreciation on investments.		
(i)	Opening balance	-	-
(ii)	Add: Provisions made during the year	-	-
(iii)	Less: Write-off/write-back of excess provisions during the year.	-	-
(iv)	Closing balance	-	-

## Notes to the financial statements for the year ended 31 March 2016

### 33. ADDITIONAL DISCLOSURES REQUIRED BY THE RBI (contd...)

#### C) Derivatives

The company has no transactions /exposures in derivatives in the current year and previous year. Un-hedge foreign currency exposure as on 31st March, 2016 is ₹ Nil (P.Y. is ₹ Nil).

#### D) Disclosure relating to securitization

The company has no transactions of securitization in the current year and previous year.

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

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

#### F) Assets Liability Management

Maturity Pattern of certain assets and Liability as on 31.3.2016. (₹ In Lacs)

Particulars	Up to 30/31 Days	Over 1 month upto 2 Month	over 2 month upto 3 month	over 3 month & up to 6 month	Over 6 Month & Upto 1 Year	Over 1 Year & upto 3 Year	Over 3 year & upto 5 Year	Over 5 year	Total
Deposits	23.49	--	88.07	3.71	48.86	6.98	130	--	301.11
Advances	560.48	453.5	425.20	1126.07	876.11	169.49	--	--	3610.85
Investments	--	--	--	--	--	--	--	1042.19	1042.19
Cash and Bank Balance	73.46	--	--	--	--	--	--	--	73.46
Borrowings	3113.97	101.57	157.13	162.88	107.44	162.15	--	--	3805.14
Foreign currency assets	--	--	--	--	--	--	--	--	--
Foreign currency Liabilities	--	--	--	--	--	--	--	--	--

Maturity Pattern of certain assets and Liability as on 31.3.2015. (₹ In Lacs)

Particulars	Up to 30/31 Days	Over 1 month upto 2 Month	over 2 month upto 3 month	over 3 month & up to 6 month	Over 6 Month & Upto 1 Year	Over 1 Year & upto 3 Year	Over 3 year & upto 5 Year	Over 5 year	Total
Deposits	641.75	--	4.22	44.49	23.30	166.36	--	--	880.12
Advances	667.31	536.51	500.14	1218.61	1549.26	1344.64	--	--	5816.47
Investments	--	--	--	--	--	--	--	1000.00	1000.00
Cash and Bank Balance	424.32	--	--	--	--	--	--	--	424.32
Borrowings	82.16	82.89	113.81	255.21	3555.25	741.93	--	--	4831.25
Foreign currency assets	--	--	--	--	--	--	--	--	--
Foreign currency Liabilities	--	--	--	--	--	--	--	--	--

#### G) Exposure

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

#### H) Details of financing of parent company products:

This disclosure is not applicable as the company does not have any holding / parent company.

#### I) Registration obtained from other financial sector regulators.

The company is registered with following other financial sector regulators (financial regulators as described by Ministry of Finance):

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

## Notes to the financial statements for the year ended 31 March 2016

### 33. ADDITIONAL DISCLOSURES REQUIRED BY THE RBI (contd...)

#### K) Rating assigned by credit rating agencies and migration of ratings during the year

Deposit Instruments	Name of rating agency	Date of rating	Rating assigned	Valid up to	Borrowing limits or conditions imposed by rating agency
Long Term Bank Facility	CARE	01.09.2015	BBB – (Triple B Minus)	31.08.2016	39.00 Crores

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

#### Signature to Schedules "1" to "34"

As per our report of even date attached herewith

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

*Chartered Accountants*

FRN No. 109616W

**J. J. Shah**

*Partner*

M.No. 45669

Place : Ahmedabad

Date: 20.05.2016

**For, Arman Financial Services Limited**

**Jayendra Patel**

*Vice Chairman & Managing Director*

(DIN - 00011814)

**Aalok Patel**

*Director*

DIN - 02482747

**Jaimish Patel**

*Company Secretary*

M.No.A42244

## Schedule to the Balance Sheet of a Non-Banking Financial Company for the year ended 31 March 2016

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

(₹ in lakhs)

Sr. No.	Particulars		Amount Outstanding	Amount Overdue
	<b>Liabilities side:</b>			
(1)	<b>Loan and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:</b>			
	(a) Debentures:			
	Secured		NIL	NIL
	Unsecured (other than falling within the meaning of public deposits*)		NIL	NIL
	(b) Deferred Credits		NIL	NIL
	(c) Term Loans		740.96	NIL
	(d) Inter-Corporate loans and borrowing		NIL	NIL
	(e) Commercial Paper		NIL	NIL
	(f) Public Deposits*		NIL	NIL
	(g) Other Loans (specify nature)			NIL
	- Working capital Loans	3055.47		
	- from directors and relatives	8.70		
	- Debenture Application Money	-	3,064.17	
	* Please see Note 1 below			
(2)	<b>Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):</b>			
	(a) In the form of Unsecured debentures		NIL	NIL
	(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security		NIL	NIL
	(c) Other Public Deposits		NIL	NIL
	<b>Assets Side:</b>			
(3)	<b>Break-up of Loans and Advances including bills receivable [other than those included in (4) below]:</b>			
	(a) Secured		NIL	NIL
	(b) Unsecured		593.53	NIL
(4)	<b>Break-up of Leased Assets and stock on hire and hypothecation loans counting towards EL/HP activities</b>			
	(i) Lease assets including lease rentals under sundry debtors:			
	(a) Financial Lease		NIL	NIL
	(b) Operating lease		NIL	NIL
	(ii) Stock on hire including hire charges under sundry debtors:			
	(a) Assets on hire		NIL	NIL
	(b) Repossessed Assets		NIL	NIL
	(iii) Hypothecation loans counting towards EL/HP activities			
	(a) Loans where assets have been re-possessed		NIL	NIL
	(b) Loans other than (a) above		5,412.05	163.23

(₹ in lakhs)

Sr. No.	Particulars	Amount Outstanding	Amount Overdue
(5)	<b>Break-up of Investments:</b>		
	<b>Current Investments:</b>		
	1. Quoted:		
	(i) Shares		
	(a) Equity	NIL	NIL
	(b) Preference	NIL	NIL
	(ii) Debentures and Bonds	NIL	NIL
	(iii) Units of mutual funds	NIL	NIL
	(iv) Government Securities	NIL	NIL
	(v) Others (please specify)	NIL	NIL
	2. Unquoted:		
	(i) Shares		
	(a) Equity	NIL	NIL
	(b) Preference	NIL	NIL
	(ii) Debentures and Bonds	NIL	NIL
	(iii) Units of mutual funds	NIL	NIL
	(iv) Government Securities	NIL	NIL
	(v) Others (please specify) FDR	274.74	NIL
	<b>Long-term investments:</b>		
	1. Quoted:		
	(i) Shares		
	(a) Equity	NIL	NIL
	(b) Preference	NIL	NIL
	(ii) Debentures and Bonds	NIL	NIL
	(iii) Units of mutual funds	NIL	NIL
	(iv) Government Securities	NIL	NIL
	(v) Others (please specify)	NIL	NIL
	2. Unquoted:		
	(i) Shares		
	(a) Equity	1,042.19	NIL
	(b) Preference	NIL	NIL
	(ii) Debentures and Bonds	NIL	NIL
	(iii) Units of mutual funds	NIL	NIL
	(iv) Government Securities	NIL	NIL
	(v) Others (please specify)	NIL	NIL

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

Please see Note 2 below

(₹ in lakhs)

Sr. No.	Category	Amount net of provision		
		Secured	Unsecured	Total
1.	Related Parties**			
	(a) Subsidiaries	NIL	NIL	NIL
	(b) Companies in the same group	NIL	NIL	NIL
	(c) Other related parties	NIL	NIL	NIL
2.	Other than related parties	5,412.05	593.53	6,005.59
	<b>Total</b>	<b>5,412.05</b>	<b>593.53</b>	<b>6,005.59</b>



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

Please see Note 3 below

(₹ in lakhs)

Sr. No.	Category	Market value/ Break-up or fair value or	Book Value (Net of Provisions)
1.	Related Parties**	NIL	NIL
	(a) Subsidiaries	1,042.19	NIL
	(b) Companies in the same group	NIL	NIL
	(c) Other related parties	NIL	NIL
2.	Other than related parties	NIL	NIL
	<b>Total</b>	<b>1,042.19</b>	<b>NIL</b>

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

**(8) Other information**

(₹ in lakhs)

Particulars	Amount
(i) Gross Non-performing Assets	
(a) Related Parties	NIL
(b) Other than related parties	180.00
(ii) Net Non-Performing Assets	
(a) Related Parties	NIL
(b) Other than related parties	161.98
(iii) Assets acquired in satisfaction of debts	NIL

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

# NAMRA FINANCE LIMITED

Financial Statements of Namra Finance Ltd.

# Director's Report

## Dear Members,

Your Directors have pleasure in presenting the 4th Director's Report of your Company together with the Audited Financial Statement for the year ended on 31st March, 2016.

You being our valued partners in the Company for a long time, we share our vision of growth with you and our guiding principles are a blend of optimism which has been and will be the guiding force of all our future endeavors.

The summary of operating results for the year and appropriation of divisible profits is given below:

### FINANCIAL PERFORMANCE

(Amount in Rs.)

Particulars	2015-16	2014-15
Gross Income	257,472,141	143,558,015
Profit Before Interest and Depreciation	191,033,140	102,245,251
Finance Charges	106,838,790	51,753,897
Gross Profit	84,194,350	50,491,354
Provision for Depreciation	465,494	167,610
Net Profit Before Tax	83,728,856	50,323,744
Provision for Tax	28,684,081	16,553,025
Net Profit After Tax	55,044,775	33,770,719
Balance of Profit brought forward	35,519,202	8,748,483
Balance available for appropriation	90,563,977	42,519,202
Proposed Dividend on Preference Shares	1,625,000	–
Proposed Dividend on Equity Shares	–	–
Tax on proposed Dividend	330,812	–
Transfer to General Reserve	100,000	–
Transfer to Special Reserve U/s 45-IC of RBI	11,250,000	7,000,000
Surplus carried to Balance Sheet	77,258,165	35,519,202

### COMPANY'S AFFAIRS AND FUTURE OUTLOOK

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.

This year marked Namra's third year of operations, and the business grew very rapidly during the year. Net interest income from operations during the year under review was Rs.25.74 Crores against Rs.14.36 Crores for the previous year, resulting in increase of 79.25%. Earnings before Interest & Taxes (EBIT) for the current year is Rs.19.06 Crores (Rs.10.21 Crores in previous year) thereby resulting in increased of 87%. Net Profit after Taxes amounted to Rs.5.50 Crores (Rs.3.37 Crores in previous year) thereby resulting increase of 63%. Earnings Per share were Rs.5.21 (For Rs.10 each).

### CHANGE IN NATURE OF BUSINESS

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

### DIVIDEND

In order to conserve resources of the Company, Board of directors has not recommended any dividend for current year.

### 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: Rs. 1,12,50,000/-
- Transfer to general reserve: Rs. 1,00,000/-

### SHARE CAPITAL

During the Financial Year 2015-16, the authorized share capital of the Company has been increased from Rs. 12 Crore to Rs. 17 Crore.

### Preference Share

The Company has allotted 50,00,000 Redeemable Non Convertible Preference of the face value of Rs. 10/- (13% Dividend rate) each to UNIFI AIF, a registered trust having its registered office at 11, Kakani Towers, Khader Nawaz Khan Road, Chennai – 600006 on a private placement basis on 31st December, 2015.

### Buy Back of Securities

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

**Sweat Equity**

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

**Bonus Shares**

No Bonus Shares were issued during the year under review.

**Employees Stock Option Plan**

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

**UNCLAIMED DIVIDEND AS ON 31<sup>ST</sup> MARCH, 2016**

The provisions of Section 125(2) of the Companies Act, 2013 do not apply as there is no unpaid dividend accounts appeared in balance sheet as on 31st March, 2016.

**MATERIAL CHANGES AND COMMITMENTS**

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

**LOANS, GUARANTEES AND INVESTMENTS**

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

**PUBLIC DEPOSITS**

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

**DIRECTORS AND KMP**

In accordance with the Article of Association of the Company and pursuant to the provisions of Section 152 of the Companies Act, 2013, Shri Aalok Patel [DIN-02482747] will retire by rotation at the ensuing AGM and being eligible, offers himself for reappointment.

Shri Aditya Bhandari, Nominee Director of RIF NorthWest-2, has resigned from the Board of Director of the Company. The Board has accepted his resignation in its meeting held on 11/07/2016.

The Board has identified the following officials as Key Managerial

Personnel pursuant to Section 203 of the Companies Act, 2013:

1. Mr. Jayendra B. Patel – Managing Director
2. Mr. Aalok Patel – Whole Time Director
3. Mr. Amit Manakiwala- Whole Time Director
4. Mr. Jaimish G. Patel – Company Secretary (w.e.f. 01.03.2016)

**MEETING OF THE BOARD**

The Board during the financial year 2015-16 met nine times and Audit Committee met four times as per Section 173 of Companies Act, 2013 which is summarized below.

Sr. No.	Date of Meeting	Board Strength	No. of Directors Present
1	14.05.2015	4	4
2	13.08.2015	4	4
3	24.08.2015	4	4
4	19.09.2015	4	3
5	05.11.2015	4	3
6	01.12.2015	4	3
7	31.12.2015	5	3
8	08.02.2016	5	5
9	17.03.2016	5	3

**AUDIT COMMITTEE**

According to Section 177 of the Companies Act, 2013 the Company's Audit Committee comprised of three directors. The board has accepted the recommendations of the Audit Committee. The table sets out the composition of the Committee:

Sr. No.	Name of the Director	Designation	Category of Director
1	Shri R. K. Nagpal	Chairman	Independent Director
2	Shri Aditya Bhandari	Member	Non executive Director
3	Shri Aalok Patel	Member	Executive Director

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

The Company has zero tolerance for sexual harassment at workplace and has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition

and Redressal) Act, 2013 and no complaint has been received on sexual harassment during the financial year 2015-16.

#### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3) (c) 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, 2016, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit and loss of the company for that period;
- c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- d) The Directors have prepared the annual accounts on a going concern basis;
- e) The Company being unlisted, sub clause (e) of Section 134(5) is not applicable; 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.

#### DECLARATION BY INDEPENDENT DIRECTORS

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

#### STATUTORY AUDITORS

M/s J. T. Shah & Co, Chartered Accountants, Ahmedabad (FRN No-190616W) were appointed as a Statutory Auditors of the Company with your approval of members at the 3rd Annual General Meeting to hold office till the conclusion of the 8th Annual General Meeting. The Board,

in terms of Section 139 of the Act, on the recommendation of the Audit Committee, has recommended for the ratification of the Members, the appointment of M/s J.T. Shah & Co., Chartered Accountants, Ahmedabad from the conclusion of the ensuing Annual General Meeting till the conclusion of the 5th Annual General Meeting for such a remuneration that may be determined by the Board of Directors of the Company on recommendation of Audit Committee.

#### RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large and Approval of the Board of Directors & shareholders was obtained wherever required. There are materially significant related party transactions made with holding company in the form of loan and the said loan from holding company falls under exempted category. Further all the necessary details of transaction entered with the related parties are attached herewith in Form No- AOC-2 as Annexure-1.

