



Arman Financial Services Ltd.

22nd Annual Report & Accounts

2013-2014



**Namra
Finance Limited**

(A Wholly-Owned Subsidiary of
Arman Financial Services Ltd.)



Arman Financial Services Limited

TWENTY SECOND ANNUAL REPORT 2013-14

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22ND ANNUAL GENERAL MEETING

Day : Wednesday

Date : 24th September, 2014

Time : 12.00 Noon

Venue : Ahmedabad Textile Mills' Association (ATMA) Hall
Opp. City Gold Cinema
Ashram Road
Ahmedabad - 380009

**BOARD OF DIRECTORS**

SHRI CHINUBHAI R SHAH	(DIN 00558310)	CHAIRMAN
SHRI JAYENDRA B. PATEL	(DIN 00011814)	VICE CHAIRMAN & MANAGING DIRECTOR - CEO
SHRI AALOK J. PATEL	(DIN 02482747)	EXECUTIVE DIRECTOR - CFO
SHRI AMIT R. MANAKIWALA	(DIN 00011810)	WHOLE TIME DIRECTOR
SHRI KAUSHIKBHAI D.SHAH	(DIN 00024305)	INDEPENDENT DIRECTOR
SMT. RITABEN J. PATEL	(DIN 00011818)	DIRECTOR
SHRI AAKASH J. PATEL	(DIN 02778878)	DIRECTOR
SHRI LOKESH KUMAR SINGH	(DIN 02299205)	INDEPENDENT DIRECTOR
SHRI ADITYA BHANDARI	(DIN 03062463)	DIRECTOR
AUDITORS	(FRN No. 190616W)	J. T. SHAH & COMPANY CHARTERED ACCOUNTANTS 201/202, LALITA COMPLEX 352/3, RASALA MARG NAVRANGPURA AHMEDABAD 380009
COMPANY SECRETARY	(Membership. No.-F1607)	SHASHIKANT N. THAKAR
COMPANY SECRETARY CONSULTING	(Membership. No- F 2562)	PINAKIN SHAH & CO. C-103, PANCHDHARA PLAZA B/H OCEAN PARK SATELLITE ROAD AHMEDABAD - 380015
BANKERS		IDBI BANK LTD STATE BANK OF INDIA STATE BANK OF PATIALA DENA BANK SOUTH INDIAN BANK HDFC BANK LTD. SIDBI NABARD AXIS BANK LTD. ICICI BANK LTD. UNITED BANK OF INDIA DEVELOPMENT CREDIT BANK SARVODAYA COMM. CO-OP. BANK LTD. THE AHMEDABAD DIST. CO-OP. BANK LTD.
REGISTERED OFFICE		502-503, SAKAR III OPP. OLD HIGH COURT OFF. ASHRAM ROAD AHMEDABAD 380014 GUJARAT, INDIA PH. : +91-79-30005000, 27541989, FAX : +91-79-27543666 e-mail : finance@armanindia.com Website : www.armanindia.com CIN : L55910GJ1992PLC018623
REGISTRARS & SHARE TRANSFER AGENTS		SHAREPRO SERVICES (INDIA) PVT LTD. 416-420, 4TH FLOOR, DEVNANDAN MALL, OPP. SANYASH ASHRAM, ELLISBRIDGE, AHMEDABAD-380006 TEL NOS.: 079 26582381 TO 84 FAX NO. : +91-79-26582385 e-mail: sharepro@shareproservices.com



NOTICE

Notice is hereby given that the Twenty Second Annual General Meeting of the Company will be held at The Ahmedabad Textile Mills' Association (ATMA) Hall, Ashram Road, Ahmedabad 380009 on Wednesday, 24th September, 2014 at 12:00 Noon to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Statement of Profit and Loss for the financial year ended 31st March, 2014, the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To declare a Dividend on equity shares for the financial year ended 31st March, 2014.
3. To appoint a Director in place of Shri Amitbhai R. Manakiwala [DIN 00011810] who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Smt Ritaben J. Patel [DIN 00011818] who retires by rotation and being eligible, offers herself for reappointment.
5. To consider and, if thought fit, to pass, with or without modification, the following resolution as an Ordinary Resolution

RESOLVED THAT M/s. J. T. Shah & Co., Chartered Accountants [Membership No: 45669] be and are hereby appointed as Statutory Auditors of the Company from the conclusion of this Annual General Meeting of the Company until the conclusion of the 23rd Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors."

SPECIAL BUSINESS

6. Appointment of Shri Chinubhai R. Shah as an Independent Director
To consider and, if thought fit, to pass with or without modification, if any, the following resolution as an Ordinary Resolution:
"RESOLVED that pursuant to the provisions of sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed there under, read with Schedule IV to the Act, as amended from time to time, Shri Chinubhai R Shah (DIN 00558310), a non-executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company with effect from 24/09/2014 up to 23/09/2019."
7. Appointment of Shri Kaushikbhai D Shah as an Independent Director
To consider and, if thought fit, to pass with or without modification, if any, the following resolution as an Ordinary Resolution:
"RESOLVED that pursuant to the provisions of sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed there under, read with Schedule IV to the Act, as amended from time to time, Shri Kaushikbhai D Shah (DIN 00024305), a non-executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company with effect from 24/09/2014 up to 23/09/2019."
8. Appointment of Shri Lokesh Kumar Singh as an Independent Director
To consider and, if thought fit, to pass with or without modification, if any, the following resolution as an Ordinary Resolution:
"RESOLVED that pursuant to the provisions of sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed there under, read with Schedule IV to the Act, as amended from time to time, Shri Lokesh Kumar Singh (DIN 02299205), a non-executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company with effect from 24/09/2014 up to 23/09/2019."
9. Borrowings in excess of the aggregate of the paid up share capital and free reserves
To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:
"RESOLVED that in supersession of the Ordinary Resolution adopted at the Extra Ordinary General Meeting held on 20th October, 2006 and pursuant to Section 180(1)(c) 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 for the time being in force), the consent of the Company be and is hereby accorded to the Board of Directors to borrow moneys in excess of the aggregate of the paid up share capital and free reserves of the Company, provided that the total amount borrowed and outstanding at any point of time, apart from temporary loans obtained/to be obtained from the Company's Bankers in the ordinary course of business, shall not be in excess of Rs 150 Crores (Rupees one hundred fifty crores) over and above the aggregate of the paid up share capital and free reserves of the Company."



NOTES:

1. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to the Special Businesses to be transacted at the Annual General Meeting is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS / HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of not more than fifty members and holding in aggregate not more than ten percent of the total Share Capital of the Company. Members holding more than ten percent of the total Share Capital of the Company may appoint a single person as proxy, who shall not act as a proxy for any other Member. The instrument of Proxy, in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not later than 48 hours before the commencement of the meeting. A Proxy Form is annexed to this Report. Proxies submitted on behalf of limited companies, societies, etc., must be supported by an appropriate resolution / authority, as applicable.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, 17th September, 2014, to Wednesday, 24th September, 2014 (both days inclusive). The book closure dates have been fixed in consultation with the Stock Exchanges.
4. The Dividend for the financial year ended 31st March, 2014, as recommended by the Board, if approved by the Members, will be paid on or after 29th September, 2014 to those Members whose names appear in the Register of Members of the Company as on the book closure dates.
5. As per the provisions of the Companies Act, 2013, Independent Directors are required to be appointed for a term of up to five consecutive years and are not liable to retire by rotation. Accordingly, resolutions proposing appointment of Independent Directors are given at item nos. 6 to 8.
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 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 IDs are registered with the Company or the Depository Participant(s) unless the Members have registered their request for a hard copy of the same. Physical copy of the Notice of Annual General Meeting, Annual Report and Attendance Slip are being sent to those Members who have not registered their e-mail IDs with the Company or Depository Participant(s).
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 relevant Rules of the Act, 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 16th September, 2014, i.e. the date prior to the commencement of book closure date 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 book closure may approach the Company for issuance of the User ID and Password for exercising their right to vote by electronic means. The e-voting period will commence at 9.00 a.m. on 18th September, 2014 and will end at 5.00 p.m. on 20th September, 2014. The Company has appointed M/s Pinakin Shah & Co, Ahmedabad, Practicing Company Secretary [FCS 2562] to act as the Scrutinizer, for conducting the scrutiny of the votes cast. The Members desiring to vote through electronic mode may refer to the detailed procedure on e-voting given hereinafter.
 - I. In case of members receiving e-mail:
 - (i) Log on to the e-voting website www.evotingindia.com
 - (ii) Click on "Shareholders" tab.
 - (iii) Now, select the "COMPANY NAME" from the drop down menu and click on "SUBMIT"
 - (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
 - (v) Next enter the Image Verification as displayed and Click on Login.
 - (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
 - (vii) If you are a first time user follow the steps given below:



For Members holding shares in Demat Form and Physical Form	
PAN*	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field. In case the folio 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 folio number 100 then enter RA00000100 in the PAN field.
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.
	<ul style="list-style-type: none"> Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the number of shares held by you as on the cut off date in the Dividend Bank details field.

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) 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 to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/ NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
 - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.
- II. In case of members receiving the physical copy:
- Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.
 - The voting period begins on <Date and Time> and ends on <Date and Time>. 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) of <Record Date>, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
 - 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.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.



III. Other Instructions:

- a) The e-voting period commences at 9.00 a.m. on 18th September, 2014 and will end at 5.00 p.m. on 20th September, 2014. During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on Wednesday, 17th September, 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the Member, he shall not be allowed to change it subsequently.
- b) The voting rights of Members shall be in proportion to their shares of the paid up equity share capital of the Company as on 31st March, 2014.
- c) Mr. Pinakin Shah Practicing Company Secretary (FCS 2562), has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- d) The Scrutinizer shall, within a period not exceeding three working days from the conclusion of the e-voting period, unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- 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) The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.armanindia.com and on the website of CDSL www.evoting.CDSL.com within two days of the passing of the resolutions at the Twenty Second Annual General Meeting of the Company on 24th September, 2014 and communicated to the BSE Limited, where the shares of the Company are listed.
- g) 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.
- h) 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.
- i) Members holding shares in physical form are requested to intimate any change of address and / or bank mandate to M/s. Sharepro Services (India) Pvt Ltd/Investor Service Department of the Company immediately.
- j) Members are requested to note that as per Section 205A of the Companies Act, 1956, dividends not encashed / claimed within seven years from the date of declaration will be transferred to the Investor Education and Protection Fund (IEPF). After transfer of the said amount to IEPF, no claims in this respect shall lie against IEPF or the Company.
The status of dividends remaining unclaimed / unpaid with the respective due dates of transfer to IEPF is provided as under. Members are requested to contact M/s. Sharepro Services (India) Pvt Ltd/ Investor Service Department of the Company for encashing the unclaimed dividends standing to the credit of their account.
- k) 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 demat form are, therefore, requested to submit PAN details to the Depository Participants with whom they have demat accounts. Members holding shares in physical form can submit their PAN details to M/s. Sharepro Services (India) Pvt Ltd/ Investor Service Department of the Company.
- l) Members desiring any information relating to the accounts are requested to write to the Company well in advance so as to enable the management to keep the information ready.
- m) Details of the Directors seeking re-appointment in the Twenty Second Annual General Meeting [Pursuant to Clause 49 of Listing Agreement of Bombay Stock Exchange] are provided below:

Particulars	Shri Amitbhai R. Manakiwala	Smt Ritaben J. Patel
Relationships with other Directors	Brother/ Brother-in-law	Spouse/Mother/Sister
Date of Appointment	26/11/1992	26/11/1992
Expertise	Accounts & Finance	Banking & Finance
Qualification	B. Com.	Graduate in Economics
No. of Equity Shares held in the Company	1,94,003	2,96,674



List of other companies in which directorship are held	Namra Finance Ltd.	NIL
Chairmanship/ Membership of committees (includes only Audit Committee and Shareholders Grievances Committee)	Nil	Nil

n) Details of the Directors seeking appointment as Independent Director in the Twenty Second Annual General Meeting [Pursuant to Clause 49 of Listing Agreement of Bombay Stock Exchange] are provided below:

Particulars	Shri C.R.Shah	Shri K.D.shah	Shri Lokesh Kumar Singh
Relationships with other Directors	None	None	None
Date of Appointment	18/10/1994	05/07/1994	25/09/2012
Expertise	Corporate Management	Direct and Indirect taxation	Management
Qualification	M.A. LL.M (Gold Medalist), DLP, DTP, Life Fellow AIMA, FCS	B. Com, LL.B., F.C.A.	Post Graduate Diploma in Rural Management, Bachelor of Technology - Chemical Technology
No. of Equity Shares held in the Company	200	1,000	Nil
List of other companies in which directorship are held	<ul style="list-style-type: none"> • Meghmani Organics Ltd. • Cadila Pharmaceuticals Ltd. • Nirma Limited • GSEC Limited • Gulmohar Greens Golf And Country Club Ltd. • Apollo Hospitals International Ltd. • Saline Area Vitalisation Enterprise Ltd. • Shilp Gravures Ltd. • Meghmani Finechem Ltd. • India Renal Foundation 	<ul style="list-style-type: none"> • Amol Dicalite Ltd. • W. H. Brady & Co. Ltd • Brady & Morris Engineering Co.Ltd • Leading Hotels Ltd. 	Nil
Chairmanship/ Membership of committees (includes only Audit Committee and Shareholders Grievances Committee)	2	2	Nil

Note: The Directorships held by Directors as mentioned above, do not include Directorships of Private Limited Companies.

BY ORDER OF THE BOARD

Place: Ahmedabad

Date: 11/08/2014

Registered Office:

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

Jayendra Patel

Vice Chairman & Managing Director



Explanatory statement **[Pursuant to section 102 of the Companies Act, 2013]**

Item No. 6 to 8

The provisions of the Companies Act, 2013 with respect to appointment and tenure of the Independent Directors have come into effect. As per the said provisions, the Independent Directors shall be appointed for not more than two terms of five years each and shall not be liable to retire by rotation at every Annual General Meeting. Every listed public company is required to have at least one-third of the total number of directors as independent directors.

The Board of Directors of the Company has decided to adopt the provisions with respect to appointment and tenure of Independent Directors which is consistent with the Companies Act, 2013 and the amended Listing Agreement. In the transition to the Companies Act, 2013, which is effective 1st April, 2014, those Independent Directors who have already served for ten or more years will serve for a maximum period of one term of five years. With the above changes, the Company would not have any upper age limit of retirement of Independent Directors from the Board and their appointment and tenure will be governed by the provisions of Companies Act, 2013.

In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Shri Chinubhai R. Shah, Shri Kaushik D. Shah, and Shri Lokesh Kumar Singh, being eligible, offer themselves for appointment as Independent Directors on the Board of the Company. They are all non-executive directors of the Company and have given a declaration to the Board that they meet the criteria of independence as provided under section 149(6) of the Act. In the opinion of the Board, each of these directors fulfill the conditions specified in the Act and the Rules framed there under for appointment and they are independent of the management. The Nominations & Remuneration Committee has recommended their reappointment as Independent Directors from 24th September, 2014 up to 23rd September, 2019. A brief profile of proposed Independent Directors, including nature of their expertise, is provided in this Annual Report. Notices have been received from members proposing candidature of the above Directors for the office of Independent Director of the Company. In the opinion of the Board, Shri Chinubhai R. Shah, Shri Kaushik D. Shah and Shri Lokesh Kumar Singh fulfill the conditions specified in the Companies Act, 2013 and the Rules made there under for appointment as Independent Directors of the Company. A copy of the draft Letter of Appointment for Independent Directors, setting out terms and conditions of their appointment, is available for inspection at the Registered Office of the Company during business hours on any working day and is also available on the website of the Company www.armanindia.com.

None of the Directors or Key Managerial Personnel of the Company and their relatives, other than Independent Directors for their respective appointment, are concerned or interested, financially or otherwise, in these resolutions.

The Board commends the resolution at Item No. 6 to 8 for approval by the Members.

Item No. 9

The members of the Company at their Extra Ordinary General Meeting held on 20th October, 2006 approved by way of an Ordinary Resolution under Section 293(1)(d) of the Companies Act, 1956 borrowings over and above the aggregate of paid up share capital and free reserves of the Company provided that the total amount of such borrowings together with the amounts already borrowed and outstanding at any point of time shall not be in excess of Rs 100 Crores (Rupees one hundred crores). Out of the above limits, the Company had availed Borrowings of Rs 32.61 Crores as on 31st March, 2014.

Section 180(1) (c) of the Companies Act, 2013 effective from 12th September, 2013 requires that the Board of Directors shall not borrow money in excess of the company's paid up share capital and free reserves, apart from temporary loans obtained from the company's bankers in the ordinary course of business, except with the consent of the company accorded by way of a special resolution.

It is, therefore, necessary for the members to pass a Special Resolution under Section 180(1)(c) and other applicable provisions of the Companies Act, 2013, as set out at Item No. 9 of the Notice, to enable to the Board of Directors to borrow money in excess of the aggregate of the paid up share capital and free reserves of the Company. Approval of members is being sought to borrow money upto Rs 150 Crores (Rupees one hundred fifty crores) in excess of the aggregate of the paid up share capital and free reserves of the Company.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in this resolution.

The Board commends the resolution at Item No. 9 for approval by the Members.

BY ORDER OF THE BOARD

Place: Ahmedabad

Date: 11/08/2014

Jayendra Patel

Vice Chairman & Managing Director

Registered Office:

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



DIRECTORS' REPORT

To

The Members,

Your Directors are pleased to present the Twenty Second Annual Report and the Audited Accounts for the financial year ended March 31, 2014.

Summary of the Financial Results

PARTICULARS	Year Ended 31 st March, 2014 (₹)	Year Ended 31 st March, 2013 (₹)
Income from operations	24,47,32,650	16,98,50,230
Profit before Interest, & Depreciation	15,90,03,695	10,58,61,241
Less		
Interest	9,11,72,168	5,72,51,632
Depreciation	<u>11,39,409</u>	<u>10,76,794</u>
PROFIT BEFORE TAXATION	6,66,92,118	4,75,32,815
Provision for Taxation	(21,800,000)	(15,605,000)
Deferred Tax Assets	99,062	1,579,779
PROFITS AFTER TAXATION	4,49,91,180	3,35,07,594
Prior Period Items	NIL	NIL
Excess/(Short) provision for earlier year	NIL	(71,760)
Add: Balance Brought Forward from Previous year	7,79,35,250	5,78,51,553
PROFITS AVAILABLE FOR APPROPRIATIONS	12,29,26,430	9,12,87,387
APPROPRIATIONS		
Dividend	6,924,653	45,19,114
Tax on Dividend	<u>1,176,848</u>	<u>7,68,023</u>
Transfer to General Reserve	15,00,000	15,00,000
Transfer to Special Reserve	9,425,000	65,65,000
PROFIT & LOSS A/C SURPLUS	10,38,99,929	7,79,35,250

FINANCIAL PERFORMANCE

Net Revenue from Operations for the year ended March 31, 2014 was Rs 2447.32 lacs representing an increase of 44.09 per cent over the previous year.

Profit before tax for the year was at Rs.666.92 lacs representing an increase of 40.31 per cent over the previous year.

CONSOLIDATED PERFORMANCE

The consolidated profit before interest, depreciation, exceptional items and taxes (EBITDA) was Rs 1590.04 Lacs in the Financial Year 2013-14, higher by 50.02 per cent over the previous year. Consequently, the consolidated profit before exceptional items and taxes (PBT) was Rs 666.92 Lacs in the Financial Year 2013-14 compared to Rs 475.33 Lacs in the previous year.

APPROPRIATIONS

Dividend

The Board has recommended payment of dividend at Rs 1/- per equity share of 10/- each for the financial year 2013-14. The dividend, if approved by the members at the Annual General Meeting, will result in a cash outflow of Rs 81.02 lacs including dividend tax.

Transfer to Reserves

According to Companies (Transfer of Profits to Reserves) Rules, 1975, the Board has recommended a transfer of Rs.15,00,000/- to the general reserve and as required by Section 45-IC of the Reserve Bank of India Act, 1934. an amount of Rs. 94,25,000/- to Special Reserve.



SHARE CAPITAL

During the year, the following changes were effected in the Share Capital of your Company:-

Increase in Issued and Paid up Share Capital

The following securities were allotted on 14/10/2013 during the financial year:

- i. 71,286 Ordinary Equity Shares of face value of Rs. 10/- each at a premium of Rs 46.95 per equity share;
- ii. 12,04,474 Class- "A" Ordinary Equity Share of Rs. 10/- each at a premium of Rs 46.95 per equity share.

LISTING OF SHARES

The Company's share continues to remain listed with the Stock Exchange, Mumbai, where the shares are actively traded. BSE vide its letter no. DCS/PREF/JS/FIP/679/2013-14 dated 12/03/2014 has approved listing of 71,286 equity shares of Rs 10/- each issued at a premium of Rs 46.95 per equity share

SUBSIDIARY COMPANY

The consolidated financial statements presented by the Company include financial information of its subsidiary prepared in compliance with applicable Accounting Standards. The balance sheet, Statement of profit and loss and other documents of the subsidiary company are covered in this Annual Report as required under Section 212(8) of the Companies Act, 1956.

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis has been reviewed by the Audit Committee and the same forms a part of the Annual Report.

CORPORATE GOVERNANCE

The Company is committed to good corporate governance in line with the Listing Agreement. The Company is in compliance with the provisions on corporate governance specified in the Listing Agreement with the Bombay Stock Exchange Limited.

A certificate of compliance from M/s Pinakin Shah & Co., Ahmedabad, a practicing Company Secretary (FCS-2562) and the report on Corporate Governance form part of this Directors' Report.

DIRECTORS

Shri Amitbhai R. Manakiwala [DIN 00011810] and Smt Ritaben J. Patel [DIN 00011818] retire at 22nd Annual General Meeting and have offered themselves for re-appointment. It is also proposed to appoint Shri Chinubhai R Shah [DIN 00558310], Shri Kaushikbhai D Shah [DIN 00024305] and Shri Lokesh Kumar Singh [DIN 02299205] as Independent Directors of the Company for a term up to five years, at the forthcoming Annual General Meeting.

Necessary Resolutions for the appointment of the aforesaid Directors have been included in the Notice convening the ensuing Annual General Meeting and details of the proposals for appointment of independent directors are mentioned in the explanatory statement to the Notice.

CODE OF CONDUCT

The code of conduct for all board members and Key Managerial Personnel of the Company has been laid down and is being complied in words and spirit. The declaration on compliance of code of conduct signed by Vice Chairman & Managing Director of the Company is included as a part of this Annual Report.

SECRETARIAL AUDIT

Pinakin Shah & Co., Practicing Company Secretary (FCS-2562) conducted Secretarial Audit pursuant to provisions of Section 383A of the Companies Act, 1956, for the financial year 2013-14. They have submitted the report confirming compliance with the applicable provisions of the Companies Act, 1956.

STATUTORY DISCLOSURES:

ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

Particulars required to be furnished by the Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988:

Part A and B pertaining to conservation and technology absorption are not applicable to the Company. However the Company endeavored to conserve energy consumption wherever feasible.

The Company has neither used nor earned any foreign exchange during the year under review.

PERSONNEL

The Industrial Relations scenario continued to be cordial. The Company regards its employees as a great asset and accords high priority to training and development of employees.



Information as required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, and Companies (Particulars of Employees) Amendment Rules, 2011 is nil.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors confirm that:

- (a) In the preparation of the annual accounts, the applicable accounting standards have been followed;
- (b) Appropriate accounting policies have been selected and applied consistently and have made judgements 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 March 31, 2014 and of the profit of the Company for the year ended March 31, 2014;
- (c) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) The annual accounts have been prepared on a going concern basis.

CASH FLOW

A Cash Flow statement for the year ended on 31st March, 2014 is attached to the Balance Sheet.

AUDITORS

M/s J. T. Shah & Co., Chartered Accountants, Ahmedabad [Membership No.45669] were appointed as the statutory auditors of the Company financial year 2013-14 at the Annual General Meeting of the Company held on 30/08/2013. M/s J. T. Shah & Co., Chartered Accountants, Ahmedabad [Membership No.45669] have been the Auditors of the Company since Incorporation and have completed a term of 21 years. As per the provisions of section 139 of the Act, no listed company can appoint or re-appoint an audit firm as auditor for more than two terms of five consecutive years and has also provided a period of three years from the date of commencement of the Act to comply with this requirement.

In view of the above, M/s J. T. Shah & Co., Chartered Accountants, Ahmedabad [Membership No.45669], being eligible for re-appointment, offer themselves for re-appointment and based on the recommendation of the Audit Committee, the Board of Directors proposes their reappointment as the statutory auditors of the Company. However they will be eligible for reappointment for a maximum period of three years to hold office from the conclusion of this Annual General Meeting.

FIXED DEPOSITS

No fixed deposits were accepted from the public during the year. However, deposits from Directors as at March 31, 2014 stood at Rs 10.09 lacs. The Company does not have any unclaimed or overdue deposits as of date.

INSURANCE

The Company's assets are adequately insured against major risks.

ACKNOWLEDGEMENT

The Board appreciates and places on record the contribution made by employees to the sustained satisfactory business performance during the period under review. The Board also places on record their appreciation of the support of all stakeholders particularly shareholders, customers, suppliers, the medical fraternity and business partners, all of whom have contributed to the Company's success.

For and on behalf of the Board

Place: Ahmedabad.

Date: 11/08/2014

**CHINUBHAI R. SHAH
CHAIRMAN**

Registered Office :

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



CORPORATE GOVERNANCE

(As required by clause 49 of the Listing Agreement)

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

1. COMPANY'S PHILOSOPHY & CODE OF GOVERNANCE

Your Company's corporate governance policy is directed towards adherence to ethical business Practices. The Company believes in conducting its affairs in a fair, transparent and professional manner and maintaining the good ethical standards in its dealing with all its constituents. The philosophy on Corporate Governance is an important tool for shareholder protection and maximization of their long term values. The cardinal principles such as independence, accountability, responsibility, transparency, fair and timely disclosures, credibility etc. serve as the means of implementing the philosophy of Corporate Governance in letter and spirit.

Codes of conduct, adopted by the directors and Key Managerial Personnel, are posted on the website of the Company (www.armanindia.com).

All board members and Key Managerial Personnel have affirmed compliance with the respective codes of conduct for the year ended March 31, 2014. In terms of Clause 49 (I) (D) of the Listing Agreement, the Chief Executive Officer has given the requisite declaration to this effect. In terms of Clause 49 (V) of the Listing Agreement, the Vice Chairman and Managing Director [CEO] and Executive Director [CFO] have given the requisite certification to the Board of Directors in the prescribed format for the period under review.

2. BOARD OF DIRECTORS

COMPOSITION OF THE BOARD OF DIRECTORS

The Company is fully compliant with the Corporate Governance norms in terms of constitution of the Board of Directors ("the Board"). The Board of the Company is composed of individuals from diverse fields. 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.

The Board of the Company is composed of Executive and Non-Executive Directors. As on March 31, 2014, the strength of the Board was nine Directors comprising of three Executive, three Non-Executive Directors and three Independent Directors.

Details of Directors as on March 31, 2014 and their attendance at the Board meetings and Annual General Meeting ("AGM") during the financial year ended March 31, 2014 are given below:

Name of Directors	Attendance Particular				Other Committee Membership	
	Category	Board Meeting	Last AGM	Other Director	Member	Chairman
C. R. Shah	C ID	4	Yes	11	2	3
J. B. Patel	VCMD	5	Yes	1	Nil	Nil
A. R. Manakiwala	WTD	5	Yes	1	Nil	Nil
Aalok. J. Patel	ED	5	Yes	1	Nil	Nil
Aakash J. Patel	NED	Nil	No	Nil	Nil	Nil
Rita. J. Patel	NED	4	Yes	1	Nil	Nil
K. D. Shah	ID	4	Yes	6	Nil	Nil
Lokesh Kumar Singh	ID	Nil	No	Nil	2	Nil
Aditya Bhandari	NED	3	Yes	6	Nil	Nil

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

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

BOARD MEETINGS

The Company held one Board Meeting in each quarter as required under the Companies Act, 1956 ("the Act") and the gap between two Board meetings was in compliance with the provisions contained in the Listing Agreement. The Board/Committee meetings are pre-scheduled and a tentative annual calendar of Board and Committee meetings is circulated to the Directors well in advance to enable them to plan their schedules and to ensure their meaningful participation in the meetings. During the financial year under review, five Board meetings were held on 27/05/2013, 25/07/2013, 14/10/2013, 11/11/2013 and 14/02/2014.



3. **AUDIT COMMITTEE**

The role of the Audit Committee is in accordance with the provisions of Clause 49 of the Listing Agreement and Section 292A of the Act.

The terms of reference for the Audit Committee include:

- Meeting and reviewing with External and Internal Auditors, reviewing of the Internal Control Systems and ensuring their compliance.
- Investigation of matters referred to it by the Board or as specified.
- Review of matters as required under the terms of the Listing Agreement.
- Access information contained in the records of the Company.
- Refer to external professionals for advice, if necessary.

The Vice Chairman and Managing Director, Executive Director (CFO), Whole Time Director, Internal Auditor, Statutory Auditors and Cost Auditor are the invitees to the Audit Committee meetings. During the period under review, the Audit Committee met four times on 27/05/2013, 25/07/2013, 11/11/2013 and 14/02/2014 and was attended by all members.

Constitution of the Audit Committee and attendance details during the financial year ended March 31, 2014 are given below:

Name	Designation	Attendance
Shri K. D. Shah	Chairman	4
Shri C. R. Shah	Member	4
Smt Rita Patel.	Member	4
Shri Aditya Bhandari	Member	2

4. **REMUNERATION COMMITTEE**

The terms of reference for the Remuneration Committee include:

- Review the criteria of payment of Managerial remuneration.
- Review Managerial remuneration and recommend revision in the remuneration to the Board.

During the period under review, the Remuneration Committee met once on 25/07/2013.

Constitution of the Remuneration Committee and attendance details during the financial year ended March 31, 2014 are given below:

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

Remuneration to Directors

- (a) The Vice Chairman and Managing Director, Executive Director and Whole Time Director get salary including perquisites. Remuneration payable for the year ended 31st March, 2014 was Rs.29,82,200/-. The criteria for making payments to the Vice Chairman and Managing Director, Executive Director and Whole Time Director are:

- Salary, as recommended by the 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.

Remuneration of the Vice Chairman and Managing Director, Executive Director and Whole Time Director is within the limits approved by the Board and the shareholders at the 21st, 18th and 20th Annual General Meetings of the Company respectively.

- (b) The Non-Executive Directors are 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	Rs. 70,000/-	200
Shri K. D. Shah	Rs. 70,000/-	1000
Smt Rita Patel	Rs. 50,000/-	2,96,674
Shri Aditya Bhandari	Rs. 40,000/-	Nil

5. SHAREHOLDERS/ INVESTOR'S GRIEVANCES COMMITTEE

The Investors' Grievances Committee comprises three directors, namely Shri C. R. Shah, Chairman, Shri K. D. Shah and Shri Jayendra Patel.

The Committee oversees functioning of the Investors' Services Department covering all facets of the operations including transfer of shares in physical form, dematerialization of shares, non-receipt of balance sheet and activities related to dividend and depository operations. The Committee also closely monitors investor grievance redressal system of the department. The Committee oversees the performance of the Registrar & Transfer Agents & recommends measures for overall improvement in the quality of investor services.

Details of the Investors' Grievances Committee Meetings

It met 4 (Four) times during the year. Your Company received nil complaints from shareholders during the year. As on March 31, 2014, no complaints remained pending/ un-attended and no share transfers and dematerialization requests remained pending for over 30 days, during the year.

Share Transfer Committee

The Board of Directors have delegated power of approving transfer of securities to Shri Jayendra Patel and Shri Amit Manakiwala. The Committee, inter alia, reviews and approves the transfer/ transmission/ D-mat of equity shares as submitted by Sharepro Services (India) Pvt. Ltd., the Registrar & Transfer Agent of the Company.

It met 36 times during the year to approve transfer/ transmission/ demat of equity shares. It transferred 4,900 equity shares submitted through physical transfer deed.

6. SPECIAL RESOLUTIONS PASSED AT THE LAST 3 ANNUAL GENERAL MEETING :

Year	Venue Of Annual General Meeting	Day, Date & Time	Number of Special Resolutions passed
2010-11	ATMA HALL Ahmedabad	Monday, 26.09.2011 01.00 p.m.	Nil
2011-12	ATMA HALL Ahmedabad	Saturday, 29.09.2012 06.00 p.m.	Nil
2012-13	ATMA HALL Ahmedabad	Friday, 30.08.2013 12.00 Noon	Nil

Business related to alteration of Articles of Association and amendment in terms of issue of Differential Voting Rights of Equity Shares (Class "A" Ordinary Equity Shares) were transacted through postal ballot on 25/07/2013.

7. DISCLOSURE ON MATERIALLY SIGNIFICANT RELATED PARTY TRANSACTIONS:

During the year under review, there were no materially significant related party transactions between the Company and its promoters, directors, management or their relatives, etc. which may have potential conflict with the interests of the Company. Statements of transactions in summary form with related parties in the ordinary course of business were placed at meetings of the Audit Committee. The Audit Committee reviews statements of related party transactions submitted by the management. Details of transactions in which Directors are interested are recorded in the Register of Contracts maintained pursuant to the provisions of Section 301 of the Companies Act, 1956 and the same is placed at Board meetings and is signed by the Directors present. In compliance with Accounting Standard AS 18, details of related party transactions are disclosed in the notes to accounts that form part of the balance sheet and profit and loss account.

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.

8. MEANS OF COMMUNICATION

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

No formal presentation was made to the institutional investors or to the analysts during the year under review.

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



9. **GENERAL SHAREHOLDER INFORMATION**

a. **Exclusive e-mail id for investor grievances**

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

secretarial@armanindia.com

Person in-charge of the Department: Shri Deepak Rathod

b. **Toll Free Number For Investor Grievances**

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

c. **Annual General Meeting**

The 22nd Annual General Meeting will be held on 24th Day of September, 2014, at 12:00 Noon at Ahmedabad Textile Mills' Association (ATMA) Hall, Opp. City Gold Cinema, Ashram Road, Ahmedabad - 380009

d. **Financial Calendar**

First quarter results: July 2014

Second quarter results: October 2014

Third quarter results: January 2015

Annual results: April/May 2015

Annual General Meeting: August/September 2015

e. **Book Closure**

The Register of Members and the Share Transfer Register will be closed from 17th September, 2014 to 24th September, 2014, (both days inclusive).

Dividend for the year ended March 31, 2014, 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 17th September 2014; 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 17th September, 2014.

f. **Dividend Payment Date**

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

Transfer of Unclaimed amounts to Investor Education and Protection Fund

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

g. **Shares Listed At**

The equity shares of the Company are listed at:

Bombay Stock Exchange Limited (BSE)

Pursuant to the shareholders' resolution passed at the 12th Annual General Meeting held on 27/09/2004, an application for Delisting to Stock Exchange, Jaipur is made and is pending for their approval.

Annual Listing fees for the year 2014-15 have been paid to Mumbai stock exchange. The Company has also paid the Annual Custodial fees to both the depositories.

h. **Stock Codes**

The stock code of the Company at BSE is 531179.

i. **International Securities Identification Number (ISIN)**

ISIN is a unique identification number allotted to dematerialised scrip. The ISIN has to be quoted in each transaction relating to dematerialised shares of the Company. The ISIN of the equity shares of the Company is INE 109C01017.

j. **Corporate Identity Number (CIN)**

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



k. High/Low of monthly Market Price of the Company's Equity Shares Traded on the Bombay Stock Exchanges during the financial year 2013-14 is furnished below:

	Bombay Stock Exchanges (BSE) (In ₹ Per share)	
	Month's High Price	Month's Low Price
April, 2013	29.85	23.60
May, 2013	27.00	25.00
June, 2013	26.40	22.50
July, 2013	25.95	19.05
August, 2013	22.00	18.10
September, 2013	21.50	17.85
October, 2013	19.40	15.95
November, 2013	21.00	17.15
December, 2013	19.95	16.20
January, 2014	19.95	15.00
February, 2014	21.35	16.45
March, 2014	19.70	17.00

l. EVOLUTION OF CAPITAL

Particulars of Equity shares issued by the Company.

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

m. Share Transfer System

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

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



n. **Distribution of Shareholding (As On March 31, 2014)**

On the basis of Share held

No of equity Share held	No. of Share Holders (Physical)	No. of Shares (Physical)	No. of Share Holders (Demat)	No. of Shares (Demat)	Total No. of Share Holders	% of share Holders	Total No. of Shares	% of share Holding
1-500	3,265	3,91,140	1,268	1,93,400	4,533	92.40	5,84,540	10.22
501-1000	56	48,400	122	1,05,068	178	3.63	1,53,468	2.68
1001-2000	22	33,500	58	88,859	80	1.63	1,22,359	2.14
2001-3000	5	12,400	13	32,684	18	0.37	45,084	0.79
3001-4000	1	3,500	14	48,342	15	0.31	51,842	0.91
4001-5000	2	9,500	10	49,310	12	0.24	58,810	1.03
5001-10000	3	23,500	23	1,73,108	26	0.53	1,96,608	3.44
10001-20000	3	41,000	10	1,42,122	13	0.26	1,83,122	3.20
Above 20000	0	0	31	43,24,346	31	0.63	43,24,346	75.60
TOTAL	3,357	5,62,940	1,549	51,57,239	4,906	100.00	57,20,179	100.00

On the basis of Category

Category	No of Shares Held	% to Total Shares Held
Individual	23,60,077	41.26
Private Corporate Bodies	1,24,676	2.18
Promoters	17,12,130	29.93
Non resident Indians	15,23,296	26.63
TOTAL	57,20,179	100.00

o. **Dematerialization of Shares And Liquidity**

Shares of the Company are traded compulsorily in dematerialised form and are available for trading with both the depositories with whom the Company has established direct connectivity. The demat requests received by the Company are continually monitored to expedite the process of dematerialization. The demat requests are confirmed to the depositories within five working days of receipt.