#### RISK MANAGEMENT

Periodic assessments to identify the risk areas are carried out and management is briefed on the risks in advance to enable the Company to control risk through a properly defined plan. The risks are classified as financial risks, operational risks and market risks. The risks are taken into account while preparing the annual business plan for the year. The Board is also periodically informed of the business risks and the actions taken to manage them. The Company has formulated a policy for Risk management with the following objectives:

- Provide an overview of the principles of risk management
- Explain approach adopted by the Company for risk management
- Define the organizational structure for effective risk management
- Develop a "risk" culture that encourages all employees to identify risks and associated opportunities and to respond to them with effective actions.

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

### INTERNAL CONTROL SYSTEM

The Company has in place, adequate systems of Internal Control to ensure compliance with policies and procedures. It is being constantly assessed and strengthened with new / revised standard operating procedures and tighter information technology controls. Internal audits of the Company are regularly carried out to review the internal control systems. The Audit Reports of Internal Auditor along with their recommendations and implementation contained therein are regularly reviewed by the Audit Committee of the Board. Internal Auditor has verified the key internal financial control by reviewing key controls impacting financial reporting and overall risk management procedures of the Company and found the same satisfactory. It was placed before the Audit Committee of the Company.

### INTERNAL FINANCIAL CONTROLS

The Company has laid down certain guidelines, processes and structure, which enables implementation of appropriate internal financial controls across the organisation. Such internal financial controls encompass policies and procedures adopted by the Company for ensuring the orderly and efficient conduct of business, including adherence to its policies, safeguarding of its assets, prevention and detection of frauds and errors, the accuracy and completeness of accounting records and the timely preparation of reliable financial information. Appropriate review and control mechanisms are built in place to ensure that such control systems are adequate and are operating effectively. Because of the inherent limitations of internal financial controls, including the possibility of collusion or improper management override of controls, material misstatements in financial reporting due to error or fraud may occur and not be detected. Also, evaluation of the internal financial controls is subject to the risk that the internal financial control may become inadequate because of changes in conditions, or that the compliance with the policies or procedures may deteriorate.

The Company has, in all material respects, an adequate internal financial controls system and such internal financial controls were operating

effectively based on the internal control criteria established by the Company considering the essential components of internal control, stated in the Guidance Note on Audit of Internal Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

### CORPORATE SOCIAL RESPONSIBILITY

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

### EXTRACT OF ANNUAL RETURN

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

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE OUTGO:

#### A. Conservation of energy and Technology absorption

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

#### B. Foreign exchange earnings and outgo

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

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

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

### ACKNOWLEDGEMENT

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

For, and on behalf of the Board

Jayendra Patel

Chairman & Managing Director

DIN: 00011814

Date: 11/08/2016

Place: Ahmedabad

# Annexure to Director's Report

## ANNEXURE-1

### FORM NO. AOC-2

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

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

#### 1. Details of contracts or arrangements or transactions not at arm's length basis:

There were no contracts or arrangements or transactions entered into during the year ended 31st March, 2015, which were not at arm's length basis

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

Name of Related Party	Nature of Relationship	Nature of contracts/ arrangements/ transaction	Duration of Contracts/ Arrangements/ Transactions	Salient terms of the Contracts or arrangements or transaction including the value, if any	Date of approval by Board	Amount Accepted during the year (Amt in Rs)
Aalok Patel	Director	Loan	Not Specific	Interest Paid	08.02.2016	3,31,234/-
Jayendra Patel	Director	Loan	Not Specific	Interest Paid	08.02.2016	2,63,229/-
Aalok Patel –HUF	Karta is Director	Loan	Not Specific	Interest Paid	08.02.2016	1,12,544/-
Aakash Patel –HUF	Karta is Relative	Loan	Not Specific	Interest Paid	08.02.2016	1,10,831/-
Ritaben Patel	Relative of Director	Loan	Not Specific	Interest Paid	08.02.2016	1,54,132/-
Namra Holdings & Cons. Ser. P. Ltd	Director is Relative	Loan	Not Specific	Interest Paid	08.02.2016	55,057/-
Amit Manakiwala- HUF	Karta is Director	Loan	Not Specific	Interest Paid	08.02.2016	2,51,310/-
Himaniben Manakiwala	Relative of Director	Loan	Not Specific	Interest Paid	08.02.2016	2,60,284/-
J. B. Patel & Co.	Director is Co-Owner	Loan	Not Specific	Interest Paid	08.02.2016	2,33,270/-
Raj Enterprise	Director is Proprietor	Loan	Not Specific	Interest Paid	08.02.2016	2,20,602/-
Arman Financial Services Limited	Holding Company	Securitization	Not Specific	Selling of Receivables	08.02.2016	24,42,88,000 /-
Arman Financial Services Limited	Holding Company	Loan	Not Specific	Interest Paid	08.02.2016	65,64,866/-
Arman Financial Services Limited	Holding Company	Advances	Not Specific	Interest Received	08.02.2016	31,58,084/-



## ANNEXURE-2

### CORPORATE SOCIAL RESPONSIBILITY

Pursuant to Section 135 of Companies Act, 2013

#### 1. Brief outline of Companies CSR Policy:

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

#### 2. Composition of CSR Committee:

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

- a. Shri Jayendra Patel, Chairperson
- b. Shri Amit Manakiwala, Member
- c. Shri R. K. Nagpal, Member

#### 3. Financial details:

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

Sr. No.	Particulars	Amount in Rs.
1	Average net profit before tax of the Company for last three financial years	5,01,62,685/-
2	Total amount to be spent for the financial year	10,03,253/-
3	Total amount spent	1,00,000/-
4	Total amount unspent, if any	9,03,253/-

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

Sr. No.	CSR project/ program	Sector	Location of project/ program	Amount outlay (budget)	Amount spent on the projects or programs	Cumulative spend up to the reporting period	Amount spent: direct / through external agency
1	Kidney Healthcare	Healthcare and medical facilities	Ahmedabad	1,00,000/-	1,00,000/-	1,00,000/-	India Renal Foundation

#### 5. Reason for not spending the amount:

The Committee of Corporate Social Responsibility (CSR) were looking for the best options to spend the actual amount prescribed by Act, since the provisions of CSR is applicable to the Company from this Financial Year 2015-16 only.

#### 6. Responsibility Statement:

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

## ANNEXURE-3

### EXTRACT OF ANNUAL RETURN

As on financial year ended on 31st March, 2016

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

#### I. REGISTRATION & OTHER DETAILS:

1.	CIN	U65999GJ2012PLC069596
2.	Registration Date	27/03/2012
3.	Name of the Company	Namra Finance Limited
4.	Category/Sub-category of the Company	Category: Public Company; Sub Category: Company Limited by Shares, having Share Capital
5.	Address of the Registered office & contact details	502-503, Sakar III, Opp. Old High Court, Off. Ashram Road, Ahmedabad-380014, Gujarat, India Ph: +91-79-40507000, 27541989 Fax: +91-79-27543666 Email: finance@armanindia.com; Website: www.armanindia.com
6.	Whether listed company	NO
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	N.A.

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

Sr. No.	Name and Description of main products / services	NIC Code of the	% to total turnover of the company
1	Other financial service activities (Micro Finance)	64920	100%

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name & Address of the Company	CIN/GLN	Holding/Subsidiary / Associate	% of Shares held	Applicable section
1	Arman Financial Services Limited 502-503, Sakar III, Opp. Old High Court, Off. Ashram Road, Ahmedabad-380014, Gujarat	L5591GJ1992PLC018623	Holding	100%	Section 2 (46)

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

##### A. Category wise Share Holding

Category of Shareholders	No. of Shares Held at the beginning of the year				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	
<b>A. Promoters</b>	-	-	-	-	-	-	-	-	-
<b>(1) Indian</b>	-	-	-	-	-	-	-	-	-
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central /State Govt (s)	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	10000000	10000000	100%	-	10375000	10375000	100%	-
d) Any Other (Trust)	-	-	-	-	-	-	-	-	-
<b>Sub-total (A1):-</b>	-	10000000	10000000	100%	-	10375000	10375000	100%	-
<b>(2) Foreign</b>	-	-	-	-	-	-	-	-	-
a) Individuals (NRIs/Foreign Individuals	-	-	-	-	-	-	-	-	-
b) Bodies Corporate	-	-	-	-	-	-	-	-	-
c) Institutions	-	-	-	-	-	-	-	-	-
d) Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
e) Others	-	-	-	-	-	-	-	-	-
<b>Sub-Total (A2)</b>	-	-	-	-	-	-	-	-	-
<b>Total A=(A1)+(A2)</b>	-	10000000	10000000	100%	-	10375000	10375000	100%	-

Category of Shareholders	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	
<b>B. Public Shareholding</b>	-	-	-	-	-	-	-	-	-
<b>(1) Institutions</b>	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-
<b>Sub-Total (B1)</b>	-	-	-	-	-	-	-	-	-
<b>(2) Non Institution</b>	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-
<b>Sub-Total (B2)</b>	-	-	-	-	-	-	-	-	-
<b>Total B=(B1)+(B2)</b>	-	-	-	-	-	-	-	-	-
<b>Total (A+B) :</b>	-	10000000	10000000	100%	-	10375000	10375000	100%	-

**B. Shareholding of Promoter-**

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1.	Arman Financial Services Limited	1000000	100%	-	10375000	100%	-	-

**c. Change in Promoters' Shareholding**

Sr. No.	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	10000000	100%	10000000	100%
	Transfer/ Sale of shares during the year	375000		375000	
	At the end of the year			10375000	100%

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

e. Shareholding of Directors and Key Managerial Personnel: Nil

#### V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

Particulars	Secured Loans excluding deposits	Unsecured loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	430871328	19065922	0	449937250
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	1442677			1442677
<b>Total (i + ii + iii)</b>	<b>432314005</b>	<b>19065922</b>	<b>0</b>	<b>451379927</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	950000000	0		950000000
Reduction	383294544	17012070		400306614
Net Change	566705456	-17012070	0	549693386
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	997269108	2053852		999322960
ii) Interest due but not paid	0	0		0
iii) Interest accrued but not due	1750353			1750353
<b>Total (i + ii + iii)</b>	<b>999019461</b>	<b>2053852</b>	<b>0</b>	<b>1001073313</b>

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

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

Sl No.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
		Jayendra Patel (Managing Director)	Amit Manakiwala (Whole Time Director)	Aalok Patel (Whole Time Director)	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	10,00,000/-	5,00,000/-	1,86,000/-	16,86,000/-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	5,00,000/-	5,00,000/-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
5	Total (A)	10,00,000/-	5,00,000/-	6,86,000/-	21,86,000/-
	Ceiling as per the Act	Rs. 83,72,885/- (Being 10% of the profit of Rs. 8,37,28,856/- the Company calculated as per section 198 of the Act.			

B. Remuneration to other Directors: Nil

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

#### VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

Indebtedness of the Company including interest outstanding/accrued but not due for payment

# Financial statements



## Independent Auditor's Report

To,  
The Members of  
**NAMRA FINANCE LIMITED**  
Ahmedabad

### 1. Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **NAMRA FINANCE LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information

### 2. Management's Responsibility for the Standalone Financial Statements

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

### 3. Auditor's Responsibility

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

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

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

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

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

### 4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:-

- i. In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2016;
- ii. In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- iii. In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### 5. Report on Other Legal and Regulatory Requirements

- i. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure-A" statement on the matters specified in paragraphs 3 and 4 of the Order.
- ii. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors are disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (g) With respect to the other matters to be included in

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

- i. The Company has no pending litigations as on the date of financial statements;
- ii. The Company did not have any outstanding long-term contracts including derivative contracts as at 31st March, 2016 for which there were any material foreseeable losses; and
- iii. There were no such amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

**J. J. Shah**  
Partner

Place : Ahmedabad  
Date : 20.05.2016

M. No. 45669

## Annexure "A" to Independent Auditors' Report

Referred to in paragraph 5 (i) of our Report of even date to the Members of NAMRA FINANCE LIMITED for the year ended 31st March, 2016.

### 1. In respect of Fixed Assets :

- (a) The Company has maintained proper records showing full particulars including quantitative details and situation of Fixed Assets on the basis of available information.
- (b) As per the information and explanations given to us, the management at reasonable intervals during the year in accordance with a programme of physical verification physically verified the fixed assets and no material discrepancies were noticed on such verification as compared to the available records.
- (c) As explained to us, the title deeds of all the immovable properties are held in the name of the company.

### 2. In respect of its Inventories :

The Company does not have any inventories and hence the clauses (ii) of the companies (Auditor's Report) Order, 2016 is not applicable.

### 3. In respect of Loans and Advances granted during the year:

As per information and explanation given to us, the Company has granted loans to its holding company covered under the register maintained under section 189 of the Companies Act, 2013, the yearend balance is amounting to ₹ Nil and the maximum amount involved during the year was ₹ 866.29 Lacs.

- (a) In our opinion and according to information and explanation given to us, we state that the terms and conditions of the grant of such loans are not prejudicial to the company's interest.
- (b) In our opinion and according to information and explanation given to us, the company is regular in receipt of principal and recovery of interest there on.
- (c) In our opinion and according to the information and explanations given to us, there were no overdue outstanding as at 31st March 2016 in respect of Loans and Advances granted during the year.



**4. Loans, Investments and guarantees:**

According to the information and explanation given to us, the company had not given guarantee, security or made investments, during the year. In respect of loans the yearend balance is amounting to ₹ Nil and the maximum amount involved during the year was Rs 866.29 Lacs, the provisions of section 185 and 186 of the Companies Act, 2013 have been complied with.

5. During the year, the company has not accepted any deposits and hence the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under are not applicable to the company. Therefore clauses (v) of companies (Auditor's Report) Order, 2016 is not applicable.

6. According to the information and explanations given to us, the company is not required to maintain cost records as required by the central government under sub section (1) of section 148 of the Companies Act, 2013. Hence clause (vi) of the (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, employees' state insurance, income tax, sales 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, there is no such arrears in respect statutory dues were outstanding as at 31st March, 2016 for a period of more than six months from the date they became payable.

(b) According to the records of the company, there are no dues of income tax, sales tax or service tax or duty of customs or duty of excise or value added tax which have not been deposited on account of dispute.

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

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

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

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

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

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

14. In our opinion and according to the information and explanation given to us, the company issued 13% Cumulative Non - Convertible Compulsory Redeemable Preference shares during the year under review are in compliance with provisions of sections of 42 of the Companies Act, 2013 and the amount raised have been used for the purposes for which the funds were raised.

15. The company had 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 is not Applicable. 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  
FRN No. 109616W

**J. J. Shah**  
Partner

Place : Ahmedabad  
Date : 20.05.2016

M. No. 45669

## Annexure “B” to Independent Auditors’ Report

Referred to in paragraph 5(ii)(f) of our Report of even date to the Members of NAMRA FINANCE LIMITED for the year ended 31st March, 2016.