During the year, the Company has electronically confirmed demat requests for 11,100 equity shares. As on March 31, 2014, 90.16% of the total shares issued by the Company were held in dematerialised form.

- Liquidity: The Company's Shares are liquid on BSE.

p. **Code of Conduct For Prevention Of Insider Trading**

The Company has adopted a comprehensive Code of Conduct pursuant to the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 1992, for prevention of insider trading in shares of the Company.

The Code of Conduct is implemented diligently mandating initial and continual disclosures from the senior officials, directors and auditors of the Company upon trading in the shares of the Company. The Code also restricts specified employees to deal in the shares of the Company on the basis of any unpublished price sensitive information available to them by virtue of their position in the Company.

The transactions of the insiders in the shares of the Company are subjected to trading window closures, pre-clearance of trades etc. as envisaged in the Code. The Code has been disseminated through the Company's website for easy access to the employees and is updated from time to time.

q. **Reconciliation Of Share Capital Audit Report**

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

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

- Outstanding GDRs/ADRs/Warrants or any convertible instrument as on 31st March-14
 - There were no outstanding GDRs/ADRs/Warrants or any convertible instrument as at end March-2014.
 - Plant Locations
 - The nature of business is such that the Company has no plant.
 - Address for Correspondence
All enquiries, clarification and correspondence should be addressed to the compliance officer at the following Addresses.
- (1) 502-503, Sakar III, Opp: Old High Court, Off Ashram Road, Ahmedabad 380014
E-mail: finance@armanindia.com
- (2) SHAREPRO SERVICES (INDIA) PVT. LTD.
416-420, 4th Floor, Devnandan Mall, Opp: Sanyash Ashram, Ellisbridge, Ahmedabad-380006
e-mail: sharepro@shareproservices.com



AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

I have examined compliance by Arman Financial Services Limited (the Company) with the requirements under Clause 49 of the Listing Agreement entered into by the Company with the Bombay Stock Exchange for the year ended on March 31, 2014.

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

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

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

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

Place : Ahmedabad
Date : 11/08/2014

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

DECLARATION PURSUANT TO CLAUSE 49 1 (D) (ii) OF THE LISTING AGREEMENT

All the Board members and Key Managerial personnel of the Company have confirmed adherence to the Code of Conduct of Arman Financial Services Limited for the financial year ended March 31, 2014.

Place : Ahmedabad
Dated : 28/07/2014

For and behalf of Board of Directors

**JAYENDRA PATEL
Vice Chairman and Managing Director**

CEO-CFO CERTIFICATION

CERTIFICATE PURSUANT TO CLAUSE 49 V OF THE LISTING AGREEMENT

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

- a) We have reviewed the Balance Sheet as at March 31, 2014, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date and that to the best of our knowledge and belief:
 - i) The said statements do not contain any false, misleading or materially untrue statements or figures or omit any material fact, which may make the statements or figures contained therein misleading;
 - ii) The said statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit Committee:
 - i) significant changes in internal control over financial reporting during the year, if any;
 - ii) significant changes in accounting policies during the year if any and that the same have been disclosed in the notes to the financial statements; and
 - iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**For Arman Financial Services Limited
Jayendra Patel (CEO)
Ahmedabad**

**For Arman Financial Services Limited
Aalok Patel (CFO)
Ahmedabad**



Annexure to Directors Report

Management Discussion & Analysis

The Directors of Arman Financial Services Ltd ("Arman", "Company") and its wholly-owned subsidiary, Namra Finance Limited ("Namra", "Subsidiary") are pleased to present the Management Discussion & Analysis ("MD&A") Report for the Year Ended 31st March, 2014. As far as growth and profits, Arman had another record year in all aspects of financial performance like Profit, Income, Assets Size, Disbursements, etc. We would also like to take the opportunity to inform you about Namra Finance Limited, a wholly-owned subsidiary of Arman, which was formed to demerge and exclusively conduct business in Microfinance last year. We take great pride to note that Namra was the first Company in India to be granted the NBFC-MFI License, a testament to our systems, processes, transparency, governance, management, and good standing with the RBI; qualities that we strive to maintain. We are also pleased to inform you that the demerger was successfully completed during FY 13-14. We have continued to invest into our systems, network, and servicing capabilities, which combined with our strong capital base, position us well for future growth.

It is prudent to draw attention to the reader that the MD&A may make references to business projections or expectations. Any forward-looking statement made by the Company, are based on our current expectations and assumptions regarding our business, the economy, and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks, and changes in circumstances that are difficult to predict. Our actual results may differ materially from those contemplated by the forward-looking statements. We caution you, therefore, against relying on any of these forward looking statements. They are neither statements of historical fact nor guarantees or assurances of future performance. There are no limitations to the factors that could cause the actual results to vary materially from those in any of the projections or forward-looking statements.

About Arman Group

Arman Financial Services Ltd. is a category 'A' Non-Banking Finance Company (NBFC) listed and traded on the Bombay Stock Exchange (BSE). Arman also operates a wholly-owned subsidiary, Namra Finance Ltd, exclusively for its Microfinance operations. We operate mostly in unorganized and underserved segment of the economy and mostly serve niche markets. Long before 'financial inclusion' became a mainstream phrase, the vast majority of our customers have been Indians on the bottom of the pyramid. We understood their aspirations and supported them in their hour of need.

We do this by developing a business model characterized by very close customer interaction and relationships and a deep understanding of customer needs. If we at Arman were to pick one distinctive criterion that separates us from a Bank and other NBFCs, is the last mile credit delivery system. We serve areas and clients where it is simply not possible for banks to provide financial services under the current market scenario. We at Arman have been able to bring in higher operating efficiencies within the system based on the understanding and strength of our superior knowledge of local markets, and our efficient, proactive, and conservative origination systems.

The Arman Group operates in two major business segments 1. Two-wheeler and three-wheeler financing under Arman Financial Services Ltd., and 2. JLG Microfinance under Arman's wholly-owned subsidiary, Namra Finance Ltd. The portfolio between the two verticals is divided almost equally. This allows us to operate a well-diversified company.

At the end of the fiscal year, we operated out of 33 branches spread throughout Gujarat. With both of our business segments, Arman is strategically placed to cater to rising rural demand. Rural India's share in overall GDP is around 50%. Within this, nearly 40% of rural income arises from agriculture. As a result, high food prices imply a considerable rise in rural income. The immediate result of rising food prices is the transfer of wealth from urban to rural India. In addition, the greater thrust of the government towards rural India has been a boon to the rural economy and resulted in significant higher disposable incomes for the rural population, and many are now in a position to pursue entrepreneurial endeavours, boost their income generating activities, or to purchase a two-wheeler vehicles.

Due to our extensive distribution networks in semi-urban and rural areas, we expect NBFCs such as ours to be the key beneficiary of the rise in rural incomes, as a result of higher food prices and efforts to improve agricultural productivity. We are strategically poised, with over 2 decades of experience in the rural financing market, and have developed a sound business model for this niche. This model is difficult for other financiers (banks in particular) to replicate. We have also built up robust branch networks over the years and are especially strong in under-banked credit-starved rural/semi-urban areas.

We have a strong bargaining power and brand name in niche rural markets. We mainly compete with Banks, NBFCs, and money lenders. We have an advantage over such players owing to our diversified operations across Gujarat, strong parentage and brand (hence, a trusted name among borrowers), expertise gained over the years, and lower cost of funds due to long relations with banks. We also suit rural customers, as alternative sources of funds are unattractive (exorbitant interest charged by money-lenders, and lack of trust for newer small NBFCs due to their poor track record and lack of vintage). In addition, we have an edge over banks due to less stringent lending norms and less paper work; a lot of our customers are not -comfortable by banks and their procedures. We have designed hassle free underwriting procedures aimed at serving rural, often illiterate clientele. Our staff is heavily trained to make the process quick, simple, hassle free, and illiterate friendly.

The demerger of Arman's Microfinance operations into Namra was successfully completed in the last fiscal year. Arman



remained the holding company of Namra and also remain committed to its two-wheeler and three-wheeler segment, while Namra will exclusively be involved in JLG Microfinancing.

Macroeconomic Analysis

Global Economy

According to the World Economic Outlook (WEO) Report published by the International Monetary Fund (IMF) in April 2014, Global activity has broadly strengthened during the previous year and is expected to improve further in 2014-15, with much of the impetus for growth coming from advanced economies. The global economy grew by 3% in calendar year 2013, supported by encouraging performance of the US economy. However, global growth was weighed down by modest growth in the Euro Zone, Japan and Emerging Market and Developing Economies.

Although downside risks have diminished overall, lower-than-expected inflation poses risks for advanced economies, there is increased financial volatility in emerging market economies, and increases in the cost of capital will likely dampen investment and weigh on growth. Emerging market economy policymakers must adopt measures to changing fundamentals, facilitate external adjustment, further monetary policy tightening, and carry out structural reforms.

The report analyzes the causes of worldwide decreases in real interest rates since the 1980s and concludes that global rates can be expected to rise in the medium term, but only moderately. A new pattern is emerging in the performance of global economies. Between 2009 and 2012, the emerging market and developing economies had been spearheading global recovery as the advanced economies lurched from one crisis to another. Now the scenario is changing, with the advanced world, led by the US, contributing around 20% of global economic growth.

China's growth is expected to be around 7.5% in 2014, as the political leadership is ensuring a gradual transition to a more sustainable growth path. Such a situation will pave the way for a period of more balanced global growth.

With India having unequivocally voted for political stability and better governance, the country's around 2-trillion dollar economy is also likely to pick up pace and contribute significantly towards global recovery, but growth will be gradual. IMF estimates India's growth to be 5.4% and 6.4% in 2014 and 2015, respectively; up from 4.4% in 2013.

Indian Economy

The Indian economy's growth rates were the envy of the world a few years ago. However, in the past few years due to lacklustre global growth and continuous policy paralysis by the government, India's development has been stunted.

In the middle of 2013-14, there was indication that the US Federal Reserve was withdrawing its Qualitative Easing programme. This led to a capital flight and a significant decline in the value of the Rupee. India's growth lost a lot of ground and with high inflation, it made matters worse.

There was a significant fall in the infrastructure and corporate investments, and adverse effect on the asset quality of banks and other financial institutions. As expected in a weak external environment, job prospects fell and with it, so did consumer confidence and demand. This had a direct impact in the sale of different categories of vehicles.

On the positive spectrum, a good monsoon in 2013 alleviated some of the difficulties and helped agriculture to recover, with record production in rice, wheat, pulses, oilseed and cotton. Both current account and foreign trade deficits narrowed significantly in the second half of fiscal 2014. Additionally, policy measures in the middle of the year helped somewhat reduce external vulnerabilities.

India requires further tightening of the monetary stance for a durable reduction in inflation and inflation expectations. Continued fiscal consolidation would be essential to lower macroeconomic imbalances. Policymakers must also concentrate on structural reforms to support investment, which has slowed markedly. Priorities for the new government include market-based pricing of natural resources to boost investment, addressing delays in the implementation of infrastructure projects, improving policy frameworks in the power and mining sectors, reforming the extensive network of subsidies, and securing passage of the new goods and services tax to underpin medium term fiscal consolidation.

NBFC Industry

Outlook

For the past several years, NBFCs have rapidly emerged as an important segment of the Indian Financial System. The sector is now being recognized as complementary to the banking sector due to the implementation of innovative marketing strategies, introduction of tailor made products, customer-oriented services, attractive rates of return on deposits and simplified procedures. In fact, NBFCs have emerged as a powerful force for financial inclusion in India, serving the bottom of the pyramid rural clients.

NBFCs are characterized by their ability to provide niche financial services in the Indian economy. Because of their relative organizational flexibility leading to a better response mechanism, they are often able to provide tailor-made services relatively faster than banks. This enables them to build up a clientele that ranges from small borrowers to established corporates. NBFCs have often been leaders in financial innovations, which are capable of enhancing the functional efficiency of the financial system.

RBI's report titled "Report on trends on progress of banking in India" observes: "Non-Banking Financial Institutions (NBFI)s are playing pivotal role in broadening access to financial services, enhancing competition and diversification of the financial sector. They are increasingly being recognised as complementary to the banking system capable of absorbing shocks and



spreading risk mitigation at the times of financial distress", further "NBFCs perform a diversified range of functions and offer various financial services to individual, corporate and institutional clients. They have been helping to bridge the credit gaps in several sectors where the institutions like banks are unable to venture. With the growing importance assigned to financial inclusion, NBFCs have come to be regarded as important financial intermediaries particularly for the small-scale and retail sectors."

NBFCs are governed and are required to be registered with RBI, follow stringent prudential norms prescribed by RBI in the matters of capital adequacy, credit investment norms, asset-liability management, income recognition, accounting standards, asset classification, provisioning for NPA and several disclosure requirements. Besides this, RBI also supervises the functioning of NBFCs by conducting annual on-site audits through its officials. Such a rigorous regulatory framework ensures that NBFCs function properly and follow all the guidelines of RBI. Thus in all respect the monitoring of NBFCs is similar to banks.

During this fiscal year, NBFCs have continued their growth at a rapid pace and gained market share in various asset classes courtesy of inherent strengths. NBFCs overall have grown at a CAGR of 25% from FY 10-13 driven by growth in segments such as auto, gold, commercial vehicles, construction equipment, and others.

NBFCs witnessed healthy growth despite the weakness in the economy. The asset quality has been fair although a few of the gold loan companies has also come under pressure due to changes in regulation and sharp volatility in gold prices. It is expected, however, that the asset quality of the gold lending companies to improve. The asset quality of the auto finance company, especially four-wheeler and truck finance, is likely to remain under pressure.

Growth is expected to be moderate in the near term, primarily as a result of lower disbursement by the gold loan industry and construction equipment loan companies. Overall, Crisil has projected the portfolio of NBFCs to grow by 16-18% CAGR in the current from the previous FY.

Banks and mutual funds remain the major creditors of NBFCs, despite unfavourable regulatory changes in the last three years - bank loans to NBFCs excluded from priority-sector lending from 1 April 2011 (except to 'eligible micro finance institutions'), restrictions placed on providing credit enhancement in bilateral assignment transactions under the revised securitization guidelines of August 2012 and the sectorial cap of 30% on mutual funds' debt investments (by the Securities & Exchange Board of India in October 2012). Bank funds to NBFCs, especially NBFC-MFIs have increased significantly from the previous fiscal year.

Environment and Regulations

Dr. Raghuram Rajan has been appointed as the new governor of the RBI. Dr. Rajan has a reputation of being a reformist and as a development oriented regulator, and it is expected that he will bring in better reforms targeting growth.

The Nachiket Mor Committee, which was formed by the RBI for Comprehensive Financial Services for Small Businesses and Low Income Households, has specifically noted in its January 2014 report that NBFCs are not "Shadow Banks".

It is also a point of pride for NBFCs that the RBI, after an exhaustive due diligence, issued 2 new banking licenses in April 2014 out of a pool of 25 applicants, which included many of the corporate power houses of India. Both of the selected applicants were NBFCs, the first IDFC Ltd., and the second Bandhan Microfinance. By selecting Bandhan, RBI has made a strong statement for promoting financial inclusion. RBI is further expected to provide guidance on issuing differentiated licenses under the proposed framework, and has also released draft guidelines on Payments Banks and Small Banks. The proposed guidelines are very encouraging. Other differentiated licenses could be wholesale banks and retail banks.

Some of the highlights of the most pertinent regulatory changes are listed below:

- Gold loan NBFCs were advised to maintain a low LTV (Loan to Value) ratio not to exceed 60%. This was mainly to manage fluctuating gold prices and declining asset quality.
- Revised guidelines on securitization were issued that necessitated that the assets securitized have a minimum holding period depending on the type of assets and that the originator needs to retain a portion of the securitized portfolio. The guidelines also dealt with bilateral assignments under which no credit enhancement can be provided by the originator.
- RBI asked NBFCs to initiate steps for allotting Unique Customer Identification Code (UCIC) to all their customers while entering into any new relationships to avoid multiple identities.
- RBI relaxed External Commercial Borrowing (ECB) route for NBFC-AFC (Asset Finance Company) by allowing them borrow under the automatic route so long as the minimum average maturity period is five years.
- RBI issued a circular for NBFCs with restricted NBFCs private placement to twice a year and capped the number of investors to 49 in each private placement. Minimum investment by an investor had a floor of Rs. 25 lakhs. There is an exception on the twice-a-year policy for NCDs.
- RBI asked all NBFCs to file and register the records of all equitable mortgages created in their favour on or after 31/3/2011 and all new equitable mortgages going forward.
- RBI advised NBFCs that protection against dishonoured ECS mandates are provided under section 25 of the Payments and Settlements Systems Act, 2007, which provides that same rights and benefits as are available under Section 138 of the Negotiable Instruments Act, 1881. Therefore, it advised NBFCs that there was no need to take additional cheques as security in addition to ECS mandates.



- All NBFCs with total asset size of Rs. 50 Crores or more have been asked to submit information in respect of all their branches functioning on a quarterly basis beginning June 30, 2013.
- The RBI issued a notification on 7th February 2014, which made modifications to the NBF-MFI directions with regard to pricing of credit whereby the earlier 26% interest rate cap imposed was reviewed and modified. The interest rates to be charged by NBFC-MFIs to its borrowers and will be calculated to be lower of the following: The cost of funds plus margin (currently 10% or 12% for companies with asset size of more than or less than Rs. 100 crores, respectively); or The average base rate of the five largest commercial banks by assets multiplied by 2.75.
- In a first of its kind, RBI recognized Microfinance Institutions Network (MFIN) as a Self-Regulatory Organization (SRO). MFIN consists of approximately 45 MFI member (Including Arman's subsidiary, Namra), which controls over 90% of the total MFI business in India. The SRO has several responsibilities, including formulating and administering a code of conduct, having grievance and dispute resolution, monitoring compliance with regulatory framework, surveillance of microfinance sector, training and awareness programmes for the members, etc.

Arman Financial Services Ltd. (Vehicle Finance Arm of Arman Group)

Industry

The two-wheeler industry grew marginally by 7.1%, from 16.9 million units sold in FY 2013-14 compared to 15.8 million units in FY 2012-13. The motorcycle volumes, which accounts for a majority of the two-wheeler sales, grew by 4.3% from 11.95 million units in FY 2012-13 to 12.5 million units in FY 2013-14. The scooter category performed much better with 22.1% growth in sales, from 3.07 million units in FY 2012-13 to 3.75 million units in FY 2013-14. Like in the previous years, sales of moped declines by 7.8% from 0.79 million units in 2012-13 to 0.73 million units in 2013-14.