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

We have audited the internal financial controls over financial reporting of **NAMRA FINANCE LIMITED** as of 31st March 2016, in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### Management’s Responsibility for Internal Financial Controls

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

### Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

### Meaning of Internal Financial Controls over Financial Reporting

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

### Inherent Limitations of Internal Financial Controls over Financial Reporting

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

### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2016, 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  
FRN No. 109616W

Place : Ahmedabad  
Date : 20.05.2016

**J. J. Shah**  
Partner  
M. No. 45669

## Balance Sheet as at 31 March 2016

		(Amounts in ₹)	
Particulars	Notes	As at 31 March 2016	As at 31 March 2015
<b>EQUITY AND LIABILITIES</b>			
<b>[1] Shareholders' Funds :</b>			
[a] Share Capital	1	153,750,000	100,000,000
[b] Reserves & Surplus	2	98,376,915	44,819,202
[c] Money received against Share Warrants	3	Nil	4,218,750
		<b>252,126,915</b>	<b>149,037,952</b>
<b>[2] Share Application Money Pending Allotment</b>		<b>Nil</b>	<b>Nil</b>
<b>[3] Non-Current Liabilities :</b>			
[a] Long Term Borrowings	4	441,490,823	149,296,377
[b] Deferred Tax Liabilities (Net)		Nil	Nil
[c] Long Term Provisions	5	1,807,808	488,480
		<b>443,298,631</b>	<b>149,784,857</b>
<b>[4] Current Liabilities</b>			
[a] Short-Term Borrowings	6	28,326,519	99,444,558
[b] Other Current Liabilities	7	553,673,003	225,628,063
[c] Short Term Provisions	8	23,085,185	13,455,968
		<b>605,084,707</b>	<b>338,528,589</b>
<b>Total .....</b>		<b>1,300,510,253</b>	<b>637,351,398</b>
<b>ASSETS</b>			
<b>[1] Non-Current Assets</b>			
[a] Fixed Assets :			
[i] Tangible Assets	9	2,042,283	865,106
[ii] Intangible Assets	9	838,140	Nil
		<b>2,880,423</b>	<b>865,106</b>
[b] Long Term Investments	10	14,000,000	Nil
[c] Deferred Tax Assets (Net)	11	3,457,869	2,041,949
[d] Long-Term Loans and Advances	12	135,757,655	1,387,835
[e] Other Non-Current Assets	13	54,541,249	13,954,941
		<b>210,637,196</b>	<b>18,249,831</b>
<b>[2] Current Assets</b>			
[a] Trade Receivables	14	3,398,631	1,025,614
[b] Cash & Bank Balances	15	82,538,987	46,844,884
[c] Short Term Loans and Advances	12	1,003,935,439	571,231,068
[d] Other Current Assets		Nil	Nil
		<b>1,089,873,057</b>	<b>619,101,566</b>
<b>Total .....</b>		<b>1,300,510,253</b>	<b>637,351,398</b>
Significant Accounting Policies and Notes on Financial Statements		1 to 33	

As per our report of even date attached herewith

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

Chartered Accountants

FRN No. 109616W

**For, Namra Finance Limited****J. J. Shah**

Partner

M.No. 45669

Place : Ahmedabad

Date: 20.05.2016

**Jayendra Patel**

Chairman &amp; Managing Director

(DIN - 00011814)

**Aalok Patel**

Director

DIN - 02482747

**Jaimish Patel**

Company Secretary

M.No.A42244

## Statement of Profit and Loss for the year ended 31 March 2016

(Amounts in ₹)

Particulars	Notes	Current year 31 March 2016	Previous year 31 March 2015
<b>INCOME</b>			
Revenue from Operations	16	257,466,925	143,558,015
Other Income	17	5,216	Nil
<b>Total Revenue</b>		<b>257,472,141</b>	<b>143,558,015</b>
<b>EXPENDITURE</b>			
Employee Benefits Expenses	18	36,472,235	26,623,103
Finance Costs	19	106,838,790	51,753,897
Depreciation and Amortization expense	20	465,494	167,610
Other Expenses	21	29,966,766	14,689,661
<b>Total Expenses</b>		<b>173,743,285</b>	<b>93,234,271</b>
<b>Profit before Tax</b>		<b>83,728,856</b>	<b>50,323,744</b>
<b>Less : Tax expense:</b>			
- Current Tax		30,100,000	18,040,000
- Short Provision of Income Tax of earlier years		Nil	Nil
- Deferred Tax Liability / (Assets)		(1,415,919)	(1,486,975)
<b>Profit for the year</b>		<b>55,044,775</b>	<b>33,770,719</b>
Basic Earnings Per Share of ₹ 10 each	22	5.21	3.38
Diluted Earnings Per share of ₹ 10 each		5.21	3.38
Significant Accounting Policies and Notes on Financial Statements	1 to 33		

As per our report of even date attached herewith

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

Chartered Accountants

FRN No. 109616W

**For, Namra Finance Limited****J. J. Shah**

Partner

M.No. 45669

Place : Ahmedabad

Date: 20.05.2016

**Jayendra Patel**

Chairman &amp; Managing Director

(DIN - 00011814)

**Aalok Patel**

Director

DIN - 02482747

**Jaimish Patel**

Company Secretary

M.No.A42244

Financial Statements of Namra Finance Ltd.

## Cash flow statement for the year ended 31 March 2016

(Amounts in ₹)

Particulars	Year ended 31 March 2016		Year ended 31 March 2015	
<b>A. CASH FROM OPERATING ACTIVITIES :</b>				
Net Profit before Taxation		83,728,856		50,323,744
<b>Adjustment For :</b>				
Depreciation	465,494		167,610	
NPA Provisions(Net)	Nil		(91,739)	
Contingent Provision on Standard Assets	5,576,000		4,543,150	
Interest Expenses	94,765,701		49,096,881	
Loss on Sale of Investments	4,139		Nil	
Interest on shortfall of Advance Tax	1,200,000		960,000	
		102,011,334		54,675,902
Operating Profit Before Working				
Capital changes :		185,740,190		104,999,646
<b>Adjustment For :</b>				
Increase/(Decrease) In Long-Term Provision	(4,256,672)		351,913	
Increase/(Decrease) In Short-Term Provision	4,312,112		3,454,603	
Increase/(Decrease) In Other Current Liability	330,737,264		142,257,375	
Decrease/(Increase) In Trade Receivables	(2,373,017)		(552,834)	
Decrease/(Increase) In Long Term Loans And Advances	(134,369,820)		(1,268,835)	
Decrease/(Increase) In Short Term Loans And Advances	(432,704,371)		(144,282,590)	
		(238,654,504)		(40,368)
Cash Generated From Operations		(52,914,314)		104,959,278
Income Tax Paid	(27,938,707)		(16,262,530)	
		(27,938,707)		(16,262,530)
		<b>(80,853,021)</b>		<b>88,696,749</b>
<b>B. CASH FLOW FROM INVESTMENT ACTIVITIES :</b>				
Purchase of Fixed Assets	(2,480,811)		(686,075)	
(Increase) /Decrease in Bank Deposits	(42,089,117)		(10,012,029)	
Purchase of Long Term Investments	(15,000,000)		Nil	
Sale of Long Term Investments	995,861		Nil	
<b>Net Cash from Investment Activities</b>		<b>(58,574,067)</b>		<b>(10,698,104)</b>

## Cash flow statement for the year ended 31 March 2016

(Amounts in ₹)

Particulars	Year ended 31 March 2016		Year ended 31 March 2015	
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>				
Proceeds From Issue of Share Capital	50,000,000		Nil	
Proceeds / (Refund) Share Application money / Issue of Share Warrant	Nil		4,218,750	
Proceeds From Share Application Money-CCD	Nil		3,000,000	
Refund From Share Application Money-CCD	(3,000,000)		Nil	
Proceeds From Long Term Borrowings	441,490,823		120,129,713	
Repayment of Long Term Borrowings	(149,296,377)		Nil	
Proceeds From Short Term Borrowings	28,326,519		Nil	
Repayment of Short Term Borrowings	(99,444,558)		(130,414,371)	
Interest Paid	(94,458,025)		(47,869,927)	
<b>Net Cash from Financing Activities</b>		<b>173,618,382</b>		<b>(50,935,835)</b>
<b>Net Increase in Cash &amp; Cash Equivalents</b>		<b>34,191,294</b>		<b>27,062,810</b>
Cash & Cash Equivalents at the Beginning		28,800,211		1,737,401
Cash & Cash Equivalents at the End		62,991,505		28,800,211

As per our report of even date attached.

### Notes :

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

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

Chartered Accountants

FRN No. 109616W

**J. J. Shah**

Partner

M.No. 45669

Place : Ahmedabad

Date: 20.05.2016

**For, Namra Finance Limited**

**Jayendra Patel**

Chairman & Managing Director

(DIN - 00011814)

**Aalok Patel**

Director

DIN - 02482747

**Jaimish Patel**

Company Secretary

M.No.A42244

## Notes to the financial statements for the year ended 31 March 2016

### SIGNIFICANT ACCOUNTING POLICIES:

#### a. Basis of preparation

The financial statements have been prepared under the historical cost convention and on accrual basis and in accordance with Generally Accepted Accounting Principles in India (Indian GAAP) except interest on loans which have been classified as non-performing assets and are accounted for on realization basis. The said financial statements comply in all material respects with Accounting Standards notified under section 133 of the Companies Act, 2013 ("the Act"), read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of RBI as applicable to a Micro Finance Institution – Non Banking Financial Company ("NBFC-MFI").

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

All assets and liabilities have been classified as current or non – current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Act. The Company has ascertained its operating cycle as 12 months for the above purpose.

#### b. Use of estimates

In preparing the Company's financial statements in conformity with the accounting principles generally accepted in India, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods.

#### c. Revenue Recognition:

Revenue is recognized to the extent that it is probable that economic benefits will flow to the company and the revenue can be measured reliably.

##### i. Interest from Loans:

In respect of Micro Finance Activity, Interest income on the loans granted is recognised on accrual basis and income on non-performing asset is recognized only when realized and any such income recognized before the asset became non-performing and remaining unrealized is reversed.

##### ii. Income from assignment/securitization

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

##### iii. Other Interest Income

Other Interest Income is recognized on accrual basis.

##### iv. Income from Investment Income

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

##### v. Processing Fees

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

##### vi. Late Payment Charges

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

#### d. Fixed Assets

All the Fixed Assets are stated at cost less depreciation. The cost of assets includes other direct/indirect and incidental cost incurred to bring them into their working condition.

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



## Notes to the financial statements for the year ended 31 March 2016

### e. Depreciation

The depreciation on assets for own use is provided on "Straight Line Method" as per useful life Specified in Schedule II to the Companies Act, 2013 on Pro-rata Basis. Intangible assets are amortized on a straight – line basis over 5 years.

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

### f. Investments

Long term Investments are stated at cost. Provision is made for any diminution in the value of the Long Term Investments, if such decline is other than temporary. The company does not have any current investments.

### g. Retirement Benefits

- The Employee and Company make monthly fixed Contribution to Government of India Employee's Provident Fund equal to a specified percentage of the Covered employee's salary. Provision for the same is made in the year in which services are rendered by the employee.
- The Liability for Gratuity to employees, which is a defined benefit plan, as at Balance Sheet date determined on the basis of actuarial Valuation based on Projected Unit Credit method is funded to a Gratuity fund administered by the trustees and managed by Life Insurance Corporation of India and the contribution thereof paid/payable is absorbed in the accounts.
- The Company does not allow carry forward of unavailed leave and hence unavailed leaves are encashed in the current year itself.
- Short Term benefits are recognised as an expense at the undiscounted amounts in the Statement of Profit and Loss of the year in which the related service is rendered.

### h. Lease:

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

### i. Intangible Assets

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

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

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

### j. Segment Information:

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

### k. Provision for Current and Deferred Tax

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

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

## Notes to the financial statements for the year ended 31 March 2016

### l. Borrowing Cost

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

### m. Earnings per Share

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

### n. Impairment

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

### o. Shares Issue Expenses

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

### p. Transfer and recourse obligation under Debt Securitization.

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

### q. Provision, Contingent Liabilities and Contingent Assets :

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

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

### r. Provisions against loan assets

Provision against Loan Assets maintained by NBFC-MFIs is 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".

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

## 1. SHARE CAPITAL

(Amounts in ₹)

	As at 31 March 2016	As at 31 March 2015
<b>[a] Authorised :</b>		
1,20,00,000 ( Previous Year 1,20,00,000) equity shares of par value of ₹ 10/- each	120,000,000	120,000,000
50,00,000 ( Previous Year Nil) Cumulative Non - Convertible Compulsorily Redeemable Preference shares of ₹ 10/- each	50,000,000	Nil
	<b>170,000,000</b>	<b>120,000,000</b>
<b>[b] Issued, Subscribed &amp; Paid-up Capital :</b>		
1,03,75,000 (Previous Year 1,00,00,000) Equity Shares of par value of ₹ 10/- each fully paid up	103,750,000	100,000,000
50,00,000 (Previous Year Nil) Cumulative Non - Convertible Compulsorily Redeemable Preference shares of par value of ₹ 10/- each fully paid up	50,000,000	Nil
<b>Total .....</b>	<b>153,750,000</b>	<b>100,000,000</b>

## Notes to the financial statements for the year ended 31 March 2016

### 1. SHARE CAPITAL (contd...)

- 1.1 The company having shares referred to as Equity shares having face value of ₹ 10/-. Each Holder of Equity Share is entitled to 1 vote per share.
- 1.2 During the year ended 31st March, 2016, dividend recognized as distribution to Cumulative Non - Convertible Compulsorily Redeemable Preference shares holders @ 13% on prorata basis (P.Y. ₹ Nil). The total dividend appropriation for the year ended 31st March, 2016 amounted ₹ 16,25,000/- (P.Y. ₹ Nil) excluding corporate dividend tax of ₹ 3,30,812/- (P.Y. ₹ Nil).
- 1.3 In the event of liquidation of the Company, the holders of Equity shares will be entitled to receive any of the remaining assets of the company , after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity shares held by the shareholder.
- 1.4 The holder(s) of Cumulative Non - Convertible Compulsorily Redeemable Preference shares (CNCCRPS) shall have no voting rights other than in respect of matters directly affecting the rights attached to the CNCCRPS. In the event of any due and payable dividends on the CNCCRPS remaining unpaid, the holder(s) of CNCCRPS shall gain voting rights in respect of all matters placed at a General Meeting of its Equity Shareholders in accordance with the provisions of the Companies Act, 2013.
- 1.5 Cumulative Non -Convertible Compulsorily Redeemable Preference shares are redeemable after 18 Months from date of issue i.e. 31.12.2015 at par. The Preference Share holders are not entitled to any voting rights except under the circumstances as mentioned in para 1.4 above.
- 1.6 The company is 100 % subsidiary of Arman Financial Services Limited.
- 1.7 Details of Shareholders holding more than 5 % of Ordinary Shares of the company are as follows:

Name of Shareholder	As at 31 March 2016		As at 31 March 2015	
	%	Shares	%	Shares
Arman Financial Services Ltd	100.00	10,375,000	100.00	10,000,000

- 1.8 Details of Preference Shareholders holding more than 5 % preference shares of the company are as follows:

Name of Shareholder	As at 31 March 2016		As at 31 March 2015	
	%	Shares	%	Shares
UNIFI AIF	100.00	5,000,000	-	Nil

- 1.9 The Reconciliation of the number of shares outstanding and the amount of share capital as at 31/03/2016 & 31/03/2015 is set out below.