NBFCs, as an entity, play a very useful role in channelizing funds towards acquisition of commercial vehicles and consequently, aid in the development of the road transport industry. Needless to mention, the road transport sector accounts for nearly 70% of goods movement and 80% of passenger movement across the length and breadth of the country and the role of NBFCs in the growth and development of this sector has been historically acknowledged by several committees set up by the Government and RBI, over the years.

Over the last few decades, roadways have dominantly improved their share due to greater coverage, higher flexibility and lower risk of handling losses for commercial transportation. Further, the government's investment in the development of national highways over the last few years has led to higher demand for road transport. With further improvement in road infrastructure and higher growth expected in road transport, and the growth of the Indian middle-class, demand for vehicles are expected to consistently increase over the next decade.

Arman's Business Operations

Arman has become a regional leader in vehicle finance not by reinventing financing, but by providing affordable financing with simple, no-hassle loan product, serviced by an exceptional team and world class systems. By enabling affordable personal mobility, we promise a better life for tens of thousands of Indian middle class and emerging middle class, and help families move up the economic ladder and improve their livelihood. We try to be a bridge between people's aspirations and reality.

Rural financing and financial inclusion is more than a buzz word for us. It lies in the centre of our business model. We have helped a large number of first-time borrowers, with no credit history, but a commitment to achieve their aspirations. We have helped them create a credit history and trained them about financial discipline, so that they can be confident participants in the transformation of rural India. Where required, we have helped them open bank accounts at their local branches. We are proud to say that 100% of our vehicle finance customers have bank accounts.

The new government in India has risen to power on similar hopes and aspirations. The hope of better roads, longer hours of electricity supply, the prospect of more jobs, and the prospect of a better life and happiness. We are confident that a sustained period of decisive policymaking, coupled with a gradual increase in the business cycle will bode well for India and the two-wheeler & three-wheeler industry.

Arman has been operating in 2/3 wheeler segment for the past decade, and have developed a niche in this market. Our Two/Three-Wheeler branches/sales-offices include Ahmedabad, Gandhinagar, Kalol, Kadi, Mehsana, Sabarkantha, Palanpur, Vadodara, Kheda, Anand, Sevalia, and Tarapur. Ahmedabad still remains our strongest branch, and the growth in other regions is excellent as we move into Semi-Urban and Rural areas. As far as Ahmedabad market share is concerned, the Company continues to rank in the top-five in the hypothecation of two-wheeler and three-wheeler vehicles.

Arman operates in almost all major dealers in Gujarat, and the financing schemes offered by the company remain very attractive and popular by our customers. This is evident by the sheer volume of cases the company receives versus the competitor, the feedback we receive from the customers, and the amount of repeat customers we get on a yearly basis. What sets us apart from the competition is that we offer very flexible products where all the loan variables including tenure, down-payment, fees, instalment amount etc. can be determined based on the customer's needs. Additionally, our quick underwriting time is a huge advantage for us. A customer can literally walk into a dealer early afternoon and walk out with a new motorcycle in the evening. During that very short period, we conduct background checks, telephonic verification, CIBIL credit check, Home and Business/work Field Investigation check, fill all the necessary paper work, collect all relevant documentation from the customer, including KYC documents, and perform all other underwriting tasks. This is no ordinary feat, and our operations have worked in sync and like clockwork.



Very recently in August 2014, Arman has been upgraded to an Investment Grade Bank Rating of BBB- (Triple B minus) by CARE ratings. An investment grade rating speaks volumes about our business operations and the rating agency's confidence for Arman.

Namra Finance Ltd., A Wholly-Owned Subsidiary of Arman Financial Services Ltd. (Microfinance Arm of Arman Group)
Industry

Ever since microcredit first began to capture public attention 25 years ago, it has been proclaimed a tool of extraordinary power to lift poor people, particularly women, out of poverty, by providing access to credit to better fund business endeavors. Along the way, microcredit expanded into microfinance, which consists of offering a variety of financial products to poor customers, including savings products, pension products, insurance products, and credit for non-business expenditures.

The Micro-Finance sector has undergone tremendous changes in the past three years owing to the crisis that the sector has seen. The NBFC Microfinance Institutions (MFI) was in crisis propagated by the Andhra Pradesh Micro Finance Institutions (Regulation of Money Lending) Ordinance, 2010. However, as discussed in length above, the sector has almost fully recovered. Microfinance has now been established and acknowledged as a significant component of the financial system in the country and its contribution to financial inclusion continues to rival, and likely exceeds by a vast margin, that of the rural banking system.

The book *Portfolios of the Poor: How the World's Poor Live on \$2 a Day* (Collins, Morduch, Rutherford, and Ruthven 2009) presents the results of year-long financial diaries collected about twice a month from hundreds of rural and urban households in India, Bangladesh, and South Africa. These diaries reveal that financial instruments are critical survival tools for poor households—indeed, that these tools are even more important for the poor than for richer people.

The study finds that a great difficulty faced by the poor is not only the amount of their income, but also the irregularity of that income. To meet basic consumption needs, poor households must save and borrow constantly. Whether or not financial services lift people out of poverty, these services are vital tools in helping the poor to cope with their circumstance. The poor use credit and savings not only to smooth consumption, but also to deal with emergencies like health problems and to accumulate the larger sums they need to seize business opportunities and pay for big-ticket expenses like education, weddings, or funerals.

Both the RBI and the Central Government continue to recognize the crucial role played by microfinance, and recognizes that "the microfinance sector is engaged in providing credit and other financial services to the poor households and their microenterprises as an extended arm of the banking system."

As described succinctly in the CARE Microfinance Report, the Microfinance sector in India has gone through 3 broad risk phases in the past - high growth (till 2010), high volatility (2010 - 11), consolidation (2011 - 13) and is now entering a IV phase of relative stability. Phase I ended with the start of AP crisis in 2010. This phase saw high growth in the sector attracting both debt and equity investments to a highly profitable segment. Lack of seasoning of portfolio, high risk of regulatory & political intervention, portfolio concentration risks were some of the key credit constraints then and most of the risks were latent. Phase II beginning with AP crisis and led to bankruptcy of major AP based MFIs due to geographic concentration and funding constraints for the overall sector. With RBI providing a strong regulatory regime starting in 2011, the sector entered Phase III of consolidation with the MFIs adjusting their business model to the new market & regulatory environment.

The sector is now entering into Phase IV and the MFIs have adapted to the new business environment more than three years past the AP crisis. In this current phase, MFIs have the advantage of a stable regulatory environment, with continuous adaptations issued by the RBI based on the changing business scenario. Due credit goes to The RBI for their relentless efforts in supporting Financial Inclusion and MFIs. As mentioned above, in a first of its kind, RBI recognized Microfinance Institutions Network (MFIN) as a Self-Regulatory Organization (SRO). To give this sort of recognition and power by the RBI to a non-government organization is a historic move to say the least. MFIN consists of approximately 45 MFI member (Including Namra), which controls over 90% of the total MFI business in India. The SRO has several responsibilities, including formulating and administering a code of conduct, having grievance and dispute resolution, monitoring compliance with regulatory framework, surveillance of microfinance sector, training and awareness programmes for the members, etc. Additionally, RBI has also issued two new Banking Licenses out of a pool of 25 applicants, one of being an NBFC-MFI, Bandhan Microfinance, which also speaks volumes about RBI's confidence in the industry.

The current phase is also characterized by having a more steady availability of funds, improving profitability, comfortable asset quality and capital adequacy, and lesser impact of concentration risk.

Government of India has also recognised the role of MFI in financial inclusion and has introduced draft MFI bill which is to be considered for approval in Parliament. Other state governments have also not introduced similar regulation like AP state government indicating likelihood of a stable regulatory environment going forward.

Total debt sanction to the MFIs has increased to Rs.11,001 crore in FY13 from Rs.6,661 crore in FY12. The sector has also been attracting regular equity infusion from private equity investors reflecting the increasing confidence of the investors regarding growth potential in the sector.



The overall loan portfolio also increased by 35%, from Rs. 20,726 Crores in FY 12-13 to 27,931 in FY 13-14. The table below shows key performance figures of the industry.

Indicator	As of 31st March 2014	As of 31st March 2013	Change (%)
Branches	9,780	9,103	7%
Employees	67,838	61,746	10%
Clients	2.80 Cr	2.33 Cr	20%
Gross loan portfolio (Rs)	27,931 Cr	20,726 Cr	35%
Loan amount disbursed, annual (Rs)	34,968 Cr	23,686 Cr	48%

It is encouraging to note that MFIs serve 2.8 Crore clients in India. That means that MFIs have reached approximately 2.25% of India's population. A number which just a decade ago was less than 0.1%. However, the industry has a long way to go if it is going to cover the 41% of the unbanked Indians.

Namra's Business Operations

On February 14, 2013, Namra Finance Ltd. became the first company in India to receive the long awaited "NBFC-MFI" (Non-Banking Finance Company - Microfinance Institution) License. This special category of NBFC was created by the RBI based on the Malegam Committee recommendations to serve the underserved and the poor segment of India by providing Microfinance, or small income-generating loans at reasonable interest rate, collateral-free.

Arman began its JLG Microfinance operations in early 2009, and by mid-2010, became one of the largest regional players in Gujarat in the microfinance space. The Reserve Bank of India ("RBI"), through its circular RBI/2011-12/290 dated December 2, 2011 has introduced a new set of guidelines to govern the Microfinance industry. The most notable and applicable two clauses of the circular indicates that an NBFC-MFI needs 85% of its Assets in the nature of "Qualifying Assets" (see circular for definition of Qualifying Assets) & a NBFC which does not qualify as an NBFC-MFI shall not extend loans to micro finance sector, which in aggregate exceed 10% of its total assets. Since Arman had two verticals, viz. Asset Backed Finance & Microfinance, the regulatory guidance in the aforementioned circular compelled the Company to create a wholly owned subsidiary of Arman Financial Services Ltd.; Namra Finance Limited. The Arman has invested Rs. 10 Crore in two tranches from its Reserves & Surplus to create the subsidiary Namra Finance Limited, and became the first company in the country to receive NBFC-MFI license. Namra Finance will be involved only in JLG Microfinance in the foreseeable future, and all assets created by Namra by bank financing will be qualified as Priority Sector Lending by the Bank.

Namra Finance was formed for the sole purpose of demerging Arman's Microfinance operations into a separate entity to meet with regulatory and administrative requirements. The demerger was completed in fiscal 2013-14, with Arman's Microfinance portfolio being fully transferred to Namra.

As of the End of Fiscal 2014, the group entity's Microfinance operations consists of 29 active branches operating throughout Gujarat, up from 24 branches the previous fiscal year. Assets Under Management of Rs. 46 Crores, up from Rs. 32 Crores the previous fiscal year, and an Active Client base of over 59,000, up from 45,000 the previous fiscal year. Disbursements equalled approximately Rs. 85 Crores, up from Rs. 60 Crores the previous fiscal year.

Unlike many other MFIs and NBFC, our focus is on controlled growth rather than irrational exponential growth. We are extremely conservative with our lending and follow very strict underwriting guidelines. We are a member of HighMark Credit verification Agency for our Microfinance Operations and the group is also a member of SRO Microfinance Institutions Network (MFIN).

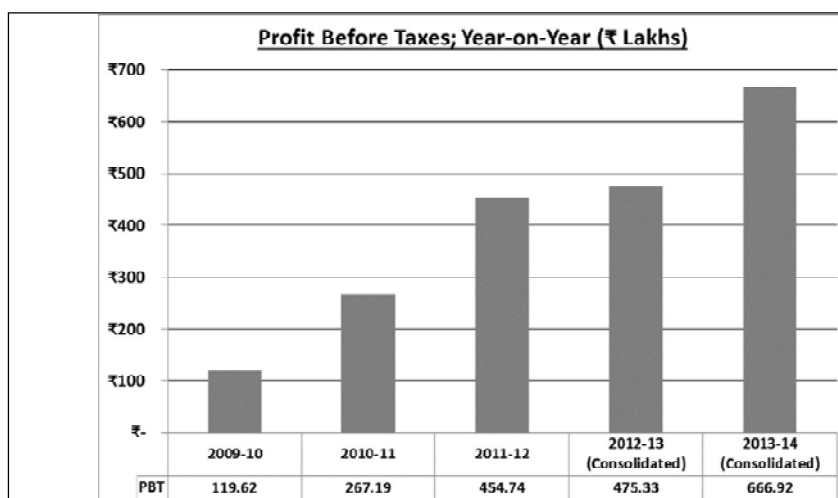
Our Microfinance operations under Arman (demerged into Namra) has been rated four times by a very reputed Microfinance rating agency of India by the name of M-Cril from Gurgaon which specializes in rating Microfinance Institutions. Arman has received excellent rating of α - (Alpha Minus) all the four times. In the previous year, our Microfinance operations under Arman have also been rated by CARE with a lofty MFI-2 grading. Very recently in August 2014, Namra has been awarded an Investment Grade Bank Rating of BBB- (Triple B minus) by CARE ratings. An investment grade rating speaks volumes about our business operations and the rating agency's confidence for Namra.

We at Namra believe that Inclusive growth has to encompass all segments of the population not only by income but by where they live - be it urban India or rural India. The penetration of financial services is low in rural India, and enhancing access to financial services is an important pillar of inclusive growth. Today, rural India is evolving rapidly and is changing in character. It has diversified from just agriculture to manufacturing and services sectors. Rural India has demonstrated the potential to be a sustainable growth engine for the economy.

Performance

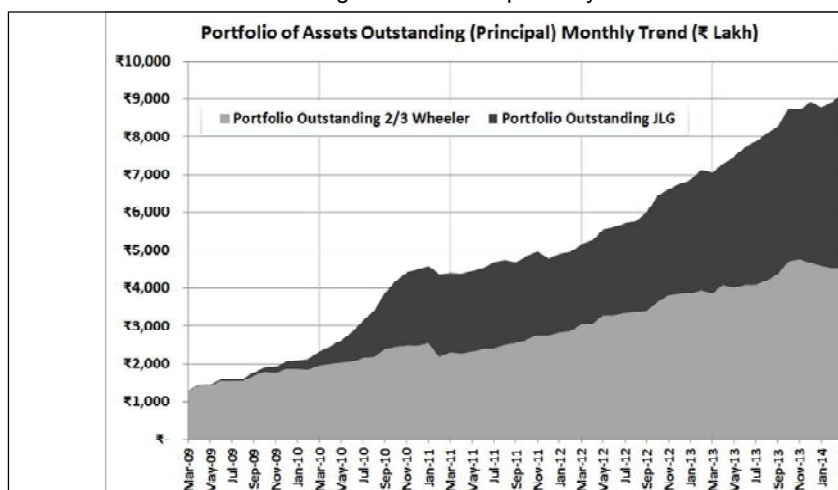
For the purposes of the Annual report, we shall discuss the consolidated performance of Arman and Namra.

It is again a privilege to inform our stake holders that in tradition with the past 6 year, the company has broken all records from the previous years where profitability is concerned. This is despite a very negative market and regulatory environment. As reflected in the profit chart below, profit before taxes equalled Rs. 6.67 Crores versus Rs. 4.75 Crores the previous year, a 40% increase. Income from operations stood at Rs. 24.47 Crores versus Rs. 16.99 Crores in the previous year, a 44% increase.

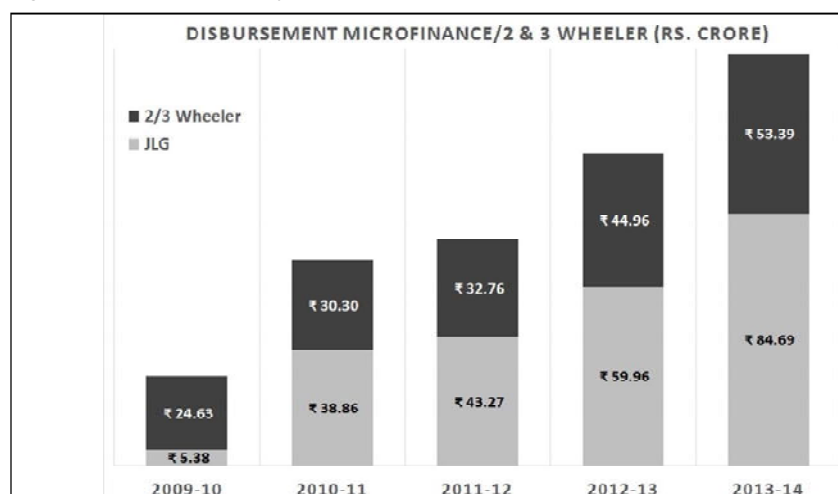


Based on the results, the Board of Directors recommends 10% dividend.

Loan principle outstanding, i.e. Assets Under Management for loan advances to customers, stood at Rs. 70.6 Crores at FY 2013 versus Rs. 91.1 Crores in FY 2014, a 30% growth. See chart below for a graphical representation of increase in Assets Under Management for the two business segments for the past 5 years.



Annual Loan Disbursement to customers for both Asset and Micro Finance stood at Rs. 104.9 Crores at FY 2013 versus Rs. 138.1 Crores in FY 2014, a 32% growth. See chart below for a graphical representation of increase in annual disbursement for the two business segments for the past 5 years.





Arman Financial Services Limited

The table below lists key performance figures for the years ended March 31, 2013 and 2014. Please refer to the financial statements for detailed information on the performance.

Financial Performance (Consolidated for Arman & Namra from FY13)			
	Rs. in Crores		
For the year ended / As on March 31,	2012	2013	2014
Working results			
Total Income	15.50	16.99	24.47
Operating Expense	4.65	5.94	7.97
Total Provision / Write offs	0.54	0.46	0.60
Depreciation	0.10	0.11	0.11
Interest Paid	5.62	5.73	9.12
Profit Before Taxes	4.55	4.75	6.67
Profit After Taxes	3.06	3.34	4.50
Financial Position			
Net Worth	19.68	22.75	33.70
Total Short & Long Term Debt	36.15	50.38	74.93
Loan & Advances	50.58	71.55	91.11
Total Asset	65.18	82.43	111.58
Key Ratios (%)			
Solvency			
Capital Adequacy Ratio (CAR)	37.80	40.84*	41.12*
Interest Coverage (times)	1.80	1.83	1.73
Debt-Equity Ratio	1.84	1.68	2.22
*CAR is on a standalone basis due to equity investment by Arman into Namra.			
Profitability			
Return on Total Assets (Average)	5.33	4.55	4.64
Return on Equity (Post-Tax)	15.55	11.15	13.35
Asset Quality			
Gross NPA Ratio	0.55	0.56	0.72
Net NPA Ratio	0.50	0.51	0.64

Internal control systems and their adequacy

The Company maintains appropriate systems of internal control, including monitoring procedures, to ensure that all assets are safeguarded against loss from unauthorized use or disposition. Company policies, guidelines and procedures provide for adequate checks and balances and are meant to ensure that all transactions are authorised, recorded and reported correctly.

The internal audit department together with a firm of Chartered Accountants reviews the effectiveness and efficiency of these systems and procedures to ensure that all assets are protected against loss and that the financial and operational information is accurate and complete in all respects. The Audit Committee approves and reviews audit plans for the year based on internal risk assessment. Audits are conducted on an ongoing basis and significant deviations are brought to the notice of the Audit Committee of the Board following which corrective action is recommended for implementation. All these measures facilitate timely detection of any irregularities and early remedial steps with no monetary loss.

Cautionary Note

The statements forming part of the Directors' Report may contain certain forward looking remarks within the meaning of applicable securities laws and regulations. Many factors could cause the actual results, performances or achievements of the Company to be materially different from any future results, performances or achievements that may be expressed or implied by such forward looking statements.



SECRETARIAL COMPLIANCE CERTIFICATE

To
The Members of
ARMAN FINANCIAL SERVICES LTD

We have examined the registers, records, books and papers of M/S ARMAN FINANCIAL SERVICES LIMITED (the Company), having the Registration No. 04-18623, as required to be maintained under the Companies, Act, 1956 (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March 2014. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made thereunder and all entries therein have been duly recorded ;
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies under the Act and the rules made thereunder. No other forms / documents are required to be filed with Regional Director, Central Government, Company Law Board or other authorities.
3. The Company, being a Public Limited Company, has the minimum prescribed paid-up capital.
4. The Board of Directors duly met (Five) times on 27/05/2013, 25/07/2013, 14/10/2013, 11/11/2013 and 14/02/2014 in respect of which meetings' proceedings were properly recorded and signed including the circular resolutions passed in the Minutes Book maintained for the purpose.
5. The Company has closed its Register of Members from 23/08/2013 to 30/08/2013 during the year under scrutiny and necessary compliance under Section 154 of the Act has been made.
6. Annual General Meeting for the financial year ended on 31/03/2013 was held on 30/08/2013 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose;
7. No Extra Ordinary General Meeting was held during the financial year.
8. The Company has not advanced any loan to its Directors and/or persons of firms or Companies referred in Section 295 of the Act.
9. The Company has not entered into any contracts falling within the provisions of Section 297 of the Act.
10. The Company has made necessary entries in the Register maintained under Section 301 of the Act;
11. No person is holding place of profit in the Company as employee pursuant to the provisions of Section 314 of the Act. ;
12. The Company has not issued any duplicate share certificate during the financial year under review.
13. The Company has;
 - (i) made allotment of 71,286 Ordinary Equity shares and 12,04,474 Class "A" Ordinary Equity Shares. And also transferred 4,900 Equity shares but not transmitted any securities during the financial year and delivered all the Certificates on allotment in accordance with the provisions of the Act;
 - (ii) deposited the amount of dividend declared in a separate bank account on 03/09/2013 which is within five days from the date of declaration of such dividend during the year under review.
 - (iii) paid / posted warrants for the dividend to all the members within a period of 07 (seven) days from the date of declaration.
 - (iv) transferred amount in unpaid dividend Accounts for period of 7 years to Investor Education and Protection Fund.
 - (v) duly Complied with the requirements of Section 217 of the Act;
14. The Board of Directors of the Company is duly constituted and there was no appointment of additional Director during the financial year.
15. The Appointment of Managing Director, Whole Time Director, Manager has been made in compliance with the provision of Sec 269 read with schedule XIII to the Act.
16. There is no appointment of sole selling agents in the Company and therefore not applicable.
17. The Company was not required to obtain any approval of the Central Government, Company Law Board, Regional Director, Registrar or such other authorities as may be prescribed under the various provisions of the Act during the financial year under review.
18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder;
19. During the Financial year the Company has Converted 12,75,760 CCD as under:
 - i) 71,286 has Ordinary Equity Shares and
 - ii) 12,04,474 has Class "A" Ordinary Equity Shares.
20. The Company has not bought back any shares during the financial year ending 31/03/2014.
21. There was no redemption of Preference Shares or Debenture during the Financial Year.
22. There were no transaction necessitating the Company to in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. The Company has not accepted any Public Deposits from Shareholders falling within the purview of Section 58A/58AA during the financial year and there are no Public Deposits outstanding as on 31/03/2014.
24. The amount borrowed by the Company from Directors, Banks, Financial Institutions during the financial year ended 31/03/2014 are within the borrowing limits of the Company and that the necessary resolutions as per Section 293(1) (d) of the Act, have been passed in the duly convened general meeting of the Company.
25. The Company has not made any loans or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the register kept for the purpose.
26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum with respect to the object of the Company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum with respect to the name of the Company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum with respect to the Share Capital of the Company during the year under scrutiny.
30. The Company has not altered the provisions of the Articles of Association of the Company during the year under scrutiny.
31. No prosecution initiated against or show cause notices received by the Company for alleged offences under the Act and also the fines and penalties or any other punishment imposed on the Company in any of the cases.
32. The Company has not received any money as security from its employees during the year under certification.
33. The Company has deposited both employees' and employer's contribution to Provident Fund with the prescribed authorities pursuant to the provisions of Section 418 of the Act.

PLACE : AHMEDABAD
DATE : 12/05/2014

FOR PINAKIN SHAH & CO.
COMPANY SECRETARY
PINAKIN SHAH
C.P.NO.: 2932, FCS NO.: 2562



ANNEXURE – A

Registers as maintained by the company

- | | | |
|-----|--|-----------|
| 1. | Register of Investment | u/s 49 |
| 2. | Register of Charges | u/s 143 |
| 3. | Register of Members | u/s 150 |
| 4. | Minute Book Containing Minutes of | u/s 193 |
| | - Board Meeting | |
| | - General Meeting | |
| | - Committee Meetings | |
| 5. | Register of Particular of Contracts | u/s 301 |
| 6. | Register of Directors | u/s 303 |
| 7. | Register of Directors' Shareholding | u/s 307 |
| 8. | Register of Share Application/ Allotment | u/s 69-75 |
| 9. | Register of Transfer | |
| 10. | Register of Directors' Attendance for Board Meeting and Committee Meetings | |
| 11. | Register of Directors' interest | |

ANNEXURE – B

Forms and Returns as filed by the Company with Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending on 31st March 2014.

Sr No	Particulars of Form	Form No	Under Section	Date of Filing	Receipt/ Challan No
1	Satisfaction of Charge of SIDBI for Rs. 100.00 lacs	17	138	26/04/2013	B73734840
2	Satisfaction of Charge of SIDBI for Rs. 200.00 lacs	17	138	30/04/2013	B73924839
3	Satisfaction of Charge of MAS Financial Services Ltd. for Rs. 200.00 lacs	17	138	20/06/2013	B77524023
4	Satisfaction of Charge of MAS Financial Services Ltd. for Rs. 300.00 lacs	17	138	21/06/2013	B77582633
5	Form of submission of documents with the Registrar	62	44	31/07/2013	B80568694
6	Modification of Hypo. charge in favour of State Bank of India for Rs. 800.00 lacs	8	125	08/08/2013	B81247926
7	Satisfaction of Charge of MAS Financial Services Ltd. for Rs. 300.00 lacs	17	138	13/08/2013	B81667446
8	Appointment of Jayendra Patel as VC & MD	23	192	10/09/2013	B84006949
9	Return of Appointment of Managing Director or Whole Time Director	25C	269(2)	12/09/2013	B84222322
10	Registration of Resolution & Agreement	23	192	21/09/2013	B85005551
11	Annual Return as at 30/08/2013	20B	159	21/09/2013	Q11481397
12	Annual Report Balance Sheet FY 2012-13	23AC	220	21/09/2013	Q11475845
13	Annual Report Profit & Loss Account FY 2012-13	23ACA	220	21/09/2013	Q11475845
14	Return of Allotment conversion of 71,286 CCDs into Equity Shares	2	75(1)	23/10/2013	S24550402
15	Creation of Hypo. charge in favour of Reliance Capital Ltd. for Rs. 400.00 lacs	8	125	09/01/2014	B93407526
16	Creation of Hypo. charge in favour of AU Financiers (India) Ltd. for Rs. 500.00 lacs	8	125	15/03/2014	B98573470
17	Modification of Hypo. charge in favour of IDBI Bank Ltd. for Rs. 440.00 lacs	8	125	19/03/2014	B98870090

PLACE : AHMEDABAD
DATE : 12/05/2014

FOR PINAKIN SHAH & CO.
COMPANY SECRETARY
PINAKIN SHAH

C. P. NO.: 2932, FCS NO.: 2562



INDEPENDENT AUDITORS' REPORT

The Members of
ARMAN FINANCIAL SERVICES LIMITED
 Ahmedabad

Report on the Financial Statements

We have audited the accompanying financial statements of **ARMAN FINANCIAL SERVICES LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these 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 Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, 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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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, 2014;
- 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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013.
 - e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

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

Place : Ahmedabad
Date : 12/05/2014

(J. J. Shah)
Partner
[M. No. 45669]



ANNEXURE TO INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 of "Report on Other Legal and regulatory Requirements" of our report of even date.)

- 1) In respect of Fixed Assets:
 - a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b. As per the information and explanations given to us, all the fixed assets have been physically verified by the management during the year. We are informed that no material discrepancies were noticed on such verification.
 - c. During the year, the Company has not disposed off any major/substantial part of the fixed assets.
- 2) The Company does not have Inventory, therefore the provisions of clause 4(ii) of the Companies (Auditor's Report) order, 2003 is not applicable to the Company.
- 3) In respect of loans, secured or unsecured, granted or taken by the company to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 :
 - a. As per the information and explanation given to us, the Company has granted loan to one company covered under the register maintained under section 301 of the Companies Act, 1956. The year end balance is amounting to Rs. 114.72 Lacs and the maximum amount involved during the year was Rs. 2270.80 Lacs.
 - b. In our opinion and according to the information and explanations given to us, in case of loans granted during the period, the rates of interest, wherever applicable and other terms and conditions are not prima facie prejudicial to the interest of the company.
 - c. In our opinion and according to the information and explanations given to us, the Company is regular in receipt of principal and interest there on.
 - d. In our opinion and according to the information and explanations given to us, the Company is regular in recovery of principal and interest there on.
 - e. During the year under audit, there are eleven such parties covered in the register maintained under section 301 of the Companies Act, 1956 from whom the company has taken loans. The year end balance is amounting to Rs. 10.09 Lacs and the maximum amount involved during the year was Rs. 195.47 Lacs.
 - f. In our opinion and according to the information and explanations given to us, in case of loans taken during the period, the rates of interest, wherever applicable and other terms and conditions are not prima facie prejudicial to the interest of the company.
 - g. In our opinion and according to the information and explanations given to us, the Company is regular in repayment of principal and interest there on.
- 4) In our opinion, and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to fixed assets and sale of services. During the course of our audit, no major weakness has been noticed in the internal controls.
- 5) In respect of contract or arrangements covered under Section 301 of the Companies Act, 1956:
 - a. Based on the audit procedures applied by us and according to the information and explanations provided by management, we are of the opinion that the contract or arrangements that need to be entered into the register maintained under section 301 have been so entered.
 - b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the registers maintained under section 301 of the Act, in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- 6) During the year, the Company has not accepted any deposits from the public within the meaning of provisions of Sections 58A and 58AA and relevant other provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.
- 7) In our opinion, the internal audit system commensurate with the size and nature of its business.
- 8) As informed to us, the maintenance of cost records have not been prescribed by the Central Government under section 209(1) (d) of the Companies Act, 1956, for the year under review.
- 9) In respect of Statutory Dues:
 - a. According to information and explanations given to us and on the basis of our examination of records of the Company, the Company is regular in depositing undisputed statutory dues in respect of Income Tax, Sales Tax, Service Tax, Provident Fund and other material statutory dues.
 - b. According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Sales Tax, Service Tax, Provident Fund and other material statutory dues were outstanding, as at 31st March, 2014 for a period of more than six months from the date they became payable.
 - c. According to the records of the Company, the dues of sales tax, income tax, customs, wealth-tax, excise duty, cess which have not been deposited on account of disputes and the forum where the dispute is pending are as under:

Name of the Statute	Nature of the Dues	Period to which the amount relates (A.Y.)	Amount (Rs. In Lacs)	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	2011-12	5.71	Commissioner of Income Tax (Appeal)
Total . . .			5.71	

- 10) The company has no accumulated losses and has not incurred any cash losses during the financial period under review or in the immediately preceding financial year.
- 11) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- 12) The Company has not granted any loans and advances by way of pledge of Shares, Debentures and other securities.
- 13) The provisions of any special statute applicable to Chit Fund, Nidhi or Mutual benefit Fund / Societies are not applicable to the Company.



- 14) In our opinion, the Company is not dealing in respects of shares, securities, debentures and other investments and hence clause 4 (xiv) of the Companies (Auditors Report) Order, 2003 is not applicable.
- 15) According to the information and explanations given to us, the Company has given guarantee of Rs. 2200 Lacs for loans taken by its subsidiary from bank or financial institutions, the terms and conditions whereof in our opinion are not prima-facie prejudicial to the interest of the Company.
- 16) In our opinion, and according to the information and explanations given to us, on overall basis, the term loans have been applied for the purpose for which they were obtained.
- 17) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been prima-facie used for long-term investment.
- 18) During the year, the Company has made preferential allotment of shares to parties covered in the register maintained under section 301 of the Companies Act, 1956. In our opinion, each of transaction has been made at price, which is not prejudicial to the interest the Company.
- 19) The Company has not issued any Secured Debentures and therefore the question of creating the securities in respect thereof does not arise.
- 20) During the year, the Company has not raised any money by way of Public issues.
- 21) Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

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

Place : Ahmedabad
Date : 12/05/2014

(J. J. Shah)
Partner
[M. No. 45669]



Arman Financial Services Limited

ARMAN FINANCIAL SERVICES LIMITED BALANCE SHEET AS ON 31ST MARCH, 2014

Particulars	Note No.	As at 31/03/2014 ₹	As at 31/03/2013 ₹
<u>EQUITY AND LIABILITIES</u>			
<u>[1] Shareholders' Funds :</u>			
[a] Share Capital	1	69,246,530	56,488,930
[b] Reserves & Surplus	2	256,825,457	169,358,537
		326,071,987	225,847,467
<u>[2] Money Received Against Share Warrant</u>		-	1,499,148
<u>[3] Non-Current Liabilities :</u>			
[a] Long Term Borrowings	3	73,618,558	60,119,082
[b] Deferred Tax Liabilities (Net)	4	-	-
[c] Long Term Provisions	5	898,980	1,075,295
		74,517,538	61,194,377
<u>[4] Current Liabilities</u>			
[a] Short-Term Borrowings	6	273,997,332	311,673,249
[b] Other Current Liabilities	7	87,961,031	212,587,469
[c] Short Term Provisions	8	8,360,621	9,799,628
		370,318,984	534,060,346
Total		770,908,509	822,601,338
<u>ASSETS :</u>			
<u>[1] Non-Current Assets</u>			
<u>[a] Fixed Assets :</u>			
[i] Tangible Assets	9	17,855,890	10,433,643
[ii] Intangible Assets		-	-
		17,855,890	10,433,643
[b] Long Term Investments	10	100,000,000	50,000,000
[c] Deferred Tax Assets (Net)	4	155,533	439,860
[d] Long-term Loans and Advances	11	108,606,579	146,051,869
[e] Other Non-Current Assets	12	8,503,205	9,810,374
		235,121,207	216,735,746
<u>[2] Current Assets</u>			
[a] Trade Receivables	13	7,657,156	5,705,004
[b] Cash & Bank Balance	14	145,940,613	63,083,291
[c] Short term Loans and Advances	10	382,189,533	537,077,297
[d] Other Current Assets		-	-
		535,787,302	605,865,592
Total		770,908,509	822,601,338
Significant Accounting Policies Notes on Financial Statement	- 1 to 36		

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

Amit Manakiwala
Director

Place : Ahmedabad
Date: 12/05/2014



ARMAN FINANCIAL SERVICES LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31ST MARCH, 2014

SCHEDULE	Note No.	Current Year 31/03/2014	Previous Year 31/03/2013
INCOME			
Revenue from Operations	15	182,845,204	167,425,319
Other Income	16	6,379	41,468
Total Revenue		182,851,583	167,466,787
Employee Benefits Expenses	17	30,226,880	32,062,950
Finance Costs	18	67,225,026	57,251,632
Depreciation and Amortisation expense	19	1,123,848	1,076,794
Other Expenses	20	34,019,165	29,730,649
Total Expenses		132,594,919	120,122,025
Profit before Tax		50,256,664	47,344,762
Less : Tax expense:			
- Current Tax		15,800,000	15,350,000
- Short Provision of Income Tax of earlier years		-	71,760
- Deferred Tax Liability/(Asset)		284,327	(1,408,190)
Profit for the year		34,172,337	33,331,192
Basic Earnings Per Share of Rs. 10 each	23	5.48	6.17
Diluted Earnings Per share of Rs. 10 each	23	5.48	4.96
Significant Accounting Policies and Notes on Financial Statements	1 to 36		

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: 12/05/2014

For, Arman Financial Services Limited

Jayendra Patel
Vice Chairman &
Managing Director

Amit Manakiwala
Director



Arman Financial Services Limited

ARMAN FINANCIAL SERVICES LIMITED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

PARTICULARS	YEAR ENDED 31/03/2014	YEAR ENDED 31/03/2013
A: Cash from Operating Activities :		
Net Profit before Taxation	50,256,664	47,344,762
Adjustment For :		
Depreciation	1,123,848	1,076,794
NPA Provisions(Net)	196,610	112,911
Contingent Provision on Standard Assets	(515,000)	450,000
Loss on Sale of Fixed Assets	642	-
Profit on Sale of Fixed Assets	-	(871)
short fall on interest	500,000	470,000
	<u>1,306,100</u>	<u>2,108,834</u>
Operating Profit Before Working Capital changes :	51,562,764	49,453,596
Adjustment For :		
Increase/(Decrease) In Long-Term Provision	38,040	141,213
Increase/(Decrease) In Short-Term Provision	4,771	(3,419)
Increase/(Decrease) In Other Current Liability	601,119	(76,097,993)
Decrease/(Increase) In Trade Receivables	(1,952,151)	(146,253)
Decrease/(Increase) In Long Term Loans And Advances	37,445,290	(44,697,366)
Decrease/(Increase) In Short Term Loans And Advances	154,887,764	(118,035,007)
	<u>191,024,833</u>	<u>(238,838,825)</u>
Cash Generated From Operations	242,587,597	(189,385,229)
Income Tax Paid	<u>(20,454,104)</u>	<u>(16,793,052)</u>
	<u>222,133,494</u>	<u>(206,178,280)</u>
B: Cash Flow From Investment Activities :		
Purchase of Fixed Assets	(8,556,737)	(736,832)
Sale of Fixed Assets	10,000	10,000
(Increase) /Decrease in Bank Deposits	7,014,820	1,431,635
Investments in Subsidiary	<u>(50,000,000)</u>	<u>(30,010,000)</u>
Net Cash from Investment Activities	(51,531,917)	(29,305,197)
C: Cash Flow From Financing Activities :		
Proceeds From Issue of Share Capital	-	5,996,571
Proceeds From Money Receipt against Share Warrant	-	1,499,148
Proceeds From Share Application Money-CCD	-	-
Proceeds From Long Term Borrowings	68,124,694	149,273,734
Repayment of Long Term Borrowings	(107,480,859)	(32,088,438)
Proceeds From Short Term Borrowings	84,337,279	128,777,258
Repayment of Short Term Borrowings	(121,959,801)	(30,070,087)
Dividend Paid	<u>(5,057,915)</u>	<u>(3,635,286)</u>
Net Cash from Financing Activities	<u>(82,036,603)</u>	<u>219,752,900</u>
Net Increase in Cash & Cash Equivalents	88,564,974	(15,730,577)
Cash & Cash Equivalents at the Beginning	43,584,552	59,315,130
Cash & Cash Equivalents at the End	132,149,526	43,584,552
As per our report of even date attached.		