#### Equity Shares

Particulars	As at 31 March 2016		As at 31 March 2015	
	No. of Shares	Amounts ₹	No. of Shares	Amounts ₹
Shares at the beginning	10,000,000	100,000,000	10,000,000	100,000,000
Addition - Subscription during the year	375,000	3,750,000	Nil	Nil
Deletion	Nil	Nil	Nil	Nil
Shares at the end	10,375,000	103,750,000	10,000,000	100,000,000

#### Preference Shares

Particulars	As at 31 March 2016		As at 31 March 2015	
	No. of Shares	Amounts ₹	No. of Shares	Amounts ₹
Shares at the beginning	Nil	Nil	Nil	Nil
Addition - Subscription during the year	5,000,000	50,000,000	Nil	Nil
Deletion	Nil	Nil	Nil	Nil
Shares at the end	5,000,000	50,000,000	Nil	Nil

## Notes to the financial statements as at 31 March 2016

### 2. RESERVES AND SURPLUS

(Amounts in ₹)

	As at 31 March 2016	As at 31 March 2015
<b>General Reserve</b>		
Balance as per last financial Statement	Nil	Nil
Add : Transfer from Statement of Profit and Loss	100,000	Nil
<b>Closing Balance</b>	<b>100,000</b>	<b>Nil</b>
<b>Special Reserve u/s 45-IC of the RBI Act, 1934</b>		
Balance as per last financial Statement	9,300,000	2,300,000
Add: Transfer from Statement of Profit and Loss	11,250,000	7,000,000
<b>Closing Balance</b>	<b>20,550,000</b>	<b>9,300,000</b>
<b>Share Premium Account</b>		
Balance as per last financial Statement	Nil	Nil
Add : On account of Equity warrant capitalised during the year	468,750	Nil
<b>Closing Balance</b>	<b>468,750</b>	<b>Nil</b>
<b>Surplus in the Statement of Profit and Loss</b>		
Balance as per last financial Statement	35,519,202	8,748,483
Add : Profit for the year	55,044,775	33,770,719
	<b>90,563,977</b>	<b>42,519,202</b>
Less: Appropriations		
Amount transfer to Special Reserve u/s 45-IC of RBI Act, 1934	11,250,000	7,000,000
Amount transfer to General Reserve	100,000	Nil
Proposed Dividend On Cumulative Non - Convertible Compulsorily Redeemable Preference shares	1,625,000	Nil
Tax on Distributed Profit	330,812	Nil
<b>Closing Balance</b>	<b>77,258,165</b>	<b>35,519,202</b>
<b>Total</b>	<b>98,376,915</b>	<b>44,819,202</b>

2.1	<b>Particulars</b>	<b>Nature and purpose</b>
	Special Reserve u/s 45-IC of the RBI Act, 1934	The reserve is created out of profits in accordance with RBI Act'1934

### 3. MONEY RECEIVED AGAINST SHARE WARRANTS

(Amounts in ₹)

	As at 31 March 2016	As at 31 March 2015
Balance as per last financial Statement	4,218,750	Nil
Add: Addition during the year	Nil	4,218,750
Less: Shares Issued during the year	4,218,750	Nil
<b>Closing Balance</b>	<b>Nil</b>	<b>4,218,750</b>

3.1 Money Received against Share Warrants represents Nil Warrants (P.Y. 375000 ) of face value of ₹ 10 each issued to directors of the Company.

## Notes to the financial statements as at 31 March 2016

### 4. LONG-TERM BORROWINGS

(Amounts in ₹)

	As at 31 March 2016		As at 31 March 2015	
	Non-current	Current	Non-current	Current
<b>Secured</b>				
Loans				
From Banks				
-- Term Loans @	266,576,574	313,513,932	114,987,990	104,747,663
From Financial Institutions				
-- Term Loans @	174,914,249	213,937,834	34,308,387	77,382,730
<b>Unsecured</b>				
Loans				
Loans From Others				
Directors and their relatives	Nil	Nil	Nil	10,293,265
Inter Corporate Deposit	Nil	2,053,852	Nil	8,772,657
<b>Total .....</b>	<b>441,490,823</b>	<b>529,505,618</b>	<b>149,296,377</b>	<b>201,196,315</b>
Less : Amount disclosed under head Other Current Liability (Note 7)	Nil	529,505,618	Nil	201,196,315
<b>Total .....</b>	<b>441,490,823</b>	<b>Nil</b>	<b>149,296,377</b>	<b>Nil</b>

#### Security :

- @ Term Loans are secured under Hypothecation of specific assets portfolio & Personal guarantee of some of the directors. The same are further secured by cash collateral security in the form of Fixed deposit & Investments in Mutual Funds which are shown under "Other Bank Balance" & "Investments" respectively.

#### Interest:

Term Loan carries an interest rate ranging from @12% to @ 15.75% p.a.

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

Inter Corporate Deposits carries interest rate @ 12% to 16% p.a.

#### Repayment:

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

(Amounts in ₹)

Particulars	Upto 1 year	2 to 3 Years
Term Loan Repayment	527,451,766	441,490,823
Inter Corporate Deposits	2,053,852	Nil

### 5. LONG TERM PROVISIONS

(Amounts in ₹)

	As at 31 March 2016		As at 31 March 2015	
	Non-current	Current	Non-current	Current
Contingent Provision against standard Asset	1,300,000	10,000,000	11,800	5,712,200
Provision for Dividend Cumulative Non - Convertible Compulsorily Redeemable Preference shares	Nil	1,625,000	Nil	Nil
Provision for tax on distributed profits	Nil	330,812	Nil	Nil
Provision for Gratuity	507,808	27,786	476,680	3,474
Provision for Tax	Nil	57,030,000	Nil	25,730,000
Less : Advance Tax & TDS	Nil	(45,928,413)	Nil	(17,989,706)
<b>Net</b>	<b>1,807,808</b>	<b>23,085,185</b>	<b>488,480</b>	<b>13,455,968</b>
Tr. To Short Term Provision (Note 7)		(23,085,185)		(13,455,968)
<b>Total .....</b>	<b>1,807,808</b>	<b>Nil</b>	<b>488,480</b>	<b>Nil</b>

## Notes to the financial statements as at 31 March 2016

### 6. SHORT-TERM BORROWINGS

(Amounts in ₹)

	Current	
	As at 31 March 2016	As at 31 March 2015
Working Capital Loans from Banks -Secured @	28,326,519	99,444,558
	<b>28,326,519</b>	<b>99,444,558</b>

#### Security :

- @ Working Capital are secured under Hypothecation of specific assets portfolio & Personal guarantee of some of the directors. The same are further secured by cash collateral security in the form of Fixed deposit & Investments in Mutual Funds which are shown under "Other Bank Balance" & "Investments" respectively.

### 7. OTHER CURRENT LIABILITIES

(Amounts in ₹)

	Current	
	As at 31 March 2016	As at 31 March 2015
Salary & Wages Payable	3,336,114	2,292,766
Other Statutory dues	474,664	959,139
TDS Payable	830,477	1,940,902
Sundry Creditors for Expense	9,596,609	7,266,408
Unpaid Expenses	521,787	288,041
Interest Accrued but not due on Term Loans	1,750,353	1,442,677
Micro Insurance Payable	4,861,777	Nil
Cash Profit On Loan Transfer Transactions Pending Recognition (Note -26 (ii))	2,795,604	7,241,815
Application money received towards Compulsory Convertible Debentures Pending Allotment	Nil	3,000,000
<b>Total .....</b>	<b>553,673,003</b>	<b>225,628,063</b>

### 8. SHORT TERM PROVISIONS

(Amounts in ₹)

	Current	
	As at 31 March 2016	As at 31 March 2015
Contingent Provision against standard Asset (Note-5)	10,000,000	5,712,200
Provision for Dividend on Cumulative Non - Convertible Compulsorily Redeemable Preference shares (Note -5)	1,625,000	Nil
Provision for Tax on distribution Profit (Note - 5)	330,812	Nil
Provisions for Employee Liability (Note-5)	27,786	3,474
Provision for Tax	57,030,000	25,730,000
Less : Advance Tax & TDS	(45,928,413)	(17,989,706)
Net (Note - 5)	11,101,587	7,740,294
<b>Total .....</b>	<b>23,085,185</b>	<b>13,455,968</b>

#### 8.1 Contingent Provision against Standard Assets :

As per Master Circular - 'Non Banking Financial Company-Micro Finance Institutions' (NBFC-MFIs)-Directions dated July'1,2015 vide reference no. RBI/2015-16/20, DNBR (PD) CC.No.047/03.10.119/2015-16, Provisioning for the Non-AP portfolio would be as per the December 02, 2011 Directions with effect from April 1, 2013 is "The aggregate loan provision to be maintained by NBFC-MFIs at any point of time shall not be less than the higher of a) 1% of the outstanding loan portfolio or b) 50% of the aggregate loan instalments which are overdue for more than 90 days and less than 180 days and 100% of the aggregate loan instalments which are overdue for 180 days or more".

## Notes to the financial statements as at 31 March 2016

### 9. FIXED ASSETS

(Amounts in ₹)

Gross Block	Tangible Assets			Total Tangible Assets	Intangible Assets	Total Assets
	Furniture & Fixtures	Office Equipment	Computer			
01.04.2014	143,800	Nil	218,402	362,202	Nil	Nil
Addition	282,365	Nil	403,710	686,075	Nil	686,075
Disposal	Nil	Nil	Nil	Nil	Nil	Nil
At 31.03.2015	426,165	Nil	622,112	1,048,277	Nil	1,048,277
Addition	518,453	41,480	1,059,878	1,619,811	861,000	2,480,811
Disposal	Nil	Nil	Nil	Nil	Nil	Nil
At 31.03.2016	944,618	41,480	1,681,990	2,668,088	861,000	3,529,088

Depreciation	Tangible Assets			Total Tangible Assets	Intangible Assets	Total Assets
	Furniture & Fixtures	Office Equipment	Computer			
01.04.2014	3,283	Nil	12,278	15,561	Nil	15,561
Change for the year	28,333	Nil	139,277	167,610	Nil	167,610
Disposal	Nil	Nil	Nil	Nil	Nil	Nil
At 31.03.2015	31,616	Nil	151,555	183,171	Nil	183,171
Change for the year	73,264	4,232	365,138	442,634	22,860	465,494
Disposal	Nil	Nil	Nil	Nil	Nil	Nil
At 31.03.2016	104,880	4,232	516,693	625,805	22,860	648,665
NET BLOCK						
AS AT 31.3.2015	394,549	Nil	470,557	865,106	Nil	865,106
AS AT 31.3.2016	839,738	37,248	1,165,297	2,042,283	838,140	2,880,423

### 10. INVESTMENT

(Amounts in ₹)

	As at 31 March 2016		As at 31 March 2015	
	Non-current	Current	Non-current	Current
A. Un Quoted Investments - Investments in Units of Mutual Funds (Valued at cost unless stated otherwise)				
400000 Units (P.Y. Nil) of SBI Debt Fund Series - B- 34 - Regular Growth	4,000,000	Nil	Nil	Nil
210758 Units (P.Y. Nil) of SBI Corporate Bond Fund - Regular Plan - Growth	5,000,000	Nil	Nil	Nil
2112 Units (P.Y. Nil) of SBI Premier Liquid Fund - Regular Plan - Growth	5,000,000	Nil	Nil	Nil
Total .....	14,000,000	Nil	Nil	Nil
Aggregate NAV of Unquoted Investments	14,073,381			
Cost	14,000,000			

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

## Notes to the financial statements as at 31 March 2016

### 11. NET DEFERRED TAX ASSETS

(Amounts in ₹)

	As at 31 March 2016	As at 31 March 2015
<b>Deferred Tax Assets arising out of timing difference relating to :</b>		
Shares Issue Expenses that are allowable for tax purpose on deferred basis	207,767	94,902
Provision for NPA that are allowable for tax purpose in the year of actual loss	3,306,300	1,857,152
Provision for Gratuity that are allowable for tax purpose in the year of actual paid	177,083	155,786
<b>Total Deferred Tax Assets</b>	<b>3,691,150</b>	<b>2,107,839</b>
<b>Deferred Tax Liability arising out of timing difference relating to :</b>		
Difference of Depreciation as per Tax Provision and Company Law	233,281	65,890
<b>Total Deferred Tax Liability</b>	<b>233,281</b>	<b>65,890</b>
<b>Net Deferred Tax Assets</b>	<b>3,457,870</b>	<b>2,041,949</b>

### 12. LOANS AND ADVANCES (Considered Good unless otherwise stated)

(Amounts in ₹)

	As at 31 March 2016		As at 31 March 2015	
	Non-current	Current	Non-current	Current
<b>A. Unsecured</b>				
Loans to Joint Liability Group (JLGs)	127,526,255	996,234,064	1,166,635	570,191,037
Deposits	8,231,400	4,663,368	221,200	Nil
Other Loans and Advances	Nil	2,167,924	Nil	366,325
Balance with government Authority	Nil	89,973	Nil	Nil
Advances to Staff	Nil	780,110	Nil	673,706
<b>Total .....</b>	<b>135,757,655</b>	<b>1,003,935,439</b>	<b>1,387,835</b>	<b>571,231,068</b>

12.1 Deposits include security deposits of ₹ 1,24,74,868/- (P.Y. ₹ Nil) given as collateral security against term loans and working capital loans

### 13. OTHER NON CURRENT ASSETS

(Amounts in ₹)

	Non Current	
	As at 31 March 2016	As at 31 March 2015
Deposits with Original maturity for more than 12 months (Note 15)	54,541,249	13,954,941
	<b>54,541,249</b>	<b>13,954,941</b>

13.1 Deposits represents deposits given as collateral security against Term Loans & Working Capital Loans

### 14. TRADE RECEIVABLES

(Amounts in ₹)

	Current	
	As at 31 March 2016	As at 31 March 2015
<b>A. Outstanding for a period exceeding Six Months from the date they are due for Payment (Unsecured, considered good)</b>		
Secured	Nil	Nil
Unsecured	Nil	349,124
	Nil	349,124
<b>B. Other Trade receivables (Unsecured, considered good)</b>		
Secured	3,398,631	676,490
Unsecured	3,398,631	676,490
<b>Total .....</b>	<b>3,398,631</b>	<b>1,025,614</b>



## Notes to the financial statements as at 31 March 2016

### 15. CASH AND BANK BALANCE

(Amounts in ₹)

	As at 31 March 2016		As at 31 March 2015	
	Non-current	Current	Non-current	Current
<b>A. Cash and cash equivalents</b>				
Cash on hand	Nil	668,446	Nil	207,872
Balance With Banks	Nil	62,323,059	Nil	28,592,339
<b>Total</b>	<b>Nil</b>	<b>62,991,505</b>	<b>Nil</b>	<b>28,800,211</b>
<b>B. Other Bank Balance</b>				
Deposits with Original maturity for more than 12 months	54,541,249	19,547,482	13,954,941	18,044,673
	54,541,249	19,547,482	13,954,941	18,044,673
Less Amount disclosed Under Non Current Assets ( Note 13)	54,541,249	Nil	13,954,941	Nil
<b>Total .....</b>	<b>Nil</b>	<b>82,538,987</b>	<b>Nil</b>	<b>46,844,884</b>

15.1 Other Bank Balance represents deposits given as cash collateral security against Term Loans & Working Capital loans.

### 16. REVENUE FROM OPERATION

(Amounts in ₹)

	2015-16	2014-15
Micro Loan Interest Income	203,193,803	119,830,015
Other Interest Income	7,520,916	1,961,860
Interest Income from managed assets	28,375,843	10,602,893
Processing Fees	18,376,363	11,163,247
<b>Total .....</b>	<b>257,466,925</b>	<b>143,558,015</b>

### 17. OTHER INCOME

(Amounts in ₹)

	2015-16	2014-15
Miscellaneous Income	5,216	Nil
<b>Total .....</b>	<b>5,216</b>	<b>Nil</b>

### 18. EMPLOYEE BENEFIT EXPENSES

(Amounts in ₹)

	2015-16	2014-15
Salary, Wages & Bonus	32,942,939	24,067,915
Contribution to Provident Fund & Other Funds	2,209,765	1,981,568
Welfare Expenses	1,319,531	573,620
<b>Total .....</b>	<b>36,472,235</b>	<b>26,623,103</b>

The disclosure in respect of Employee Benefit as defined in the Accounting Standard 15 is given below :

#### A. The Amounts (In ₹) Recognized In The Balance Sheet Are As Follows:

(Amounts in ₹)

	Gratuity Defined Benefit Obligation 2015-16	Gratuity Defined Benefit Obligation 2014-15
Present value of funded obligations	Nil	Nil
Fair value of plan assets	Nil	Nil
Present value of unfunded obligations	535,594	480,154
Unrecognized past service cost	Nil	Nil
Net liability	535,594	480,154
Amounts in the balance sheet:		
Liabilities	535,594	480,154
Assets	Nil	Nil
Net liability	535,594	480,154

## Notes to the financial statements for the year ended 31 March 2016

### 18. EMPLOYEE BENEFIT EXPENSES (contd...)

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

(Amounts in ₹)

	Gratuity Defined Benefit Obligation 2015-16	Gratuity Defined Benefit Obligation 2014-15
Current service cost	323,957	136,428
Interest on obligation	37,317	25,193
Expected return on plan assets	Nil	Nil
Net actuarial losses (gains) recognized in year	(305,834)	41,545
Past service cost	Nil	Nil
Losses (gains) on curtailments and settlement	Nil	Nil
Total, included in 'employee benefit expense'	55,440	203,166
Actual return on plan assets	Nil	Nil

#### C. Changes In The Present Value Of The Defined Benefit Obligation Representing Reconciliation Of Opening And Closing Balances there of are As Follows:

	Gratuity Defined Benefit Obligation 2015-16	Gratuity Defined Benefit Obligation 2014-15
Opening defined benefit obligation	480,154	125,049
Transfer in liability from Arman Financials	Nil	151,939
Service cost	323,957	136,428
Interest cost	37,317	25,193
Actuarial losses (gains)	(305,834)	41,545
Losses (gains) on curtailments	Nil	Nil
Liabilities extinguished on settlement	Nil	Nil
Liabilities assumed in an amalgamation in the nature of purchase	Nil	Nil
Exchange differences on foreign plans	Nil	Nil
Benefits paid	Nil	Nil
Closing defined benefit obligation	535,594	480,154

#### D. Change in the fair value of plan Assets Representing Reconciliation of the opening and closing between thereof are as follows:

	Gratuity Defined Benefit Obligation 2015-16	Gratuity Defined Benefit Obligation 2014-15
Opening fair value of plan assets	Nil	Nil
Expected return	Nil	Nil
Actuarial gains and (losses)	Nil	Nil
Assets distributed on settlements	Nil	Nil
Contributions by employer	Nil	Nil
Assets acquired in an amalgamation in the nature of purchase	Nil	Nil
Exchange differences on foreign plans	Nil	Nil
Benefits paid	Nil	Nil
Closing balance of fair value of plan assets	Nil	Nil

## Notes to the financial statements for the year ended 31 March 2016

### 18. EMPLOYEE BENEFIT EXPENSES (contd...)

#### E. Reconciliation of Gratuity Provision Account

(Amounts in ₹)

	Gratuity Defined Benefit Obligation 2015-16	Gratuity Defined Benefit Obligation 2014-15
Net Opening Provision in Books of Accounts	480,154	125,049
Employee Benefit Expense as per Annexure II	55,440	203,166
Transfer in liability from Arman Financials	Nil	151,939
	535,594	480,154
Benefits Paid by the Company	Nil	Nil
Amounts Transferred to 'Payable Account'	Nil	Nil
Contributions to Plan Assets	Nil	Nil
Closing Provision in Books of Accounts	535,594	480,154

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

(Amounts in ₹)

	Gratuity Defined Benefit Obligation 2015-16	Gratuity Defined Benefit Obligation 2014-15
Government of India Securities	0%	0%
High quality corporate bonds	0%	0%
Equity shares of listed companies	0%	0%
Property	0%	0%
Insurance Company	0%	0%

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

(Amounts in ₹)

	Gratuity Defined Benefit Obligation 2015-16	Gratuity Defined Benefit Obligation 2014-15
Discount rate	8.05%	7.80%
Expected return on plan assets	-	-
Proportion of employees opting for early retirement	-	-
Annual increase in Salary costs	6.00%	6.00%
Future changes in maximum state health care benefits	-	-

#### H. Gratuity Benefit Amount for the current period are as follow

(Amounts in ₹)

	2015-16	2014-15
Defined benefit obligation	535,594	480,154
Plan assets	Nil	Nil
Surplus/(deficit)	(535,594)	(480,154)
Experience adjustments on plan liabilities	(109,008)	(56,693)
Experience adjustments on plan assets	Nil	Nil
Actuarial Loss/(Gain) due to change in demographic assumption	(189,621)	Nil
Actuarial Loss/(Gain) due to change in financial assumption	(7,205)	Nil
Actuarial Loss/(Gain) on liabilities	Nil	98,238
Net Actuarial Loss/(Gain) on liabilities	(305,834)	41,545

(Amounts in ₹)

Particulars	31.3.2016	31.3.2015	31.3.2014	31.3.2013
Defined Benefit Obligation	535,594	480,154	125,049	Nil
Plan Assets	Nil	Nil	Nil	Nil
Unrecognised past service Cost	Nil	Nil	Nil	Nil
Deficit	Nil	Nil	Nil	Nil
Experience adjustments on plan liabilities	535,594	480,154	125,049	Nil
Experience adjustments on plan assets	Nil	Nil	Nil	Nil

## Notes to the financial statements for the year ended 31 March 2016

### 19. FINANCE COST

(Amounts in ₹)

	2015-16	2014-15
Interest Expenses	95,965,701	49,096,881
Other Borrowing cost	10,873,089	2,657,016
<b>Total .....</b>	<b>106,838,790</b>	<b>51,753,897</b>

### 20. DEPRECIATION AND AMORTISATION EXPENSE

(Amounts in ₹)

	2015-16	2014-15
Depreciation of Tangible Assets	442,634	167,610
Amortization of Intangible Assets	22,860	Nil
<b>Total .....</b>	<b>465,494</b>	<b>167,610</b>

20.1 As per the provision of schedule II of the Companies Act, 2013, due to change in estimates for useful life of assets, depreciation provided in profit and loss accounts is higher by ₹ Nil/- (P.Y. ₹77,080/-)

### 21. OTHER EXPENCES

(Amounts in ₹)

	2015-16	2014-15
Electricity & Fuel charges	436,332	294,253
<b>REPAIRS TO:</b>		
Building	115,230	24,095
Other	Nil	Nil
<b>Sub Total</b>	<b>115,230</b>	<b>24,095</b>
Insurance	236,703	142,486
Rent	4,139,900	2,801,502
Rates & Taxes	93,586	25,894
Stationery & Printing	1,870,356	964,062
Communication	2,477,208	1,570,449
Traveling & Conveyance Expenses	4,990,070	1,070,445
Professional Fees	4,422,896	1,348,507
<b>Auditor's Remuneration:</b>		
Audit Fees	217,550	140,450
For Tax Audit	28,625	28,090
For Certification	10,277	1,124
For Income Tax Consultancy Fee	Nil	Nil
<b>Sub Total</b>	<b>256,452</b>	<b>169,664</b>
Corporate Social Responsibility Activities	100,000	Nil
Marketing & Incentive Expenses	51,575	Nil
Bad debts written off	2,052,793	659,610
Provision for NPA	Nil	(91,739)
Contingent Provision Against Standard Assets ( Net )	5,576,000	4,543,150
Share Issue Expenditure	541,745	Nil
Loss/ (Profit) on Sale of Investments	4,139	Nil
General Charges (including Bank Charges, Security Charges & Membership Fees etc.)	2,601,781	1,167,283
<b>Total .....</b>	<b>29,966,766</b>	<b>14,689,661</b>

21.1 NPA provisions are shown net off NPA Provision written back during the year amounting to ₹ Nil (P.Y. ₹ 91,739/-)

## Notes to the financial statements for the year ended 31 March 2016

### 22. EARNINGS PER SHARE:

Particulars	Unit	2015-2016	2014-2015
Profit after Tax	₹	5,50,44,775	3,37,70,719
Less: Dividend On Redeemable Non -Convertible Preference Shares	₹	(16,25,000)	Nil
Less: Tax on Distributed Profit*	₹	(3,30,812)	Nil
Profit available for Equity Share Holder's	₹	5,30,88,963	3,37,70,719
Numerator used for calculating Basic Earnings per Share	₹	5,30,88,963	3,37,70,719
Numerator used for calculating Diluted Earnings per Share	₹	5,30,88,963	3,37,71,552
Weighted average No. of shares used as denominator for calculating Basic and Diluted EPS	No. of Shares	1,01,83,607	1,00,00,000
Weighted average No. of shares used as denominator for calculating Diluted EPS	No. of Shares	1,01,83,607	1,00,01,758
Face Value of Share	₹	10	10
Basic Earnings per Share	₹	5.21	3.38
Diluted Earnings per Share	₹	5.21	3.38

### 23. RELATED PARTY DISCLOSURES :

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

#### A) Holding Company

Arman Financial Services Limited

#### B) Key Managerial Personnel

Shri Jayendrabhai Patel

Shri Amitbhai Manakiwala

Shri Aalokbhai Patel

#### C) Directors and Relatives of Key Managerial Personnel with whom transaction have taken place during the year.

Name of Party	Related party Relationship
Mr. Aditya Bhandari	Director
Mrs. Ritaben J. Patel	Relative of Key Managerial Personnel
Aakash Patel (HUF)	Relative of Key Managerial Personnel
Aalok Patel (HUF)	Key Managerial personnel is Karta
Raj Enterprise	Key Managerial personnel is Proprietor
Amit Manakiwala (HUF)	Key Managerial personnel is Karta
Mrs. Himani Manakiwala	Relative of Key Managerial Personnel

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

Namra Holdings & Cons. Services Pvt. Limited	Relative of Key Managerial Personnel is Director
--	--

#### E) Details of Transactions are as follows:

(Amounts in ₹)

Sr. No.	Nature of Transaction	Holding Company	Key Managerial Personnel	Relatives of Key Managerial Personnel	Relative of Key Managerial Personnel and their enterprise	Total
1	Expenses					
	Interest	65,64,866	5,94,463	13,42,973	55,057	85,57,359
		(1,03,53,560)	(7,25,288)	(11,89,749)	(1,84,906)	(1,24,53,503)
2	Income					
	Interest	31,58,084	Nil	Nil	Nil	31,58,084
		(Nil)	(Nil)	(Nil)	(Nil)	(Nil)
3	Others					
	Transfer of Receivables under Securitization	22,75,22,231	Nil	Nil	Nil	22,75,22,231
		(20,53,05,969)	(Nil)	(Nil)	(Nil)	(20,53,05,969)

## Notes to the financial statements for the year ended 31 March 2016

### 23. RELATED PARTY DISCLOSURES : (contd...)

Details of Transactions are as follows:

(Amounts in ₹)

Sr. No.	Nature of Transaction	Holding Company	Key Managerial Personnel	Relatives of Key Managerial Personnel	Relative of Key Managerial Personnel and their enterprise	Total
<b>4</b>	<b>Unsecured Loan</b>					
	Loan taken during the year	27,06,85,830	1,07,15,000	72,09,630	4,75,000	28,90,85,460
		(31,25,37,802)	(25,80,000)	(1,05,90,000)	(17,50,000)	(32,74,57,802)
	Loan repaid during the year	28,36,99,353	1,46,92,148	1,54,63,183	5,30,057	31,43,84,741
		(32,79,14,263)	(33,72,603)	(1,34,29,169)	(24,34,906)	(34,71,50,941)
	Balance out standing at 31/03/2016	Nil	Nil	Nil	Nil	Nil
		(64,48,657)	(33,82,685)	(69,10,580)	(Nil)	(1,67,41,922)
<b>5</b>	<b>Unsecured Loans Granted</b>					
	Loan granted during the year	70,54,57,132	Nil	Nil	Nil	70,54,57,132
		(Nil)	(Nil)	(Nil)	(Nil)	(Nil)
	Loan and Interest received during the year	70,86,15,216	Nil	Nil	Nil	70,86,15,216
		(Nil)	(Nil)	(Nil)	(Nil)	(Nil)
	Balance out standing at year end	Nil	Nil	Nil	Nil	Nil
		(Nil)	(Nil)	(Nil)	(Nil)	(Nil)
<b>6</b>	<b>Equity Contribution</b>	37,50,000	Nil	Nil	Nil	37,50,000
		(Nil)	(Nil)	(Nil)	(Nil)	(Nil)
<b>7</b>	<b>Compulsory Convertible Debentures Application Money Received</b>	Nil	Nil	Nil	Nil	Nil
		(Nil)	(30,00,000)	(Nil)	(Nil)	(30,00,000)
<b>8</b>	<b>Compulsory Convertible Debentures Application Money Refunded</b>	Nil	30,00,000	Nil	Nil	30,00,000
		(Nil)	(Nil)	(Nil)	(Nil)	(Nil)
<b>9</b>	<b>Interest Paid on Compulsory Convertible Debentures Application Money</b>	Nil	1,12,192	Nil	Nil	1,12,192
		(Nil)	(Nil)	(Nil)	(Nil)	(Nil)
<b>10</b>	<b>Remuneration &amp; Director Perquisites</b>	Nil	21,86,000	Nil	Nil	21,86,000
		(Nil)	(43,27,250)	(Nil)	(Nil)	(43,27,250)

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

(Amounts in ₹)

Nature of Payments	Related Party	2015-2016	2014-2015
Interest Expense	Arman Financial Services Limited.	65,64,866	1,03,53,560
Interest Income	Arman Financial Services Limited.	31,58,084	Nil
Transfer of Receivables under Securitization	Arman Financial Services Limited.	24,42,88,000	20,53,05,969
Loan Taken	Arman Financial Services Limited.	27,06,85,830	31,25,37,802
Loan and interest Repaid	Arman Financial Services Limited.	28,36,99,353	32,79,14,263
Loan granted during the year	Arman Financial Services Limited.	70,54,57,132	Nil
Loan and Interest received during the year	Arman Financial Services Limited.	70,86,15,216	Nil
Equity Contribution	Arman Financial Services Limited.	37,50,000	Nil
Compulsory Convertible Debentures Application Money Received	Aalok J Patel	Nil	9,99,999
	Jayendra B Patel	Nil	20,00,001
Compulsory Convertible Debentures Application Money Refunded	Aalok J Patel	9,99,999	Nil
	Jayendra B Patel	20,00,001	Nil
Interest Paid on Compulsory Convertible Debentures Application Money	Aalok J Patel	37,397	Nil
	Jayendra B Patel	74,795	Nil
Remuneration & Perquisites by way of Issuance of Sweat Equity Warrant	Aalok J Patel	6,86,000	27,07,250
	Jayendra B Patel	10,00,000	16,20,000
	Amitbhai R Manakiwala	5,00,000	Nil

## Notes to the financial statements for the year ended 31 March 2016

### 24. Details of Average interest paid on borrowing and charged on loans given to JLG:

Particulars	Rate of Interest in %
Average Interest Rate on Borrowings	15.80%
Average Interest rate on Loans given to JLGs	25.75%

### 25. LOAN PORTFOLIO AND PROVISION FOR STANDARD AND NON PERFORMING ASSETS:

(Amounts in ₹)

Classification	Portfolio loan Outstanding (Gross)		Provision for Standard and Non Performing Assets	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
Standard Assts	1,12,49,80,553	57,16,95,165	1,13,00,000	57,24,000
Sub Standard Assets	21,78,397	6,88,121	*Nil	*Nil
<b>Total</b>	<b>1,12,71,58,950</b>	<b>57,23,83,286</b>	<b>1,13,00,000</b>	<b>57,24,000</b>

\*Refer Note 8.1.