Notes :

- 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.
- Cash and cash equivalents at the end includes Rs. 9,44,048/- (Prev. Year Rs. 7,14,828/-) 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)

Jayendra Patel
Vice Chairman &
Managing Director

Amit Manakiwala
Director

Place : Ahmedabad
Date: 12/05/2014



SIGNIFICANT ACCOUNTING POLICIES FOR THE YEAR ENDED ON 31ST MARCH, 2014

a) Basis of preparation

The financial statements have been prepared to comply with the Accounting Standards referred to in the Companies (Accounting Standards) Rule, 2006 issued by the Central Government in exercise of the power conferred under sub-section (1) (a) of section 642 and the relevant provisions of the Companies Act, 1956 (the 'Act'). The financial statements have been prepared under the historical cost convention on the accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

b) Use of estimates

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

c) Revenue Recognition

(i) Interest from Loans:

Interest from Loans is recognized in the year in which the installment falls due as per the terms of Loan Agreement. Income on non performing assets is recognized when realized as per the guidelines for prudential norms prescribed by the Reserve Bank of India.

(ii) Other Interest Income

Other Interest Income is recognized on accrual basis.

(iii) Processing Fees

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

(iv) Late Payment Charges

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

(v) Insurance Commission

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

(vi) Income from Investments

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

(vii) 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 premium / profit spread arising on assignment is accounted over the residual tenor of the underlying assets.

d) Fixed Assets

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

The cost of assets includes other direct/indirect and incidental cost incurred to bring them into their working condition.

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

e) Depreciation

The depreciation on assets for own use is provided on "Straight Line Method" at the rates Specified in Schedule XIV of the Companies Act, 1956 on Pro-rata Basis.

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

f) 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

(i) The Employee and Company make monthly fixed Contribution to Government of India Employee's Provident Fund equal to a specified percentage of the Covered employee's salary. Provision for the same is made in the year in which services are rendered by the employee.

(ii) The Liability for Gratuity to employees, which is a defined benefit plan, is determined on the basis of actuarial Valuation based on Projected Unit Credit method. Actuarial gain / loss in respect of the same are charged to the Statement of Profit and Loss.

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

(iv) Short Term benefits are recognised as an expense at the undiscounted amounts in the Statement of Profit and Loss of the year in which the related service is rendered.

h) Borrowing Cost

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



i) Segment Information:

In the opinion of the management, the Company is mainly engaged in the business of providing finance. All other activities of the Company revolve around the main business, and as such, there are no separate reportable segments as per Accounting Standard 17 - 'Segment Reporting' prescribed by Companies (Accounting Standards) Rules, 2006.

j) Lease:

The company's significant leasing arrangements are in respect of operating lease for premises that cancelable are in nature. The lease rentals paid under such agreements are charge 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) 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. The impairment loss recognised in prior accounting periods is reversed if there has been a change in the estimate of recoverable amounts.

m) Intangible Assets

Intangible Assets are stated at cost of acquisition net of recoverable taxes less accumulated amortization. All costs, including financing costs in respect of qualifying assets 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.

n) Share Issue Expenses

Expenses incurred on issue of shares are adjusted against Security Premium Reserve.

o) 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.

p) Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes to the accounts. Contingent Assets are neither recognized nor disclosed in the financial statement.

q) 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.

r) Classification and Provision Policy for Loan Portfolio

(i) Classification of Loan Portfolio

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

(ii) Provisioning policy for loan portfolio

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

Classification	Period	% of Provision
Standard Assets	-	0.25 %
Non Performing assets	Overdue for 180 days or more	
Substandard Assets	NPA for a period not exceeding 18 months	10 %
Doubtful Assets - Unsecured	Substandard for a period exceeding 18 months	
Doubtful- Secured	- Doubtful upto 1 year	20 %
	- Doubtful from 1 to 3 years	30 %
	- Doubtful for more than 3 years	50 %
Doubtful- Unsecured	Substandard for a period exceeding 18 months	100 %
Loss Assets	As identified by Management	100 %

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

Notes on Financial Statements for the year ended on 31st March, 2014

1	Share Capital	As at 31/03/14	As at 31/03/13
		₹	₹
	<u>[a] Authorised :</u>		
	1,12,50,000 (Previous Year 1,12,50,000) Ordinary Equity shares of par value of Rs. 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 Rs. 10/- each	37,500,000	37,500,000
		150,000,000	150,000,000
	<u>[b] Issued, Subscribed & Paid-up Capital :</u>		
	57,20,179 (Previous Year 56,48,893) Ordinary Equity Shares of par value of Rs. 10/- each fully paid up	57,201,790	56,488,930
	12,04,474 (Previous Year Nil) Class "A" Ordinary Equity Shares of par value of Rs. 10/- each fully paid up	12,044,740	-
	Total	69,246,530	56,488,930
1.1	The Company has two classes of shares referred to as i) Ordinary Equity shares having face value of Rs. 10/-. Each Holder of Equity Share is entitled to 1 vote per share and ii) Class "A" Ordinary Shares having face value of Rs. 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 31 st March, 2014, the amount of per share dividend recognised as distribution to equity shareholders was Rs. 81,01,498/-(Rs.1.00). The Total dividend appropriation for the year ended 31 st March,2014 amounted Rs. 69,24,653/-(P.Y. Rs. 45,19,115/-) excluding corporate dividend tax of Rs. 11,76,845/- (P.Y. 7,68,023/-).		
1.5	Details of Shareholder holding more than 5 % of Ordinary Shares of the company are as follows:		
	Name of Shareholder	As at 31/03/2014	As at 31/03/2013
		% Shares	% Shares
	RIF North West - 2	24.99 1,429,415	24.04 1,358,130
	Jayendrabhai Patel	8.37 478,943	8.48 478,943
	Ritaben Patel	5.19 296,674	5.25 296,674
1.6	Details of Shareholder holding more than 5 % of Class "A" Ordinary Shares of the company are as follows:		
	Name of Shareholder	As at 31/03/2014	As at 31/03/2013
		% Shares	% Shares
	RIF North West - 2	100.00 1,204,474	- -
1.7	The Reconciliation of the number of shares outstanding and the amount of Ordinary Equity Share capital as at 31/03/2014 & 31/03/2013 is set out below		
	Particulars	As at 31/03/2014	As at 31/03/2013
		No. of Shares Amount ₹	No. of Shares Amount ₹
	Shares at the beginning	5,648,893 56,488,930	4,076,600 40,766,000
	Addition - Subscription during the year	71,286 712,860	1,572,293 15,722,930
	Deletion	- -	- -
	Shares at the end	5,720,179 57,201,790	5,648,893 56,488,930
1.8	The Reconciliation of the number of shares outstanding and the amount of Class "A" Ordinary Equity Share capital as at 31/03/2014 & 31/03/2013 is set out below		
	Particulars	As at 31/03/2014	As at 31/03/2013
		No. of Shares Amount ₹	No. of Shares Amount ₹
	Shares at the beginning	- -	- -
	Addition - Subscription during the year	1,204,474 12,044,740	- -
	Deletion	- -	- -
	Shares at the end	1,204,474 12,044,740	- -



Arman Financial Services Limited

2	Reserves & Surplus	As at 31/03/14 ₹	As at 31/03/13 ₹
	General Reserve		
	Balance as per last financial Statement	3,675,556	2,175,556
	Add: Forfeited Application Money	1,499,148	-
	Add: Transfer from Statement of Profit and Loss	1,500,000	1,500,000
	Closing Balance	6,674,704	3,675,556
	Special Reserve u/s 45-IC of the RBI Act,1934		
	Balance as per last financial Statement	25,250,000	18,685,000
	Add: Transfer from Statement of Profit and Loss	7,125,000	6,565,000
	Closing Balance	32,375,000	25,250,000
	Securities Premium Reserve		
	Balance as per last financial Statement	62,602,374	-
	Add: On Shares Issued during the year	59,896,932	67,619,109
	Less: Shares Issue Expenditures	-	5,016,735
	Closing Balance	122,499,306	62,602,374
	Surplus in the Statement of Profit and Loss		
	Balance as per last financial Statement	77,830,608	57,851,553
	Add : Profit for the year	34,172,337	33,331,192
	Less: Appropriations		
	Amount transfer to General Reserve	(1,500,000)	(1,500,000)
	Amount transfer to Special Reserve u/s 45-IC of RBI Act, 1934	(7,125,000)	(6,565,000)
	Proposed Dividend	(6,924,653)	(4,519,114)
	Provision for Tax on Dividend proposed	(1,176,845)	(768,023)
	Closing Balance	95,276,447	77,830,608
	Total	256,825,457	169,358,537

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.

3	Long Term Borrowings	As at 31/03/2014		As at 31/03/2013	
		Non Current	Current	Non Current	Current
	Secured				
	Loans				
	From Banks				
	-- Vehicle Loans @	-	178,973	178,972	335,933
	From Financial Institutions				
	-- Term Loans @@	71,829,124	71,463,134	51,666,666	127,428,589
	From Others				
	-- Term Loans @@	1,789,434	6,484,010	8,273,444	4,226,556
	Unsecured				
	Debentures				
	Compulsory Convertible Debentures	-	-	-	72,654,532
	Others				
	From Relatives of Directors	-	1,009,320	-	-
	Total	73,618,558	79,135,437	60,119,082	204,645,610
	Current Liabilities (Note - 7)"		79,135,437	-	204,645,610
	Total	73,618,558	-	60,119,082	-

Security :

@ Vehicle Loans are secured by Hypothecation of Vehicles.

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

**Interest:**

Term Loan carries an interest rate ranging from @ 8.25 % to @ 16.25 % p.a.

Vehicle Loan carries an interest rate @ 12 % .

Loans from relatives carries interest rate @ 15 to 18 %

Repayment:

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

(Amount in ₹)

Particulars	Upto 1 year	2 to 3 Years
Term Loan Repayment	77,947,144	73,618,558

Vehicle Loans are repayable in following schedule in monthly installments as follows:-

(Amount in ₹)

Particulars	Upto 1 year	2 to 3 Years
Vehicle Loan Repayment	178,973	-

Loans from relatives of directors

(Amount in ₹)

Particulars	Upto 1 year	2 to 3 Years
Loans from relatives of directors	1,009,320	-

4	Deferred Tax Liabilities (Net)		As at 31/03/14 ₹	As at 31/03/13 ₹
Deferred Tax Assets arising out of timing difference relating to :				
Provision for Gratuity that are allowable for tax purpose in the year of payment			199,735	185,843
Shares Issue Expenses that are allowable for tax purpose on deferred basis			1,062,859	1,474,546
Provision for NPA that are allowable for tax purpose in the year of actual loss			580,181	683,499
Total Deferred Tax Assets			1,842,775	2,343,888
Deferred Tax Liability arising out of timing difference relating to :				
Difference of Depreciation as per Tax Provision and Company Law			1,687,242	1,904,028
Total Deferred Tax Liability			1,687,242	1,904,028
Net Deferred Tax Liability / (Assets)			(155,534)	(439,860)

5	Long Term Provision	As at 31/03/2014 (₹)		As at 31/03/2013 (₹)	
		Non Current	Current	Non Current	Current
	Provision for Employee Benefit- Gratuity	597,554	17,962	559,514	13,191
	Contingent Provision against standard Assets	258,400	941,600	375,000	1,340,000
	NPA Provisions	43,026	544,898	140,781	250,533
		898,980	1,504,460	1,075,295	1,603,724
	Term Provisions - (Note-8)	-	1,504,460	-	1,603,724
	Total	898,980	-	1,075,295	-

6	Short-Term Borrowings	Current	
		As at 31/03/14 ₹	As at 31/03/13 ₹
	Loans Repayable on Demand:		
	Working Capital Loans from Banks -Secured @	273,997,332	311,673,249
	Total	273,997,332	311,673,249

Security :

@Hypothecation of Specific assets portfolio & Personal guarantee of some of the directors.



Arman Financial Services Limited

7	Other Current Liabilities	Current	
		As at 31/03/14 ₹	As at 31/03/13 ₹
	Current maturity of long term borrowings (Note 3)	79,135,437	204,645,610
	Salary & Wages Payable	2,938,535	2,905,008
	Other Statutory dues	204,231	123,835
	TDS Payable	336,743	60,028
	Security Deposit	1,483,520	1,430,125
	Unpaid Dividend	944,048	714,826
	Unpaid Expenses	2,918,517	2,708,037
	Total	87,961,031	212,587,469
8	Provisions	Current	
		As at 31/03/14 ₹	As at 31/03/13 ₹
	Provisions for employee benefits - Gratuity (Note - 5)	17,962	13,191
	Contingent Provision against standard Asset (Note - 5)	941,600	1,340,000
	NPA Provisions (Note- 5)	544,898	250,533
	Proposed Dividend	6,924,653	4,519,114
	Provision for Tax on Proposed Dividend	1,176,845	768,023
	Provision for Tax	55,920,000	39,620,000
	Less : Advance Tax & TDS	(57,165,337)	(36,711,233)
	Net	(1,245,337)	2,908,767
	Total	8,360,621	9,799,628

Note No.- 9 - Fixed Assets

TANGIBLE ASSETS

Gross Block	Buildings	Furniture & Fixtures	Office Equipments	Vehicles	Computer	Intangible Assets	Total
01.04.2012	5,010,426	3,342,763	1,042,025	4,676,301	2017715	-	16,089,230
Addition	195,000	69,720	68,380		403732	-	736,832
Disposal				(10,896)			(10,896)
At 31.03.2013	5,205,426	3,412,483	1,110,405	4,665,405	2,421,447	-	16,815,166
Addition	7,867,500	85,780	4,800		598657	-	8,556,737
Disposal				(17,338)		-	(17,338)
At 31.03.2014	13,072,926	3,498,263	1,115,205	4,648,067	3,020,104	-	25,354,565
Depreciation	Buildings	Furniture & Fixtures	Office Equipments	Vehicles	Computer	Intangible Assets	Total
01.04.2012	1,023,565	1,871,151	320,954	1,519,920	570,906	-	5,306,496
Change for the year	82,010	143,667	54,409	440,821	355887	-	1,076,794
Disposal				(1,767)			(1,767)
At 31.03.2013	1,105,575	2,014,818	375,363	1,958,974	926,793	-	6,381,523
Change for the year	100,006	121,928	51,532	438,662	411720	-	1,123,848
Disposal				(6,696)		-	(6,696)
At 31.03.2014	1,205,581	2,136,746	426,895	2,390,940	1,338,513	-	7,498,675
NET BLOCK							
AS AT 31.3.2013	4,099,851	1,397,665	735,042	2,706,431	1,494,654	-	10,433,643
AS AT 31.3.2014	11,867,345	1,361,517	688,310	2,257,127	1,681,591	-	17,855,890



10	Investment	As at 31/03/2014 (₹)		As at 31/03/2013 (₹)	
		Non Current	Current	Non Current	Current
A	Investments (Trade) In equity Shares of Subsidiary Companies <u>Unquoted, Fully paid up</u> Namra Financial Services Limited 1,00,00,000 Shares (P.Y. 50,00,000) of Rs.10 each fully paid up Total Aggregate amount of Quoted investment	100,000,000 100,000,000 100,000,000	- - -	50,000,000 50,000,000 50,000,000	- - -
11	Loans and Advances (Considered Good unless otherwise stated)	As at 31/03/2014 (₹)		As at 31/03/2013 (₹)	
		Non Current	Current	Non Current	Current
A	Secured -- Loans secured by Hypothecation of Assets	95,702,935	332,200,373	131,789,143	237,040,713
B	Unsecured -- Loans to Companies, Firms and Individuals -- Deposits -- Other Loans and Advances -- Advances to Staff -- Balance with government Authority -- Share Application money in Subsidiary company Total	- 12,903,644 - - - - -	35,863,475 5,696,083 8,040,664 261,750 127,188 -	- 14,162,726 - - - 100,000	282,516,403 9,343,890 7,597,345 430,580 148,366 -
		108,606,579	382,189,533	146,051,869	537,077,297
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 Rs. 21,00,713/- (P.Y. 14,72,820/-) outstanding portfolio on which NPA provision of Rs. 2,10,345/- (P.Y. Rs. 1,47,280/-) has been made.				
11.3	Loans to Companies, Firms & Individuals includes Rs. Nil (P.Y. 57,457/-) outstanding portfolio on which NPA provision of Rs. Nil (P.Y. Rs. 5,748/-) has been made				
12	Other Non Current Assets	Non Current			
		As at 31/03/14 ₹		As at 31/03/13 ₹	
	Bank Fixed Deposits with Original maturity for more than 12 months (Note 14)	8,503,205		9,810,374	
	Total	8,503,205		9,810,374	
13	Trade Receivables	Current			
		As at 31/03/14 ₹		As at 31/03/13 ₹	
A	<u>Outstanding for a period exceeding Six Months from the date they are due for Payment (Unsecured, considered good)</u> Secured Unsecured	4,187,197 -		3,133,288 59,360	
		4,187,197		3,192,648	
B	Other Trade receivables (Unsecured, considered good) Secured Unsecured	3,415,815 54,144		2,231,876 280,480	
		3,469,959		2,512,356	
	Total	7,657,156		5,705,004	



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- 13.1 Sundry Debtors includes Rs. 35,67,091/- (P.Y. 23,47,068/-) outstanding portfolio on which NPA provision of Rs. 3,77,579/- (P.Y. 2,38,286/-) has been made.

14	Cash and Bank Balance	As at 31/03/2014 (₹)		As at 31/03/2013 (₹)	
		Non Current	Current	Non Current	Current
A	Cash and cash equivalents				
	Cash on hand	-	2,853,589	-	371,119
	Balance With Banks	-	129,295,937	-	43,213,434
	Total	-	132,149,526	-	43,584,552
B	Other Bank Balance				
	Deposits with Original maturity for more than 12 months	8,503,205	13,791,087	9,810,374	19,498,738
		8,503,205	13,791,087	9,810,374	19,498,738
	(Note 12)	8,503,205	-	9,810,374	
	Total	-	145,940,613	-	63,083,291

- 14.1 Current Account with Banks includes Rs. 9,44,048/- (Prev. Year Rs. 7,14,828/-) in Unpaid Dividend Account.