### 26. Disclosure Requirement by Originator as per Reserve Bank of India's Guidelines on Securitization of Standard Assets as under.

#### (i) Details of Securitization

Particulars	2015-16	2014-15
Total No of Loan Assets	28,409	38,922
Book Value of Loan Assets (₹)	22,75,22,231	20,53,05,694
Sales consideration Received from securitized assets (₹)	24,42,88,000	22,31,50,400
Gain / (Loss) on Securitized assets (₹)	1,67,65,769	1,78,44,706
Form of Service Provided	-	-
Quantum of Outstanding Value of Services (₹)	4,69,58,545	9,52,13,698

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

### 27. LEASE:

During the year company has entered into certain rent agreements and amounts of ₹ 41.40 Lacs (P.Y. ₹ 28.02 Lacs) paid under such agreements have been charged to the Statement of profit and loss. These rent agreements are generally not non-cancellable and are renewable by mutual consent on mutually agreed terms. There are no restrictions imposed by such agreements.

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

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

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

### 31. ADDITIONAL DISCLOSURES REQUIRED BY THE RBI

#### A) Capital to Risk Assets Ratio (CRAR)

(Amount in ₹ Lacs)

Sr. No.	Particulars	2015-2016	2014-2015
(i)	CRAR (%)	23.01	27.02
(ii)	CRAR Tier I Capital (%)	22.02	26.02
(iii)	CRAR Tier II Capital	0.99	1.00
(iv)	Amount of subordinated debt raised as Tier-II Capital	--	--
(v)	Amount raised by issue of Perpetual Debt Instruments	--	--

## Notes to the financial statements for the year ended 31 March 2016

### 31. ADDITIONAL DISCLOSURES REQUIRED BY THE RBI (contd...)

#### B) Investments

(Amount in ₹ Lacs)

Sr. No.	Particulars	2015-2016	2014-2015
1	Value of Investments		
	(i) Gross Value of Investments	140.00	NIL
	(A) In India	140.00	NIL
	(B) Outside India	-	-
	(ii) Provision for Deprecation	-	-
	(A) In India	-	-
	(B) Outside India	-	-
	(iii) Net Value of Investments		
	(A) In India	140.00	NIL
	(B) Outside India	140.00	NIL
2	Movement of provisions held towards Depreciation on investments.		
	(i) Opening balance	-	-
	(ii) Add: Provisions made during the year	-	-
	(iii) Less: Write-off/write-back of excess provisions during the year.	-	-
	(iv) Closing balance	-	-

#### C) Derivatives

The company has no transactions /exposures in derivatives in the current year and previous year. Un-hedge foreign currency exposure as on 31st March, 2016 is ₹ Nil (P.Y. is ₹ Nil).

#### D) Details of non-performing assets purchase / sold.

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

#### E) Assets Liability Management

##### Maturity Pattern of certain assets and Liability as on 31.3.2016. (₹ In Lacs)

Particulars	Up to 30/31 Days	Over 1 month upto 2 Month	over 2 month upto 3 month	over 3 month & up to 6 month	Over 6 Month & Upto 1 Year	Over 1 Year & upto 3 Year	Over 3 year & upto 5 Year	Over 5 year	Total
Deposits	4.12	4.12	3.42	19.59	106.33	620.04	--	--	757.62
Advances	1159.99	1088.54	1015.22	2620.25	3580.01	1829.26	--	--	11293.27
Investments	--	--	--	--	--	140.00	--	--	140.00
Cash and Bank Balance	613.25	--	--	--	--	--	--	--	613.25
Borrowings	379.97	537.38	537.38	1630.76	3164.61	3743.14	--	--	9993.24
Foreign currency assets	--	--	--	--	--	--	--	--	--
Foreign currency Liabilities	--	--	--	--	--	--	--	--	--

##### Maturity Pattern of certain assets and Liability as on 31.3.2015. (₹ In Lacs)

Particulars	Up to 30/31 Days	Over 1 month upto 2 Month	over 2 month upto 3 month	over 3 month & up to 6 month	Over 6 Month & Upto 1 Year	Over 1 Year & upto 3 Year	Over 3 year & upto 5 Year	Over 5 year	Total
Deposits	3.26	0	5.97	9.59	174.43	76.73	50.01	--	319.99
Advances	686.9	664.97	637.08	1704.57	1934.95	85.1	--	--	5713.57
Investments	--	--	--	--	--	--	--	--	--
Cash and Bank Balance	288.00	--	--	--	--	--	--	--	288.00
Borrowings	60.03	66.56	193.73	502.69	2110.19	1566.12	--	--	4499.32
Foreign currency assets	--	--	--	--	--	--	--	--	--
Foreign currency Liabilities	--	--	--	--	--	--	--	--	--



## Notes to the financial statements for the year ended 31 March 2016

### 31. ADDITIONAL DISCLOSURES REQUIRED BY THE RBI (contd...)

**F) Exposure**

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

**G) Details of financing of parent company products:**

This disclosure is not applicable as the company does not have any such financing activities.

**H) Registration obtained from other financial sector regulators.**

The company is registered with following other financial sector regulators (financial regulators as described by Ministry of Finance):

(i) Ministry of Corporate Affairs

(ii) Ministry of Finance

**I) Disclosure of penalties imposed by RBI and Other regulators.**

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

**J) 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	01.09.2015	BBB – SO (Triple B Minus- Structured Obligation)	31.08.2016	75.00 Crores

32. Balances are subject to confirmation.

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

#### Signature to Notes "1" to "33"

As per our report of even date attached herewith

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

Chartered Accountants

FRN No. 109616W

**For, Namra Finance Limited**

**J. J. Shah**

Partner

M.No. 45669

Place : Ahmedabad

Date: 20.05.2016

**Jayendra Patel**

Chairman & Managing Director

(DIN - 00011814)

**Aalok Patel**

Director

DIN - 02482747

**Jaimish Patel**

Company Secretary

M.No.A42244

## Schedule to the Balance Sheet of a Non-Banking Financial Company for the year ended 31 March 2016

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

(₹ in lakhs)

Sr. No.	Particulars		Amount Outstanding	Amount Overdue
	<b>Liabilities side:</b>			
(1)	<b>Loan and advances availed by the NBFCs inclusive of interest accrued thereon but not paid:</b>			
	(a) Debentures:			
	Secured		NIL	NIL
	Unsecured (other than falling within the meaning of public deposits*)		NIL	NIL
	(b) Deferred Credits		NIL	NIL
	(c) Term Loans		9,689.43	NIL
	(d) Inter-Corporate loans and borrowing		NIL	NIL
	(e) Commercial Paper		NIL	NIL
	(f) Public Deposits*		NIL	NIL
	(g) Other Loans (specify nature)			NIL
	- Working capital Loans	283.27		
	- from directors and relatives	NIL		
	- Debenture Application Money	-	283.27	
	* Please see Note 1 below			
(2)	<b>Break-up of (1)(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):</b>			
	(a) In the form of Unsecured debentures		NIL	NIL
	(b) In the form of partly secured debentures i.e. debentures where there is a shortfall in the value of security		NIL	NIL
	(c) Other Public Deposits		NIL	NIL
	<b>Assets Side:</b>			
(3)	<b>Break-up of Loans and Advances including bills receivable [other than those included in (4) below]:</b>			
	(a) Secured		NIL	NIL
	(b) Unsecured		11,293.27	NIL
(4)	<b>Break-up of Leased Assets and stock on hire and hypothecation loans counting towards EL/HP activities</b>			
	(i) Lease assets including lease rentals under sundry debtors:			
	(a) Financial Lease		NIL	NIL
	(b) Operating lease		NIL	NIL
	(ii) Stock on hire including hire charges under sundry debtors:			
	(a) Assets on hire		NIL	NIL
	(b) Repossessed Assets		NIL	NIL
	(iii) Hypothecation loans counting towards EL/HP activities			
	(a) Loans where assets have been re-possessed		NIL	NIL
	(b) Loans other than (a) above		NIL	NIL

(₹ in lakhs)

Sr. No.	Particulars	Amount Outstanding	Amount Overdue
(5)	<b>Break-up of Investments:</b>		
	<b>Current Investments:</b>		
	1. Quoted:		
	(i) Shares		
	(a) Equity	NIL	NIL
	(b) Preference	NIL	NIL
	(ii) Debentures and Bonds	NIL	NIL
	(iii) Units of mutual funds	NIL	NIL
	(iv) Government Securities	NIL	NIL
	(v) Others (please specify)	NIL	NIL
	2. Unquoted:		
	(i) Shares		
	(a) Equity	NIL	NIL
	(b) Preference	NIL	NIL
	(ii) Debentures and Bonds	NIL	NIL
	(iii) Units of mutual funds	NIL	NIL
	(iv) Government Securities	NIL	NIL
	(v) Others (please specify) FDR & Deposit	886.50	NIL
	<b>Long-term investments:</b>		
	1. Quoted:		
	(i) Shares		
	(a) Equity	NIL	NIL
	(b) Preference	NIL	NIL
	(ii) Debentures and Bonds	NIL	NIL
	(iii) Units of mutual funds	NIL	NIL
	(iv) Government Securities	NIL	NIL
	(v) Others (please specify)	NIL	NIL
	2. Unquoted:		
	(i) Shares		
	(a) Equity	NIL	NIL
	(b) Preference	NIL	NIL
	(ii) Debentures and Bonds	NIL	NIL
	(iii) Units of mutual funds	140.00	NIL
	(iv) Government Securities	NIL	NIL
	(v) Others (please specify)	NIL	NIL

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

Please see Note 2 below

(₹ in lakhs)

Sr. No.	Category	Amount net of provision		
		Secured	Unsecured	Total
1.	Related Parties**			
	(a) Subsidiaries	NIL	NIL	NIL
	(b) Companies in the same group	NIL	NIL	NIL
	(c) Other related parties	NIL	NIL	NIL
2.	Other than related parties	NIL	11,293.27	113.00
	<b>Total</b>	<b>0.00</b>	<b>11,293.27</b>	<b>113.00</b>

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

Please see Note 3 below

(₹ in lakhs)

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

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

**(8) Other information**

(₹ in lakhs)

Particulars	Amount
(i) Gross Non-performing Assets	
(a) Related Parties	NIL
(b) Other than related parties	21.78
(ii) Net Non-Performing Assets	
(a) Related Parties	NIL
(b) Other than related parties	21.78
(iii) Assets acquired in satisfaction of debts	NIL

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



**Arman Financial Services Limited**

CIN: L55910GJ1992PLC018623

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

Website: [www.armanindia.com](http://www.armanindia.com)



## ARMAN FINANCIAL SERVICES LIMITED

# NOTICE

Notice is hereby given that the 24th (Twenty Fourth) Annual General Meeting (AGM) of Arman Financial Services Limited will be held at The Ahmedabad Textile Mills' Association (ATMA) Hall, Ashram Road, Ahmedabad 380009 on Thursday, 22nd September, 2016 at 12.00 p.m. to transact the following business.

### ORDINARY BUSINESS:

1. To consider and adopt:
  - a. the audited financial statement of the Company for the financial year ended 31st March, 2016, the reports of the Board of Directors and Auditors thereon; and
  - b. the audited consolidated financial statement of the Company for the financial year ended 31st March, 2016.
2. To declare a Dividend on equity shares for the financial year ended 31st March, 2016.
3. To appoint a Director in place of Smt. Ritaben Patel [DIN-00011818] who retires by rotation and being eligible, offers herself for reappointment.
4. To appoint a Director in place of Shri Aalok Patel [DIN-02482747] who retires by rotation and being eligible, offers himself for reappointment.
5. To ratify the appointment of the Auditors and fix their remuneration and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to section 139 and 142 of the Companies Act, 2013 and the Companies (Audit & Auditors) Rules, 2014, the appointment of M/s. J. T. Shah & Co., Chartered Accountants, Ahmedabad, having Firm Registration No-109616W as the Statutory Auditors of the Company from the conclusion of this Annual General Meeting till the conclusion of the Twenty Fifth Annual General Meeting be and is hereby ratified, and that their remuneration be determined by the Board of Directors of the Company on recommendation of Audit Committee."

### SPECIAL BUSINESS:

6. Re-appointment of Shri Jayendra Patel (DIN-00011814), as Managing Director of the Company.

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

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof), read with Schedule V to the Companies Act, 2013 and pursuant to Article 174 and any other applicable Article of the Articles of Association of the Company, the consent of the Company be and is hereby accorded to the re-appointment of Shri Jayendra Patel (DIN: 00011814) as Managing Director of the Company, for a period of five years commencing from 01.09.2016 on the remuneration, terms and conditions as recommended by the nomination and remuneration committee and as set out in the explanatory statement annexed to the notice."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to alter or vary the scope of remuneration of Shri Jayendra Patel, Managing Director, including the monetary value thereof, to the extent recommended by the nomination and remuneration committee from time to time as may be considered appropriate, subject to the overall limits specified by this resolution and the Companies Act, 2013."

"RESOLVED FURTHER THAT any one of the Directors or Company Secretary of the Company be and are hereby authorized to do all necessary acts, deeds and things, which may be usual, expedient or proper to give effect to the above resolution."

7. Approval of Employee Stock Option Plan 2016 (ESOP 2016)

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

**"RESOLVED THAT** pursuant to the provisions of Section 62(1)(b) and other applicable provisions, if any, of the Companies Act, 2013 (including any modification or re-enactment thereof for the time being in force) and the Rules made thereunder and in accordance with the Memorandum and Articles of Association of the Company, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Regulation 6 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("SEBI Regulations"), and subject further to such other approvals, permissions and sanctions as may be necessary and such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions, the approval and consent of Members be and is hereby accorded to the introduction and implementation of 'Arman-Employee Stock Option Plan 2016' (hereinafter referred to as "ESOP 2016" or the "Scheme") authorizing the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any Committee, including the Nomination & Remuneration Committee which the Board has constituted to exercise its powers, including the powers, conferred by this resolution) to create, grant, offer, issue and allot from time to time, in one or more tranches, not exceeding 125,000 (One Lakh Twenty Five Thousand only) Employee Stock Options to or for the benefit of such person(s) (hereinafter collectively referred to as "Eligible Employee(s)") who are in permanent employment of the Company including any of existing and future Subsidiary Company(ies) of the Company and including any Director thereof, whether whole time or otherwise (other than Promoters of the Company, Independent Directors and Directors holding directly or indirectly more than 10% of the outstanding Equity Shares of the Company), as may be decided by the Board under "ESOP 2016", exercisable into not more than 125,000 (One Lakh Twenty Five Thousand only) equity shares of face value of Re. 10/- (Rupee ten) each fully paid-up, in one or more tranches, and on such terms and in such manner as the Board may decide in accordance with the provisions of the applicable laws and the provisions of ESOP 2016."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorized to grant options and issue and allot Equity Shares upon exercise of stock options from time to time in accordance with "ESOP 2016" and such Equity shares shall rank pari passu in all respects with the existing

Equity Shares of the Company."

**"RESOLVED FURTHER THAT** in case of corporate action(s) such as right issues, bonus issues, merger, demerger, slump sale and sale of division and others if any, additional equity shares are issued by the Company to the option grantees for the purpose of making a fair and reasonable adjustment to the options granted earlier, the above ceiling of 125,000 (One Lakh Twenty Five Thousand only) equity shares shall be deemed to be increased or decreased in line with such change in total paid up equity shares and/or face value thereof without affecting any other rights or obligations of the said allottees."

**"RESOLVED FURTHER THAT** in case the Equity Shares of the Company are either sub divided or consolidated then the number of shares to be allotted under the plan shall automatically stand augmented or reduced as the case may be in the same proportion as the present face value of Rs 10/- per Equity Shares bears to the revised Face Value of the Equity Shares of the company after such sub division or consolidation, without affecting any other rights or obligations of the said grantees."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorised to take requisite steps for listing of the Equity Shares allotted under ESOP 2016 on the Stock Exchanges where the Equity Shares of the Company are listed."

**"RESOLVED FURTHER THAT** the Company shall confirm to the accounting policies prescribed from time to time under the SEBI Regulations and any other applicable laws and regulations to the extent relevant and applicable to ESOP 2016."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds, matter and things as it may at its absolute discretion, deem necessary including authorizing the Board to appoint Advisors, Consultants or Representatives, being incidental to the effective implementation and administration of ESOP 2016 or desirable for issue, offer, allocate, allot and utilize proceeds and to make modifications, changes, variations, alterations, revisions in the terms and conditions of the Plan in accordance with any regulations or guidelines that may be issued from time to time by the appropriate authority unless such variation(s) modification(s) or alteration(s) is detrimental to the interest of Eligible Employees including but not limited to amendments with respect to the vesting period, number of options,

exercise price, exercise period, eligibility criteria or to suspend, withdraw, terminate or revise the plan without any form of further reference, confirmation, approvals or sanctions from Members of the Company, to the extent permissible by SEBI Regulations and other relevant regulations in force, Companies Act 2013 (including any modifications, amendment and reenactment thereof) the Memorandum and Articles of Association of the Company and any other applicable laws."

**"RESOLVED FURTHER THAT** for the purpose of giving effect to this Resolution the Board be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things, as it may in its absolute discretion, deem necessary, expedient, proper or desirable for such purpose and with the power on behalf of Company to settle all questions, difficulties, doubts that may arise in this regard at any stage including at the time of Listing of Securities without being required to seek any further consent or approval of members of the company."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorized to delegate powers herein conferred to Nomination, Remuneration and Compensation Committee of directors with a power to further delegate the same to any executives/officers of the Company to do all such acts and deeds, matters and things as also execute documents, writings and other papers as may be necessary in this regard."

8. Approval of grant of options to the Employees / Directors of its Subsidiary Company under ESOP 2016

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

**"RESOLVED THAT** pursuant to the provisions of Section 62(1)(b) and other applicable provisions, if any, of the Companies Act, 2013 (including any modification or re-enactment thereof for the time being in force) and the Rules made thereunder and in accordance with the Memorandum and Articles of Association of the Company, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Regulation 6 of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 ("SEBI Regulations"), and subject further to such other approvals, permissions and sanctions as may be necessary and such conditions and modifications as may be prescribed or imposed while

granting such approvals, permissions and sanctions, the approval of the Company be and is hereby accorded to the introduction and implementation of 'ARMAN-Employee Stock Option Plan 2016' (hereinafter referred to as "ESOP 2016" or the "Scheme") authorizing the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any Committee, including the Nomination & Remuneration Committee which the Board has constituted to exercise its powers, including the powers, conferred by this resolution) to create, grant, offer, issue and allot from time to time, in one or more tranches, not exceeding, 75,000 (Seventy Five Thousand only) Employee Stock Options to or for the benefit of such person(s) who are in permanent employment of any of existing and future Subsidiary Company(ies) of the Company (hereinafter referred to as "Eligible Employees") including any Director thereof, whether whole time or otherwise (other than Promoters of the Company, Independent Directors and Directors holding directly or indirectly more than 10% of the outstanding Equity Shares of the Company), as may be decided by the Board under ESOP 2016, exercisable into not more than 75,000 (Seventy Five Thousand only) equity shares of face value of Re. 10/- (Rupee Ten) each fully paid-up, (within an overall ceiling of 125,000 (One Lakh Twenty Five Thousand only) Employee Stock option exercisable into equity shares of face value of Re. 10/- (Rupee one) each as mentioned in Special resolution at Serial No. 7 of this Notice), in one or more tranches, and on such terms and in such manner as the Board may decide in accordance with the provisions of the applicable laws and the provisions of ESOP 2016."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorized to grant options and issue and allot Equity Shares upon exercise of stock options from time to time in accordance with "ESOP 2016" and such Equity shares shall rank pari passu in all respects with the existing Equity Shares of the Company."

**"RESOLVED FURTHER THAT** in case of corporate action(s) such as right issues, bonus issues, merger, demerger, slump sale and sale of division and others if any, additional equity shares are issued by the company to the option grantees for the purpose of making a fair and reasonable adjustment to the options granted earlier, the above ceiling of 75,000 (Seventy Five Thousand only) equity shares shall be deemed to be increased or decreased in line with such change in total paid up equity shares and/or face value thereof without



affecting any other rights or obligations of the said allottees.”

“RESOLVED FURTHER THAT in case the Equity Shares of the Company are either sub divided or consolidated then the number of shares to be allotted under the plan shall automatically stand augmented or reduced as the case may be in the same proportion as the present face value of Rs 10/- per Equity Shares bears to the revised Face Value of the Equity Shares of the company after such sub division or consolidation, without affecting any other rights or obligations of the said grantees.”

“RESOLVED FURTHER THAT the Board be and is hereby authorised to take requisite steps for listing of the Equity Shares allotted under ESOP 2016 on the Stock Exchanges where the Equity Shares of the Company are listed.”

“RESOLVED FURTHER THAT the Company shall confirm to the accounting policies prescribed from time to time under the SEBI Regulations and any other applicable laws and regulations to the extent relevant and applicable to ESOP 2016.”

“RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, matter and things as it may at it absolute discretion, deem necessary including authorizing the Board to appoint Advisors, Consultants or Representatives, being incidental to the effective implementation and administration of ESOP 2016 or desirable for issue, offer, allocate, allot and utilize proceeds and to make modifications, changes, variations, alterations, revisions in the terms and conditions of the Plan in accordance with any regulations or guidelines that may be issued from time to time by the appropriate authority unless such variation(s) modification(s) or

alteration(s) is detrimental to the interest of Eligible Employees including but not limited to amendments with respect to the vesting period, number of options, exercise price, exercise period, eligibility criteria or to suspend, withdraw, terminate or revise the plan without any form of further reference, confirmation, approvals or sanctions from Members of the Company, to the extent permissible by SEBI Regulations and other relevant regulations in force, Companies Act 2013 (including any modifications, amendment and reenactment thereof) the Memorandum and Articles of Association of the Company and any other applicable laws.”

“RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution the Board be and is hereby authorized on behalf of the Company to do all such acts, deeds, matters and things, as it may in its absolute discretion, deem necessary, expedient, proper or desirable for such purpose and with the power on behalf of company to settle all questions, difficulties, doubts that may arise in this regard at any stage including at the time of Listing of Securities without being required to seek any further consent or approval of members of the company.”

“RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate powers herein conferred to Nomination, Remuneration and Compensation Committee of directors with a power to further delegate the same to any executives/officers of the Company to do all such acts and deeds, matters and things as also execute documents, writings and other papers as may be necessary in this regard.”

## NOTES:

1. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to the Special Businesses to be transacted at the Annual General Meeting is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS / HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
3. Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as a proxy on

behalf of not more than fifty members and holding in aggregate not more than ten percent of the total Share Capital of the Company. Members holding more than ten percent of the total Share Capital of the Company may appoint a single person as proxy, who shall not act as a proxy for any other Member. The instrument of Proxy, in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not later than 48 hours before the commencement of the meeting. A Proxy Form is annexed to this Report. Proxies submitted on behalf of limited companies, societies, etc., must be supported by

an appropriate resolution/ authority, as applicable.

4. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, 15th September, 2016, to Thursday, 22nd September, 2016 (both days inclusive) for determining the name of members eligible to receive dividend on equity shares. Please refer Para 12(f) of Corporate Governance Report which forms a part of this Annual Report for note on dividend payment date.
5. The Register of Directors' and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, the Register of contracts or arrangements in which the Directors are interested under Section 189 of the Companies Act, 2013, will be available for inspection at the Annual General Meeting.
6. Pursuant to Section 101 and Section 136 of the Companies Act, 2013 read with relevant Rules made there under, Companies can serve Annual Reports and other communications through electronic mode to those Members who have registered their e-mail address either with the Company or with the Depository. Members holding shares in demat form are requested to register their e-mail address with their Depository Participant(s) only. Members of the Company, who have not registered their e-mail address, are entitled to receive such communication in physical form upon request.
7. The Notice of Annual General Meeting, Annual Report and Attendance Slip are being sent in electronic mode to Members whose e-mail ID's are registered with the Company or the Depository Participant(s) unless the Members have registered their request for a hard copy of the same. Physical copy of the Notice of Annual General Meeting, Annual Report and Attendance Slip are being sent to those Members who have not registered their E-mail ID's with the Company or Depository Participant(s).
8. Members who have received the Notice of Annual General Meeting, Annual Report and Attendance Slip in electronic mode are requested to print the Attendance Slip and submit a duly filled in Attendance Slip at the registration counter to attend the Annual General Meeting.
9. Pursuant to Section 108 of the Companies Act,

2013, read with the Companies (Management and Administration) Rule, 2014 as amended and Regulation 44 of SEBI (Listing Obligations & Discloser Requirements) Regulations, 2015, the Company is pleased to provide the facility to Members to exercise their right to vote by electronic means. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on Cut-off date i.e. a date not earlier than seven days before the date of general meeting, are entitled to vote on the Resolutions set forth in this Notice.

Members who have acquired shares after the dispatch of the Annual Report and before the Cut-off date may approach the Company for issuance of the User ID and Password for exercising their right to vote by electronic means. A person who is not a member as on the cut-off date should treat this notice for information purposes only. The Members desiring to vote through electronic mode may refer to the detailed procedure on e-voting given hereinafter.

A. In case of members receiving e-mail:

- a. Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- b. Click on "Shareholders" tab.
- c. Now, select the "ARMAN FINANCIAL SERVICES LIMITED" from the drop down menu and click on "SUBMIT"
- d. Now Enter your User ID
  - i. For CDSL: 16 digits beneficiary ID,
  - ii. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - iii. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- e. Next enter the Image Verification as displayed and Click on Login
- f. If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- g. If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number (refer serial no. printed on the name and address sticker/ mail) in the PAN Field.</li> <li>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with serial number 1 then enter RA00000001 in the PAN Field.</li> </ul>
DOB	Enter the Date of Birth as recorded in your demat account or in the Company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> <li>Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field.</li> </ul>

- h. After entering these details appropriately, click on "SUBMIT" tab.
- i. Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is also to be used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through

CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- j. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- k. Click on the EVSN for the ARMAN FINANCIAL SERVICES LIMITED.
- l. 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.
- m. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- n. 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.
- o. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- p. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- q. If Demat account holder has forgotten the changed password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
  - i. Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.com> and register themselves as Corporate.
  - ii. They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - iii. After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
  - iv. The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on

approval of the accounts they would be able to cast their vote.

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

B. In case of members receiving the physical copy:

- a. Please follow all steps from Sr. No. (a) to Sr. No. (q) above to cast vote.
- b. The voting period begins on 9.00 a.m. on Monday, 19th September, 2016 and will end at 5.00 p.m. on Wednesday, 21st September, 2016. During this period Shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) i.e. 14th September, 2016 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- c. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)

C. Other Instructions:

- a. The e-voting period commences at 9.00 a.m. on Monday, 19th September, 2016 and will end at 5.00 p.m. on Wednesday, 21st September, 2016 i.e. the date preceding the date of Annual General Meeting. During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on 14th September, 2016 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the Member, he shall not be allowed to change it subsequently.
- b. Mr. Ishan P. Shah, Advocate, has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- c. The Scrutinizer shall immediately after the conclusion of voting after the Annual General

Meeting, count the votes cast at the meeting, there after unblock the votes in the presence of at least two witnesses not in the employment of the Company and make, not later than three days of the meeting, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, forthwith to the Chairman of the Company. The Chairman or person authorised by him in writing shall declared the results of the voting forthwith.

- d. The results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.armanindia.com](http://www.armanindia.com) and on the website of CDSL [www.evotingindia.com](http://www.evotingindia.com) immediately after the result is declared by the Chairman.
- e. A Member can opt for only one mode of voting i.e. either through e-voting or by Ballot. If a Member casts votes by both modes, then voting done through e-voting shall prevail and Ballot shall be treated as invalid.
- f. Members holding shares in demat form are hereby informed that bank particulars registered with their respective Depository Participant(s), with whom they maintain their Demat accounts, will be used by the Company for payment of dividend. The Company or its Registrar cannot act on any request received directly from the Members holding shares in demat form for any change in bank particulars. Members holding shares in demat form are requested to intimate any change in their address and / or bank mandate to their Depository Participants immediately.
- g. Members holding shares in physical form are requested to intimate any change of address and/or bank mandate to M/s. Bigshare Services Private Limited / Investor Service Department of the Company immediately.
- h. Members are requested to note that as per Section 123 of the Companies Act, 2013, dividends not en-cashed/ claimed within seven years from the date of declaration will be transferred to the Investor Education and Protection Fund (IEPF). After transfer of the said amount to IEPF, no claims in this respect shall lie against IEPF or the Company.

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

Financial Year Ended	Date of Declaration of Dividend	Last Date for claiming Unpaid Div.	Due date for transfer to IEP Fund
2009-10	06.09.2010	05.09.2017	05.10.2017
2010-11	26.09.2011	25.09.2018	25.10.2018
2011-12	29.09.2012	28.09.2019	28.10.2019
2012-13	30.08.2013	29.08.2020	29.09.2020
2013-14	24.09.2014	23.09.2021	23.10.2021
2014-15	29.09.2015	28.09.2022	28.10.2022

Members are requested to contact M/s. Bigshare Services Private Limited / Investor Service Department of the Company for encashing the unclaimed dividends standing to the credit of their account.

- i. The Securities and Exchange Board of India has mandated submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in physical form can submit their PAN details to M/s. Bigshare Services Private Limited / Investor Service Department of the Company.
- j. Members desiring any information relating to the accounts are requested to write to the Company at least seven days in advance so as to enable the management to keep the information ready.
- k. Details of the Directors seeking re-appointment in the 24th (Twenty Fourth) Annual General Meeting Pursuant to SEBI (Listing Obligations & Disclosures Requirements) Regulations, 2015 are provided below:

Particulars	Smt. Ritaben Patel	Shri Aalok Patel	Shri Jayendra Patel
Relationships with other Directors	Wife/ Mother/Sister	Brother/ Son	Husband/ Father
Date of Appointment	26.11.1992	31.01.2007	26.11.1992
Expertise	Banking & Finance	Accounts & Finance	Management Acumen
Qualification	B. A. in Economics	Master Degree in Accounting & Finance, CPA	B.Sc.
No. of Equity Shares held in the Company	2,96,674	2,47,480	2,85,911
List of other Companies in which directorship are held	None	Namra Finance Limited	Namra Finance Limited
Chairmanship/ Membership of Committees (includes only Audit and Stakeholder Relationship Committee)	Chairmanship: Nil Membership: 1	Chairmanship: Nil Membership: 1	Chairmanship: Nil Membership: 1

Note: The Directorships held by Directors as mentioned above, do not include Directorships of Private Limited Companies.