15	Revenue from operation	2013-14 (₹)	2012-13 (₹)
	Interest Income	181,448,995	161,622,834
	Other Financial Services		
	Processing Fees	802,780	5,320,317
	Other Charges in respect of Loans	593,429	482,168
	Total	182,845,204	167,425,319
16	Other Income	2013-14 (₹)	2012-13 (₹)
	Profit on Sale of Tangible Assets	-	871
	Misc. Income	6,379	40,597
	Total	6,379	41,468
17	Employee Benefit Expenses	2013-14 (₹)	2012-13 (₹)
	Salary, Wages & Bonus	27,687,865	30,169,765
	Contribution to Provident Fund & Other Funds	1,329,015	1,101,808
	Welfare Expenses	1,210,000	791,377
	Total	30,226,880	32,062,950

- 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:

Particulars	Gratuity Defined Benefit Obligation	Gratuity Defined Benefit Obligation
	2013-14 (₹)	2012-13 (₹)
Present value of funded obligations	-	-
Fair value of plan assets	-	-
Present value of unfunded obligations	615,516	572,705
Unrecognized past service cost	-	-
Net liability	615,516	572,705
Amounts in the balance sheet:		
Liabilities	615,516	572,705
Assets	-	-
Net liability	615,516	572,705

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

Particulars	Gratuity Defined Benefit Obligation	Gratuity Defined Benefit Obligation
	2013-14 (₹)	2012-13 (₹)
Current service cost	139,259	131,451
Interest on obligation	46,389	36,967
Expected return on plan assets	-	-
Net actuarial losses (gains) recognized in year	(142,837)	(30,624)
Past service cost	-	-
Losses (gains) on curtailments and settlement	-	-
Total, included in 'employee benefit expense'	42,811	137,794
Actual return on plan assets	-	-

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	Gratuity Defined Benefit Obligation
	2013-14 (₹)	2012-13 (₹)
Opening defined benefit obligation	572,705	434,911
Service cost	139,259	131,451
Interest cost	46,389	36,967
Actuarial losses (gains)	(142,837)	(30,624)
Losses (gains) on curtailments	-	-
Liabilities extinguished on settlement	-	-
Liabilities assumed in an amalgamation in the nature of purchase	-	-
Exchange differences on foreign plans	-	-
Benefits paid	-	-
Closing defined benefit obligation	615,516	572,705

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	Gratuity Defined Benefit Obligation
	2013-14 (₹)	2012-13 (₹)
Opening fair value of plan assets	-	-
Expected return	-	-
Actuarial gains and (losses)	-	-
Assets distributed on settlements	-	-
Contributions by employer	-	-
Assets acquired in an amalgamation in the nature of purchase	-	-
Exchange differences on foreign plans	-	-
Benefits paid	-	-
Closing balance of fair value of plan assets	-	-



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

Particulars	Gratuity Defined Benefit Obligation	Gratuity Defined Benefit Obligation
	2013-14 (₹)	2012-13 (₹)
Government of India Securities	-	-
High quality corporate bonds	-	-
Equity shares of listed companies	-	-
Property	-	-
Insurance Company	-	-

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

Particulars	Gratuity Defined Benefit Obligation	Gratuity Defined Benefit Obligation
	2013-14 (₹)	2012-13 (₹)
Discount rate	9.10%	8.10%
Expected return on plan assets	-	-
Proportion of employees opting for early retirement	-	-
Annual increase in Salary costs	6.00%	6.00%
Future changes in maximum state health care benefits	-	-

G. Gratuity Benefit Amount for the current period are as follow

Particulars	2013-14 (₹)	2012-13 (₹)
Defined benefit obligation	615,516	572,705
Plan assets	-	-
Surplus/(deficit)	(615,516)	(572,705)
Experience adjustments on plan liabilities	(50,280)	(62,929)
Experience adjustments on plan assets	-	-
Actuarial Loss/(Gain) due to change in assumption	(92,557)	32,305
Actuarial Loss/(Gain) due to participant experience	(50,280)	(62,929)
Actuarial Loss/(Gain) on liabilities	(142,837)	(30,624)
Net Actuarial Loss/(Gain) on liabilities	(142,837)	(30,624)

Particulars	31.3.14	31.3.13	31.3.12	31.3.11	31.3.10
Defined Benefit Obligation	615,516	572,705	434,911	161,874	110,726
Plan Assets	-	-	-	-	-
Unrecognised past service Cost	-	-	-	-	-
Deficit	-	-	-	-	-
Experience adjustments on plan liabilities	615,516	572,705	434,911	161,874	110,726
Experience adjustments on plan assets	-	-	-	-	-

18 Finance Cost	2013-14 (₹)	2012-13 (₹)
Interest Expenses	64,728,214	56,030,783
Other Borrowing cost	2,496,812	1,220,849
Total	67,225,026	57,251,632



19	Depreciation And Amortisation Expense	2013-14 (₹)	2012-13 (₹)
	Depreciation of Tangible Assets	1,123,848	1,076,794
	Depreciation of Intangible Assets	-	-
	Total	1,123,848	1,076,794
20	Other Costs	2013-14 (₹)	2012-13 (₹)
	Electricity & Fuel charges	615,940	488,472
	REPAIRS TO:		
	Building	319,346	310,379
	Other	544,430	339,665
	Sub Total	863,776	650,044
	Insurance	190,158	179,673
	Rent	2,299,164	2,582,231
	Rates & Taxes	115,436	68,903
	Stationery & Printing	910,829	1,238,465
	Advertisement Expenses	161,276	95,357
	Communication	1,545,714	1,721,354
	Traveling & Conveyance Expenses	1,648,712	1,576,686
	Professional Fees	5,930,458	5,883,158
	Auditor's Remuneration:		
	Audit Fees	252,810	179,776
	For Tax Audit	84,270	73,034
	For Certification	13,488	21,916
	For Income Tax Consultancy Fee	11,799	11,236
	Sub Total	362,367	285,962
	Director Sitting Fees	230,000	310,000
	Marketing & Incentive Expenses	9,902,842	7,746,290
	Bad debts written off	5,091,631	3,981,919
	Provision for NPA	196,610	112,911
	Contingent Provision Against Standard Assets (Net)	(515,000)	450,000
	Sundry Balance Written Off	594,788	496,194
	Loss on Sale of Assets	642	-
	General Charges	3,873,821	1,863,030
	(including Bank Charges, Security Charges & Membership Fees etc.)		
	Total	34,019,165	29,730,649

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

20.2 NPA provisions are shown net off NPA Provision written back during the year amounting to Rs. 3,72,539/- (P.Y. Rs. 2,12,144/-)



NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2014

21. Contingent liabilities not provided for: -

- (a) Disputed Demand of Income Tax Rs. 17.12 Lacs (Previous year Rs. 19.27 Lacs) (Against which the Company has paid Rs. 11.41 Lacs [Previous year Rs. 19.27 Lacs] under protest which are shown as advances).
- (b) Guarantee given by company of Rs. 2200 Lacs (P.Y. Rs. Nil) for Working Capital Loan taken by its subsidiary company.
22. Related Party Disclosures :
- List of Related Parties with whom transactions have taken place during the year:

A) Subsidiary

Namra Finance Ltd.

B) Key Management Personnel

Mr. Jayendrabhai Patel

Mr. Aalokbhai Patel

Mr. Amitbhai Manakiwala

C) Relatives of Key Management Personnel

Name of Party

Mrs. Ritaben J. Patel

Mr. Aakash J. Patel

J.B.Patel HUF

Raj Enterprise

Mrs. Himani Manakiwala

J B Patel & Co.

Mrs. Sachi Patel

Aalok Patel (HUF)

Amit Manakiwala (HUF)

Aakash Patel (HUF)

Namra Holdings & Cons.

Services Pvt. Limited

Related party Relationship

Relative of Key Management Personnel

Relative of Key Management Personnel

Key Management personnel is Karta

Key Management personnel is Proprietor

Relative of Key Management Personnel

Key Management personnel is co-owner

Relative of Key Management Personnel

Key Management personnel is Karta

Key Management personnel is Karta

Relative of Key Management Personnel

Relative of Key Management Personnel

is Director

Details of Transactions are as follows:

Sr. No.	Nature of Transactions	Subsidiary	Key Management Personnel	Relatives Key Management Personnel	Total
1	Expenses				
	Remuneration & Perquisites	Nil (Nil)	2982200 (2475536)	Nil (Nil)	2982200 (2475536)
	Sitting Fees	Nil (Nil)	Nil (22500)	50000 (62500)	50000 (85000)
	Interest Expenses	Nil (Nil)	478586 (1022744)	1568053 (1831535)	2046639 (2854279)
	Rent Paid	Nil (Nil)	Nil (Nil)	20224 (20224)	20224 (20224)
	Professional Fees	Nil (Nil)	Nil (390000)	Nil (Nil)	Nil (390000)
	Dividend paid	Nil (Nil)	579541 (480463)	789763 (715880)	1369304 (1196343)
2	Income				
	Interest Income	13223711 (Nil)	Nil (Nil)	Nil (Nil)	13223711 (Nil)
3	Unsecured Loan				
	Loan taken during the year	Nil (Nil)	5750000 (10495000)	13537500 (14138000)	19287500 (24633000)
	Loan repaid during the year	Nil (Nil)	5750000 (10495000)	13337500 (14138000)	19087500 (24633000)
	Balance out standing at 31/03/2014	Nil (Nil)	Nil (Nil)	200000 (Nil)	200000 (Nil)



4	Investments in Subsidiary	50000000 (30110000)	Nil (Nil)	Nil (Nil)	50000000 (30110000)
5	Transfer of Receivables under Securitization	11791300 (49500000)	Nil (Nil)	Nil (Nil)	11791300 (49500000)
6	Purchase of shares of Subsidiary	Nil (Nil)	Nil (6000)	Nil (1000)	Nil (7000)
7	Loan Granted				
	Loan granted during the year	404042640 (Nil)	Nil (Nil)	Nil (Nil)	404042640 (Nil)
	Loan recd. Back during the year	405794793 (Nil)	Nil (Nil)	Nil (Nil)	405794793 (Nil)
	Balance out standing at 31/03/2014	11471558 (Nil)	Nil (Nil)	Nil (Nil)	11471558 (Nil)

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

Unsecured Loan taken includes

taken from Shri Jayendra Patel Rs. 5085000 (P.Y. Rs. 7615000), from Smt. Himani A. Manakiwala Rs. 1300000 (P.Y. Rs. 800000), from Smt. Ritaben J. Patel Rs. 1487500 (P.Y. Rs. 3275000), from Shri Aakash J. Patel Rs. Nil (P.Y. Rs. 5,180,000), from Shri Aalok J. Patel Rs. 3050000 (P.Y. Rs. 2880000), from Jayendra Patel (HUF) Rs. 2675000 (P.Y. Rs. 1630000), from Smt. Sachi Patel Nil (P.Y. Rs. 1193000), from Amit Manakiwala (HUF) Rs. Nil (P.Y. Rs. 1120000), from Namra Holdings & Consultancy Services Pvt. Limited Rs. 1965000 (P.Y. Rs. 790000), from Shri Aakash J. Patel (HUF) Rs. 2375000 (P.Y. Rs. 150000). **Unsecured Loan repayments includes** paid to Shri Jayendra Patel Rs. 5576248 (P.Y. Rs. 8267416), to Smt. Himani A. Manakiwala Rs. 1426409 (P.Y. Rs. 941239), to Smt. Ritaben J. Patel Rs. 1793825 (P.Y. Rs. 3517351), to Shri Aakash Patel Rs. Nil (P.Y. Rs. 5908718), to Shri Aalok Patel Rs. 3443157 (P.Y. Rs. 3250328), to Aakash Patel (HUF) Rs. 2438618 (P.Y. Rs. 174991), to Smt. Sachi Patel Rs. Nil (P.Y. Rs. 1395145), to Amit Manakiwala (HUF) Rs. 1512271 (P.Y. Rs. 1308714), to Jayendra Patel (HUF) Rs. 3000229 (P.Y. Rs. 18,19,361), to Namra Holdings & Consultancy Services Pvt. Limited Rs. 2206101 (P.Y. Rs. 904016).

Unsecured Loan granted includes paid to Namra Finance Limited Rs. 404042640 (P.Y. Nil).

Unsecured Loan received back includes Received from Namra Finance Limited Rs. 405794793 (P.Y. Nil).

Interest Income includes Received from Namra Finance Limited Rs. 13223711 (P.Y. Nil).

Interest Expenses includes paid to Shri Jayendra Patel Rs. 491218 (P.Y. Rs. 587175), to Shri Aakash Patel Rs. Nil (P.Y. Rs. 582973), to Shri Aalok Patel Rs. 393157 (P.Y. Rs. 333293), to Smt. Ritaben J. Patel Rs. 306325 (P.Y. Rs. 218115), to J B Patel (HUF) Rs. 325229 (P.Y. Rs. 170424), to Aakash Patel (HUF) Rs. 263618 (P.Y. Rs. 22,491), to Smt. Sachi Patel Rs. Nil (P.Y. Rs. 161716), to Amit Manakiwala (HUF) Rs. Nil (P.Y. Rs. 169843), to Smt. Himani Manakiwala Rs. 126409 (P.Y. Rs. 127114), to Namra Holdings & Consultancy Services Pvt. Limited Rs. 241101 (P.Y. Rs. 102614).

Remuneration and perquisites includes payment to Shri Jayendrabhai Patel Rs. 1532600 (P.Y. Rs. 1535536) and to Shri Amit Manakiwala Rs. 900000 (P.Y. Rs. 390000), to Shri Aalok Patel Rs. 549600 (P.Y. Rs. 550000).

Professional Fees includes payment to Shri Amit Manakiwala Rs. Nil (P.Y. Rs. 390000),

Sitting Fees included paid to Smt. Ritaben Patel Rs. 50000 (P.Y. Rs. 62500) and Shri Amitbhai R. Manakiwala Rs. Nil (P.Y. Rs. 22500),

Rent includes paid to J B Patel & Co. Rs. 20224 (P.Y. Rs. 20224),

Dividend Paid includes paid to Shri Aalok Patel Rs. 197984 (Rs. 161432), to Jayendrabhai Patel HUF Rs. 156800 (P.Y. Rs. 156800), to Shri Aakash Patel Rs. 223064 (P.Y. Rs. 186512), to Shri Jayendrabhai Patel Rs. 226355 (P.Y. Rs. 188952.80), to Smt. Ritaben Patel Rs. 237339 (P.Y. Rs. 200248), to Namra Holdings & Cons. Services Pvt. Limited Rs. 132320 (P.Y. Rs. 132320), to Shri Amitbhai Manakiwala Rs. 155202 (P.Y. Rs. 130080), to Smt. Himani Manakiwala Rs. 40000 (P.Y. Rs. 40000).

Investments in Subsidiary Company includes investment into Namra Finance limited Rs. 50000000/- (P.Y. Rs. 30110000/-).

Transfer of Receivables under Securitization included transaction with Namra Finance limited of Rs. 11791300/- (P.Y. Rs. 49500000/-).

Purchase of Shares of Subsidiary includes purchase made from Shri Jayendrabhai Patel Rs. Nil (P.Y. Rs. 2,000), to Shri Amit Manakiwala Rs. Nil (P.Y. Rs. 2,000), to Shri Aalok Patel Rs. Nil (P.Y. Rs. 2,000), Smt. Ritaben Patel Rs. Nil (P.Y. Rs. 1,000).



Arman Financial Services Limited

23. Earnings Per Share:		
Particulars	2013-2014 Amount (₹)	2012-2013 Amount (₹)
Numerator used for calculating Basic Earnings Per Share (PAT)	3,41,72,337	3,33,31,193
Add: Interest on CCD (Net of Tax)	Nil	86,17,76
Numerator used for calculating Diluted Earnings Per Share (PAT)	3,41,72,337	3,41,92,968
Weighted Average No. of Shares used as denominator for calculating Basic Earnings Per Share	62,32,597	54,06,493
Weighted Average No. of Shares used as denominator for calculating Diluted Earnings Per Share	62,32,597	68,96,417
Nominal Value per Share	10	10
Basic Earnings per share	5.48	6.17
Diluted Earnings per share	5.48	4.96

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

Classification	Portfolio loan Outstanding (Gross)		Provision for Standard and Non Performing Assets	
	31.3.2014	31.3.2013	31.3.2014	31.3.2013
Standard Assts	453,657,286	650,802,110	1,200,000	1,715,000
Sub Standard Assets	5,667,804	3,877,345	587,924	391,314
Total	459,325,090	654,679,455	1,787,924	2,106,314

25. Balances are subject to confirmation.
26. Borrowing costs attributable to the acquisition or construction of Qualifying Assets amounting to Rs. Nil (P. Y. Rs. Nil)
27. Share Application Money forfeited during the year is transfer to General Reserve of Rs. 14.99 Lacs (P.Y. Rs. Nil).
28. Lease:
The Company has entered into certain rent agreements and amounts of Rs. 22.99 Lacs (P.Y. Rs. 25.82 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 Rs. Nil (P.Y. Rs. 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. Disclosure requirement by Originator as per Reserve Bank of India's Guidelines on Securitization of standard Assets are as under:

Particulars	2013-14	2012-13
Total No. of Loan Assets	2115	9350
Book Value of loan Assets (Rs.)	11112619	46674228
Sales Consideration received from securitized assets (Rs.)	11791300	49500000
Gain / (Loss) on Securitised Assets (Rs.)	678682	2825772
Form of Service Provided	-	-
Quantum of Outstanding Value of Services (Rs.)	Nil	37479241

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

	2013-14	2012-13
34. Earning in foreign currency (Rs.)	Nil	(Nil)
35. Expenditure in foreign Currency (Rs.)	Nil	(Nil)
36. 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 "36"

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: 12/05/2014

For & On behalf of Board of Directors

Jayendra Patel
Vice Chairman &
Managing Director

Amit Manakiwala
Director

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

[illegible]



Arman Financial Services Limited

	(iv) Government Securities	NIL	NIL
	(v) Others (please specify) FDR	884.22	NIL
	Long-term investments:		
	1. Quoted:		
	(i) Shares (a) Equity	NIL	NIL
	(b) Preference	NIL	NIL
	(ii) Debentures and Bonds	NIL	NIL
	(iii) Units of mutual funds	NIL	NIL
	(iv) Government Securities	NIL	NIL
	(v) Others (please specify)	NIL	NIL
	2. Unquoted:		
	(i) Shares (a) Equity	1,000.00	NIL
	(b) Preference	NIL	NIL
	(ii) Debentures and Bonds	NIL	NIL
	(iii) Units of mutual funds	NIL	NIL
	(iv) Government Securities	NIL	NIL
	(v) Others (please specify)	NIL	NIL

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

Please see Note 2 below

Category	Amount net of provision		
	Secured	Unsecured	Total
1. Related Parties**	NIL	NIL	NIL
(a) Subsidiaries	NIL	114.72	114.72
(b) Companies in the same group	NIL	NIL	NIL
(c) Other related parties	NIL	NIL	NIL
2. Other than related parties	4349.17	514.21	4863.38
Total	4349.17	628.93	4978.10

(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

Category	Market value/ Break-up or fair value or NAV	Book Value (Net of Provisions)
1. Related Parties**	NIL	NIL
(a) Subsidiaries	1,000.00	NIL
(b) Companies in the same group	NIL	NIL
(c) Other related parties	NIL	NIL
2. Other than related parties	NIL	NIL
Total	1,000.00	0

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

(8) **Other information**

	Particulars	Amount
(i)	Gross Non-performing Assets	NIL
	(a) Related Parties	NIL
	(b) Other than related parties	56.68
(ii)	Net Non-Performing Assets	
	(a) Related Parties	NIL
	(b) Other than related parties	50.80
(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. However, market value in respect of quoted investments and break-up/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long-term or current in column (5) above



Statement Pursuant To Section 212 of The Companies Act, 1956 Relating To Subsidiary Companies for the year ended on 31st March, 2014

Sr. No.	Particulars	Namra Finance Limited (Subsidiary)
1	<u>Financial year of Subsidiary company</u>	31st March' 2014
2	a. No of shares held at the end of the financial year of subsidiary company	1,00,00,000
	b. Extent of Holding	100 %
3	<u>Net aggregate Profit / Loss of the subsidiary company so far it concern the member of Holding company</u>	
	a. Not dealt with accounts of holding company for the year ended on 31st March-2014.	--
	i. for subsidiary's financial year ending as above in 1	--
	ii. For previous financial years of the subsidiary since it became subsidiary of Holding Company.	--
	b. dealt with accounts of holding company for the year ended on 31st March-2014.	
	i. for subsidiary's financial year ending as above in 1	1,11,15,430
	ii. for previous financial years of the subsidiary since it became subsidiary of Holding Company.	--
4	<u>Change in the interest of Holding Company between the end of the financial year of the subsidiary and 31st March'14.</u>	
	i. No of share	--
	ii. Extent of Holding	--
5	<u>Material changes between the end of the financial year of the subsidiary and 31st March'2014.</u>	
	i. Fixed Assets	--
	ii. Investments	--

Note:

- Your company has 1 subsidiary company as on 31st March'2014.
- Namra Finance Limited is a subsidiary of ARMAN FINANCIAL SERVICES LIMITED, which is 100 % subsidiary of the company.