Place: Ahmedabad

Date: 11/08/2016

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: 6

At the 21st Annual General Meeting held on 30th August, 2013, Shri Jayendra Patel was appointed as Managing Director of the Company for a period commencing from 01.09.2013 to 31.08.2016 on the terms and conditions as approved by the shareholders at the said Annual General Meeting. The Board of Directors at their meeting held on 11.08.2016 have, subject to the approval of the Shareholders, re-appointed Shri Jayendra Patel as Managing Director of the Company with effect from 01/09/2016 for a period of 5 years on the remuneration, terms and conditions recommended by the nomination and remuneration committee as set out herein. While re-appointing Shri Jayendra Patel as Managing Director of the Company, the Board of Directors considered his contribution in the overall progress of the Company. The Company during the year has achieved remarkable growth. Moreover, the Company is aggressively concentrating on its expansion plans. The Board is of the opinion that his services should continue to be available to the Company to achieve still greater heights, by re-appointing him as Managing Director as mentioned in the resolution, subject to the approval of shareholders.

He also holds the position of Managing Director of wholly owned subsidiary, Namra Finance Limited since 24/10/2013 and designated as its CEO in terms of sub-section (1) of section 203 of the Companies Act, 2013.

Taking into consideration the duties and responsibilities of the Managing Director, the prevailing managerial remuneration in industry and on the recommendation of the nomination and remuneration committee, the Board at their meeting held on 11.08.2016 approved the remuneration, terms and conditions of the re-appointment of Shri Jayendra Patel, subject to approval of the shareholders on remuneration including minimum remuneration and on terms and conditions given hereunder:

a) Salary and perquisites shall not exceed ₹42.00 lacs per

annum payable either monthly or quarterly or half yearly or yearly and by way of performance linked bonus and/or commission and/or Sweat Equity or any other form as may be recognised under the term salary and perquisites in Income Tax Act;

- b) In addition to salary, benefits like contribution to provident fund, gratuity, Leave travel concession etc shall be paid. The list of benefits is limited to perquisites as provided under Section IV of Schedule V to the Companies Act, 2013;
- c) Minimum Remuneration: Notwithstanding anything to the contrary contained herein, where, in any financial year during the currency of the tenure of Shri Jayendra Patel, the Company has no profits or its profits are inadequate, the Company will pay remuneration to the maximum as laid down in paragraph 1, Section II of Part II of Schedule V to the Companies Act, 2013 as minimum remuneration.
- d) The total combined remuneration drawn from this Company and Namra Finance Limited would not exceed the higher maximum limit admissible as provided under paragraph 1 of section II of Part II of Schedule V, from any one of the Companies of which he is a managerial person and that any excess remuneration, if any, drawn or paid to him shall be forthwith refunded to the Company in the event the appointment comes to an end by any reason whatsoever prematurely before the tenure of appointment is over and also in the event when his appointment is not renewed for a further period beyond the period of five years for which he is appointed;
- e) As the terms of re-appointment and the remuneration proposed are in conformity with the relevant provisions of the Companies Act, 2013, read with Schedule V to the said Act, Central Government approval is not necessary for this re-appointment



## Item: 7 & 8

Combined Explanatory Statement in relation to Special Resolution Nos. 7 and 8 of Notice for approval of 'ARMAN-Employee Stock Option Plan 2016' ("ESOP 2016") and grant of options to the present and future permanent employees/directors of the Company and also to the employees / directors of the Subsidiary Company/ies under ESOP 2016.

In order to reward, motivate and retain desired talent for high level of individual performance and also to create a culture of ownership and building commitment towards the Company, and to align employees' objectives towards critical goals/ milestone of the Company, it is proposed to introduce 'ARMAN-Employee Stock Option Plan 2016' ("ESOP 2016"). The Plan is meant for eligible permanent employees, directors of the Company and also to the employees / directors of the Subsidiary Company/ies but except Independent Directors and persons belongs to Promoter and Promoter Group of the Company and relatives thereof, as may be decided by the Nomination, Remuneration and Compensation committee of the Board of Directors of the Company ("Committee"). ESOP 2016 would be subject to and in conformity with the guidelines issued in this regard from time to time by SEBI (Share Based Employee Benefits) Regulations 2014, or any other rules, regulations guidelines prescribed by Securities and Exchange Board of India including any amendment or re-enactment thereof. In terms of SEBI Regulations, the administration of ESOP 2016 would vest with the Nomination, Remuneration and Compensation committee of the Board of Directors of the Company. Disclosures in due compliance of Regulation 6 (2) of the SEBI (Share Based Employee Benefits) Regulations 2014, and any other rules/regulations and guidelines prescribed by SEBI are as under:

### 1. Brief description of the Scheme

The Company proposes to introduce ESOP 2016 for the benefit of the present and future permanent employee and directors (whether whole time or not) and present and future permanent employees and directors (whether whole time or not) of its subsidiary companies and such other eligible persons as may be determined as per SEBI Regulations. Options granted under the Scheme shall vest on satisfaction of vesting conditions which can thereafter be exercised resulting in allotment of equity shares of the Company. The Nomination & Remuneration Committee ("Committee") of the Company shall be the Compensation Committee for administration of ESOP 2016. All questions of interpretation

of the ESOP 2016 shall be determined by the Committee and such determination shall be final and binding.

### 2. Total Number of Options to be granted

A total of 125,000 (One Lakh Twenty Five Thousand only) options would be available for being granted to eligible employees of the Company. (including 75,000 options available for being granted to eligible employees of the Subsidiary Company/ies) under "ESOP 2016". Each option when exercised would be converted into one Equity Share of 10/- each fully paid up. Vested options that lapse due to non-exercise or unvested options that get cancelled due to resignation or termination of the employees or otherwise, would be available for re-grant at a future date for which no further approval by shareholders would be required. SEBI Regulations and guidelines require that in case of any corporate action(s) such as right issues, bonus issues, merger and sale of division, stock split/consolidation and others, a fair and reasonable adjustment needs to be made to the options granted. Accordingly, if any additional equity shares are issued by the company, the ceiling of 125,000 (One Lakh Twenty Five Thousand only) equity shares shall be deemed to be increased proportionately to the extent of such additional equity shares issued.

### 3. Identification of classes of employees entitled to participate in the Employee Stock Option Plan

The Committee shall determine the eligibility criteria which should be fulfilled in order to become eligible to participate in "ESOP 2016".

Following classes of employees are entitled to participate in ESOP 2016:

- a) Permanent employees of the Company;
- b) Permanent employees of the Subsidiary Company/ies.

Following persons are not eligible:

- a) An employee who is a Promoter or belongs to the Promoter Group;
- b) Director who either by himself or through his relatives or through any Body Corporate, directly or indirectly holds more than 10% of the outstanding Equity Shares of the Company; and
- c) An Independent Director within the meaning of the Companies Act, 2013 and Regulation 16(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**4. Transferability of employee stock options**

The stock options granted to an employee will not be transferable to any person and shall not be pledged, bequeathed by means of a legally executed will or otherwise alienated in any manner.

**5. Requirements of vesting and maximum period of vesting**

The options granted shall vest so long as the employee continues to be in the employment of the Company. The options would vest not earlier than one year and later than three years from the date of grant of options. The Committee may extend, shorten or otherwise vary the vesting period from time to time, in accordance with the applicable laws and in the interest of the option grantee. The vesting dates in respect of the options granted under the Scheme may vary from employee to employee or any class thereof and/or in respect of the number or percentage of options granted to an employee. Options shall vest essentially based on continuation of employment and apart from that the Board or Committee may prescribe achievement of any performance condition(s) for vesting.

**6. Exercise Price and payment**

The "Exercise Price" shall be the face value of the share or such other higher price as may be fixed by the Board or Committee. The option grantee may, at any time during the exercise period exercise the options, accompanied by payment of an amount equivalent to the "Exercise Price".

**7. Exercise period and the process of exercise**

The exercise period would commence from the date of vesting and will expire on completion of three months or such other period as decided by the Committee from the date of vesting of options. The options will be exercisable by the employees by a written application in the Exercise Form to the Committee to exercise the options in such manner and on execution of such documents, as may be prescribed by the committee from time to time. The options will lapse if not exercised within the specified exercise period.

**8. Process for determining the eligibility of the employees for ESOP**

The process for determining the eligibility of the employee will be based on length of service of the employee, role of the employee with the Company, past performance record, future potential of the employee and/or such other criteria that may be determined by the Committee at its sole discretion.

**9. Eligibility Criteria**

The Committee shall determine the eligibility criteria which should be fulfilled in order to become eligible to participate in ESOP 2016 in order to be granted options under ESOP 2016. The Committee will take into consideration potential of employee to contribute to Company's performance, position held, extent of contribution made by employee towards business results, achievement of medium and long term performance plans of the Company, difficulty in replacement and any other appraisal or evaluation process for determining the eligibility criteria as may be taken into consideration by Committee.

**10. Maximum number of options to be issued per employee and in aggregate**

The number of options that may be granted to any specific employee under the Plan during any one year shall not exceed 1% of the issued capital of the Company at the time of grant of options.

**11. The conditions under which option vested may lapse**

- a) in the event of termination of employment for reasons of misconduct, fraud, misfeasance, gross negligence, breach of trust etc
- b) in case of unauthorized leave for a period exceeding one month
- c) in the event of abandonment of service without company's consent.
- d) in the event of a termination of employment or resignation of employee, within a period of three months from the date of resignation / termination, the employee shall exercise the vested options.

**12. Disclosure and accounting policies/standards**

The Company shall disclose information as required to be disclosed under rule 12(9) the Companies (Share Capital and Debentures) Rules, 2014 and such other disclosures as required to be disclosed in relation to employee benefits under the Companies Act, 2013 and shall also disclose the details of the scheme being implemented, as specified by SEBI in this regard.

The Company shall follow requirements of the 'Guidance Note on Accounting for employee share-based Payments' (Guidance Note) or Accounting Standards as may be prescribed by the Institute of Chartered Accountants of India (ICAI) from time to time, including the disclosure



requirements prescribed therein.

Where the existing Guidance Note or Accounting Standard do not prescribe accounting treatment or disclosure requirements then the company shall comply with the relevant Accounting Standard as may be prescribed by the ICAI from time to time.

### 13. Lock-in after exercise of options

The shares allotted to the employees, subsequent to exercise of vested options will be subject to lock-in for a period of One (1) Year.

### 14. Method of option valuation

The Company shall follow Intrinsic Value Method of accounting to record Employee Compensation cost with respect to options/shares issued under this plan.

The difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value shall be disclosed in the Directors' Report and the impact of this difference on profits and on Earning Per Share of the Company shall also be disclosed in the Directors' Report.

### 15. Tax Liability and method of discharge of tax by the eligible employees (participants) to whom options are granted

The maximum quantum of benefits underlying the options

issued to an eligible employee shall be equal to difference between the option Exercise price and the Market price of the shares on the exercise date.

- a) Any Tax liability arising out of allotment of the Options or issue of Equity Shares, as the case may be, under this ESOP 2016 will be deducted or paid, from/by the participant.
- b) The participant shall be required to indemnify the company with respect to any Tax liability arising out of the Grant, Vesting and/or Exercise of Options by such Eligible Employee.

Consent of the members is being sought by way of Special Resolutions pursuant to Section 62(1)(b) and all other applicable provisions, if any, of the Companies Act, 2013 and as per Regulation 6 of the SEBI Regulations. A draft copy of the ESOP 2016 is available for inspection at the Company's Registered Office / Corporate Office from Monday, 29.08.2016, from 11:00 a.m. to 05:00 p.m. on all working days (excluding Saturdays, Sundays and Holidays) till Thursday, 22.09.2016.

None of the Directors and Key Managerial Personnel of the Company including their relatives is interested or concerned in the resolution. In light of the above, you are requested to accord your approval to these two Special Resolutions.

Place: Ahmedabad

Date: 11/08/2016

### 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



## ARMAN FINANCIAL SERVICES LIMITED

Registered Office: 502-503, Sakar-III, Opp. Old High Court, Off Ashram Road, Ahmedabad-380014, Gujarat  
Ph: +91-79-40507000, 27541989 Fax: +91-79-2754366 Email: finance@armanindia.com Website: www.armanindia.com  
CIN: L55910GJ1992PLC018623

# ATTENDANCE SLIP

PLEASE FILL ATTENDANCE SLIP AND HAND OVER IT AT THE ENTRANCE OF THE MEETING HALL

Joint holder may obtain additional slip on request

DP ID	
FOLIO / CLIENT ID	

\_\_\_\_\_  
(First Name)

\_\_\_\_\_  
(Middle Name)

\_\_\_\_\_  
(Last Name)

No of Shares held: \_\_\_\_\_

I hereby record my presence at the 24th Annual General Meeting of the Company held on Thursday, 22nd September, 2016 as at 12.00 p.m. at Ahmedabad Textile Mills Association (ATMA) Hall, Opp. City gold Cinema, Ashram Road, Ahmedabad-380009

(Strike out whichever is not applicable)

\_\_\_\_\_  
Signature of the Shareholder / Proxy





## ARMAN FINANCIAL SERVICES LIMITED

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

# ROUTE MAP

TO THE VENUE OF THE ANNUAL GENERAL MEETING



**Venue distance from**  
Railway Station: 4 Kms | Airport: 10 Kms



## ARMAN FINANCIAL SERVICES LIMITED

Registered Office: 502-503, Sakar-III, Opp. Old High Court, Off Ashram Road, Ahmedabad-380014, Gujarat  
Ph: +91-79-40507000, 27541989 Fax: +91-79-2754366 Email: finance@armanindia.com Website: www.armanindia.com  
CIN: L55910GJ1992PLC018623

# PROXY FORM - (FORM NO MGT-11)

Pursuant to Section 105 (6) of the Companies Act, 2013 and Rule 19 (3) of the Companies  
(Management and Administration) Rules, 2014

Name of the Member(s):	
Registered address:	
E-mail address:	
Folio number / Client ID:	
DP ID:	

I/ We, being the Member(s) of \_\_\_\_\_ shares of the above named Company, hereby appoint

1	Name	
	Address	
	E-mail address	
	Signature	

Or failing him/her

2	Name	
	Address	
	E-mail address	
	Signature	

Or failing him/her

3	Name	
	Address	
	E-mail address	
	Signature	



as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 24th Annual General Meeting of members of the Company, to be held on Thursday, 22nd September, 2016 at 12.00 p.m. at Ahmedabad Textile Mills Association (ATMA) Hall, Opp. City gold Cinema, Ashram Road, Ahmedabad-380009 and at any adjournment thereof in respect of such resolutions as are indicated below:

No.	Resolutions
1	Adoption of the Financial Statements and Reports thereon and the Consolidated Financial Statements for the financial year ended on March 31, 2016
2	Declaration of the Dividend on Equity shares
3	Reappointment of Smt. Ritaben Patel as a Director
4	Reappointment of Shri Aalok Patel as a Director
5	Ratify the appointment of Auditors & fix their remuneration
6	Re-appointment of Shri Jayendra Patel as Managing Director
7	Approval of Employee Stock Option Plan 2016 (ESOP 2016)
8	Approval of grant of options to the Employees / Directors of its Subsidiary Company under ESOP 2016

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2016

Affix  
Revenue  
Stamp  
Here

Signature of the Member \_\_\_\_\_

Signature of the Proxy holder(s) \_\_\_\_\_

*Note: This proxy form in order to be effective must be duly completed and deposited at the registered office of the Company not less than 48 hours before commencement of the meeting.*