Sr. No.	Particulars	Namra Finance Limited (Subsidiary)
1	<u>Financial year of Subsidiary company</u>	31st March, 2014
2	a. No of shares held at the end of the financial year of subsidiary company	1,00,00,000
	b. Extent of Holding	100 %
		(₹ In Lacs)
3	Capital	1000.00
	Reserve and Surplus	110.48
	Total Assets	4564.45
	Total liability	3453.96
	Share Application Money	NIL
	Income	618.81
	Profit Before Tax	164.35
	Provision for Tax	53.20
	Profit After Tax	111.15
	Dividend	-



NAMRA FINANCE LIMITED

DIRECTORS' REPORT

The Directors of the Company have pleasure in presenting to the members, the 2nd Annual Report together with the Audited Statements of Accounts for the year ended 31st March 2014.

FINANCIAL PERFORMANCE

Particulars	Year ended 31st March, 2014 (₹)	Year ended 31st March, 2013 (₹)
Income From operation	61,881,067	23,83,443
Profit before taxation	16,435,455	1,88,053
Provision for taxation		
Current tax-	(5,875,000)	(2,55,000)
Deferred tax-	554,978	Nil
Profit after taxation	11,115,430	(66,947)
Profit & Loss A/c	11,115,430	(66,947)

OPERATIONS

The operating income for the year was 618.81 lacs and profit before taxation for the year 164.35 lacs.

APPROPRIATION

Transfer to Reserves

According to Companies (Transfer of Profits to Reserves) Rules, 1975, the Board has recommended a transfer of Rs. 23,00,000/- to Special Reserve as required by Section 45-IC of the Reserve Bank of India Act, 1934.

SECRETARIAL AUDIT

Pinakin Shah & Co., Practicing Company Secretary conducted Secretarial Audit for the financial year 2013-14. Pinakin Shah & Co. has submitted the Report confirming compliance with the applicable provisions of Companies Act, 1956.

STATUTORY DISCLOSURES

Energy, Technology Absorption and Foreign Exchange

Particulars required to be furnished by the Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988:

Part A and B pertaining to conservation and technology absorption are not applicable to the Company. However the Company endeavored to conserve energy consumption wherever feasible.

The Company has neither used nor earned any foreign exchange during the year under review.

Personnel

The Industrial Relations scenario continued to be cordial. The Company regards its employees as a great asset and accords high priority to training and development of employees.

Information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, and Companies (Particulars of Employees) Amendment Rules, 2011 is nil.

Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors confirm that:

- In the preparation of the annual accounts, the applicable accounting standards have been followed;
- Appropriate accounting policies have been selected and applied consistently and have made judgements 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 March 31, 2014 and of the profit of the Company for the year ended March 31, 2014;
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- The annual accounts have been prepared on a going concern basis.

Cash Flow

A Cash Flow statement for the year ended on 31st March, 2014 is attached to the Balance Sheet.

AUDITORS

M/s J. T. Shah & Co., Chartered Accountants, Ahmedabad [Membership No.45669] were appointed as the statutory auditors of the Company for financial year 2013-14 at the Annual General Meeting of the Company held on 30/08/2013. M/s. J. T. SHAH & CO., Chartered Accountants, being eligible for re-appointment, they are proposed for reappointment as the statutory auditors of the Company to hold office from the conclusion of 2nd Annual General Meeting till the conclusion of the 3rd Annual General Meeting of the Company.

FIXED DEPOSITS

No fixed deposits were accepted from the public during the year. However, deposits from Directors as at March 31, 2014 stood at Rs 125.10 lacs. The Company does not have any unclaimed or overdue deposits as of date.

ACKNOWLEDGEMENT

The Board appreciates and places on record the contribution made by employees to the sustained satisfactory business performance during the period under review. The Board also places on record their appreciation of the support of all stakeholders particularly shareholders, customers, suppliers, the medical fraternity and business partners, all of whom have contributed to the Company's success.

For and on behalf of the Board,

Place : Ahmedabad
Date : 11/08/2014

Jayendra Patel
Chairman



NAMRA FINANCE LIMITED
(Wholly owned subsidiary of Arman Financial Services Limited)
INDEPENDENT AUDITOR'S REPORT

The Members of
NAMRA FINANCE LIMITED
 Ahmedabad

Report on the Financial Statements

We have audited the accompanying financial statements of NAMRA FINANCE LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these 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 Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, 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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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, 2014;
- 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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013.
 - e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

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

Place : Ahmedabad
Date : 12/05/2014

(J. J. Shah)
Partner
[M. No. 45669]



ANNEXURE

(Referred to in paragraph 1 of "Report on Other Legal and regulatory Requirements" of our report of even date.)

- 1 In respect of Fixed Assets:
 - a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b. As per the information and explanations given to us, all the fixed assets have been physically verified by the management during the year. We are informed that no material discrepancies were noticed on such verification.
 - c. During the year, the Company has not disposed off any major/substantial part of the fixed assets
- 2 In respect of its Inventories:

The company does not have any Inventories and hence clause 4(ii) of The Companies (Auditor's Report) Order, 2003 is not applicable.
- 3 In respect of loans, secured or unsecured, granted or taken by the company to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
 - a. The Company has not granted any loans, secured or unsecured, to/from the companies, firms or other parties covered in the register, maintained under section 301 of the Companies Act, 1956, and therefore the paragraphs 4(iii)(a) to (d) of The Companies (Auditor's Report) Order, 2003 are not applicable.
 - b. During the year under audit, there are eleven such parties covered in the register maintained under section 301 of the Companies Act, 1956 from whom the company has taken loans. The year end balance is amounting to Rs. 239.81 Lacs and the maximum amount involved during the year was Rs. 2474.43 Lacs.
 - c. In our opinion and according to the information and explanations given to us, in case of loans taken during the period, the rates of interest, wherever applicable and other terms and conditions are not prima facie prejudicial to the interest of the company.
 - d. In our opinion and according to the information and explanations given to us, the Company is regular in repayment of principal and interest there on.
- 4 In our opinion, and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to sale of services. During the course of our audit, no major weakness has been noticed in the internal controls.
- 5 In respect of contracts or arrangements covered under Section 301 of the Companies Act, 1956:
 - a. Based on the audit procedures applied by us and according to the information and explanations provided by management, we are of the opinion that the contracts or arrangements that need to be entered into the register maintained under section 301 have been so entered.
 - b. In our opinion, and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the registers maintained under section 301 in respect of any parties during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- 6 In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of Sections 58A and 58AA and any other relevant provisions of the Companies Act, 1956 and the rules framed there under are applicable.
- 7 In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- 8 As informed to us, the maintenance of cost records have not been prescribed by the Central Government under section 209(1) (d) of the Companies Act, 1956, for the year under review.
- 9 In respect of Statutory Dues:
 - a. According to information and explanations given to us and on the basis of our examination of records of the Company, the Company is regular in depositing undisputed statutory dues in respect of Sales Tax, Service Tax, Provident Fund and other material statutory dues. However, The Company was not regular in payment of Advance Income Tax.
 - b. According to the information and explanations given to us, no undisputed amounts payable in respect of Sales Tax, Service Tax, Provident Fund and other material statutory dues were outstanding, as at 31st March, 2014 for a period of more than six months from the date they became payable.
 - c. According to the records of the Company, there are no dues of sales tax, income tax, Wealth-tax, Service tax, custom duty, excise duty, cess which have not been deposited on account of disputes.
- 10 In our opinion, the accumulated losses of the Company are not more than fifty percent of its net worth. The Company has not incurred any cash losses during the year or in the immediately preceding financial year.
- 11 The Company has taken loans from the Banks and the company is regular in repayment of principal and interest.
- 12 Based on our examination of documents and records and information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13 The provisions of any special statute applicable to Chit Fund, Nidhi or Mutual benefit Fund / Societies are not applicable to the Company.
- 14 The Company is not dealing or trading in Shares, Securities, debentures and other investments and hence clause 4(xiv) of Companies (Auditors Report) Order, 2003 is not applicable to the Company.
- 15 In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- 16 The Company has not taken any term loan during the year and hence sub clause (xvi) & (xvii) of clause 4 of Companies (Auditors Report) Order, 2003 are not applicable to the Company.
- 17 According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been prima-facie used for long-term investment.
- 18 The Company has not issued any Debentures and therefore the question of creating the securities in respect thereof does not arise.
- 19 During the year, the Company has not raised any money by way of Public issue.
- 20 Based upon the audit procedures performed and information and explanations given by the management, there is no fraud on or by the Company has been noticed or reported during the course of our audit.

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

(J. J. Shah)
Partner
[M. No. 45669]

Place : Ahmedabad
Date : 12/05/2014



NAMRA FINANCE LIMITED
BALANCE SHEET AS ON 31ST MARCH, 2014

Particulars	Note No.	As at 31/03/2014 ₹	As at 31/03/2013 ₹
<u>EQUITY AND LIABILITIES</u>			
<u>[1] Shareholders' Funds :</u>			
[a] Share Capital	1	100,000,000	50,000,000
[b] Reserves & Surplus	2	11,048,483	(66,947)
		111,048,483	49,933,053
<u>[2] Share Application Money Pending Allotment</u>		-	100,000
<u>[3] Non-Current Liabilities :</u>			
[a] Long Term Borrowings	3	29,166,664	-
[b] Deferred Tax Liabilities (Net)	4	-	-
[c] Long Term Provisions	5	124,767	-
		29,291,431	-
<u>[4] Current Liabilities</u>			
[a] Short-Term Borrowings	6	229,858,929	-
[b] Other Current Liabilities	7	78,970,360	1,415,420
[c] Short Term Provisions	8	7,275,695	177,451
		316,104,984	1,592,871
Total		456,444,898	51,625,924
<u>ASSETS :</u>			
<u>[1] Non-Current Assets</u>			
[i] Tangible Assets	9	346,641	-
[ii] Intangible Assets		-	-
		346,641	-
[b] Long Term Investments		-	-
[c] Deferred Tax Assets (Net)	4	554,975	-
[d] Long-Term Loans and Advance	10	119,000	-
[e] Other Non-Current assets	11	18,725,387	-
		19,746,003	-
<u>[2] Current Assets</u>			
[a] Trade Receivables	12	472,780	-
[b] Cash & Bank Balance	13	4,999,600	11,877,598
[c] Short Term Loans and Advances	10	431,226,515	39,748,326
[d] Other Current Assets		-	-
		436,698,895	51,625,924
Total		456,444,898	51,625,924
Significant Accounting Policies	-		
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)

[J. J. Shah]
Partner
(M.No.45669)

Place : Ahmedabad
Date: 12/05/2014

For, Namra Finance Limited

Jayendra Patel Amit Manakiwala
Managing Director Director



NAMRA FINANCE LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31ST MARCH, 2014

SCHEDULE	Note No.	Current Year 31/03/2014	Previous Year 31/03/2013
INCOME			
Revenue from Operations	14	61,881,045	2,383,443
Other Income	15	22	-
Total Revenue		61,881,067	2,383,443
EXPENDITURE			
Employee Benefits Expenses	16	15,301,635	519,045
Finance Costs	17	23,947,141	-
Depreciation and Amortisation expense	18	15,561	-
Other Expenses	19	6,181,275	1,676,345
Total Expenses		45,445,612	2,195,390
Profit before Tax		16,435,455	188,053
Less : Tax expense:			
- Current Tax		5,875,000	255,000
- Short Provision of Income Tax of earlier years		-	-
- Deferred Tax		(554,975)	-
Profit /(Loss)for the year		11,115,430	(66,947)
Basic Earnings Per Share of Rs. 10 each	22	2.10	(0.02)
Diluted Earnings Per share of Rs. 10 each	22	2.10	(0.02)
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)

[J. J. Shah]
Partner
(M.No.45669)

Place : Ahmedabad
Date: 12/05/2014

For, Namra Finance Limited

Jayendra Patel Amit Manakiwala
Managing Director Director



NAMRA FINANCE LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

PARTICULARS	YEAR ENDED 31/03/2014	YEAR ENDED 31/03/2013
A: Cash from Operating Activities :		
Net Profit before Taxation	16,435,455	188,053
Adjustment For :		
Depreciation	15,561	-
NPA Provisions(Net)	91,739	-
Contingent Provision on Standard Assets	1,081,000	99,850
Interest on shortfall of Advance Tax	600,000	-
	<u>1,788,300</u>	<u>99,850</u>
Operating Profit Before Working		
Capital changes :	18,223,755	287,903
Adjustment For :		
Increase/(Decrease) In Long-Term Provision	124,767	-
Increase/(Decrease) In Short-Term Provision	1,000,282	-
Increase/(Decrease) In Other Current Liability	2,553,358	1,405,420
Decrease/(Increase) In Trade Receivables	(472,780)	-
Decrease/(Increase) In Inventories	-	-
Decrease/(Increase) In Long Term Loans And Advances	(119,000)	-
Decrease/(Increase) In Short Term Loans And Advances	(391,478,189)	(39,748,327)
	<u>(388,391,561)</u>	<u>(38,342,907)</u>
Cash Generated From Operations	(370,167,807)	(38,055,004)
Income Tax Paid	(1,549,777)	(177,399)
	<u>(1,549,777)</u>	<u>(177,399)</u>
	<u>(371,717,584)</u>	<u>(38,232,402)</u>
B: Cash Flow From Investment Activities :		
Purchase of Fixed Assets	(362,202)	-
Sale of Fixed Assets	-	-
(Increase) /Decrease in Bank Deposits	(20,804,873)	-
Investments in Subsidiary	-	-
Net Cash from Investment Activities	(21,167,075)	-
C: Cash Flow From Financing Activities :		
Proceeds From Issue of Share Capital	50,000,000	30,000,000
Proceeds / (Refund) Share Application money	(100,000)	100,000
Proceeds From Share Application Money-CCD	-	-
Proceeds From Long Term Borrowings	91,658,245	-
Repayment of Long Term Borrowings	-	-
Proceeds From Short Term Borrowings	242,368,929	-
Repayment of Short Term Borrowings	-	-
Dividend Paid	-	-
Net Cash from Financing Activities	<u>383,927,174</u>	<u>30,100,000</u>
Net Increase in Cash & Cash Equivalents	(8,957,485)	(8,132,402)
Cash & Cash Equivalents at the Beginning	11,877,598	20,010,000
Cash & Cash Equivalents at the End	2,920,113	11,877,598

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.

As per our report of even date attached herewith

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

For, Namra Finance Limited

[J. J. Shah]
Partner
(M.No.45669)

Jayendra Patel Amit Manakiwala
Managing Director Director

Place : Ahmedabad
Date: 12/05/2014



Significant Accounting Policies:

a. Basis of preparation

The financial statements have been prepared to comply with the Accounting Standards referred to in the Companies (Accounting Standards) Rule, 2006 issued by the Central Government in exercise of the power conferred under sub-section (1) (a) of section 642 and the relevant provisions of the Companies Act, 1956 (the 'Act'). The financial statements have been prepared under the historical cost convention on the accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

b. Use of estimates

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

c. Revenue Recognition:

i. Interest from Loans:

Interest from Loans is recognized in the year in which the installment falls due as per the terms of Loan Agreement. Income on non performing assets is recognized when realized as per the guidelines for prudential norms prescribed by the Reserve Bank of India.

ii. Other Interest Income

Other Interest Income is recognized on accrual basis.

iii. Processing Fees

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

iv. Late Payment Charges

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

d. Fixed Assets

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

The cost of assets includes other direct/indirect and incidental cost incurred to bring them into their working condition.

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

e. Depreciation

The depreciation on assets for own use is provided on "Straight Line Method" at the rates Specified in Schedule XIV of the Companies Act, 1956 on Pro-rata Basis.

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

f. Retirement Benefits

a. The Employee and Company make monthly fixed Contribution to Government of India Employee's Provident Fund equal to a specified percentage of the Covered employee's salary. Provision for the same is made in the year in which services are rendered by the employee.

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

c. Short Term benefits are recognised as an expense at the undiscounted amounts in the Statement of Profit and Loss of the year in which the related service is rendered.

g. Lease:

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

h. Intangible Assets

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

i. Segment Information:

In the opinion of the management, the Company is mainly engaged in the business of Micro-finance. All other activities of the Company revolve around the main business, and as such, there are no separate reportable segments as per Accounting Standard 17 - 'Segment Reporting' prescribed by Companies (Accounting Standards) Rules, 2006.

j. Provision for Current and Deferred Tax

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

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

**k. Borrowing Cost**

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

l. Earnings per Share

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

m. Impairment

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

n. Shares Issue Expenses

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

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



Notes on Financial Statements for the year ended on 31st March, 2014

1	Share Capital	As at 31/03/14 ₹	As at 31/03/13 ₹
	[a] Authorised : 1,00,25,000 (Previous Year 50,25,000) equity shares of par value of Rs. 10/- each	100,250,000	50,250,000
	[b] Issued, Subscribed & Paid-up Capital : 1,00,00,000 (Previous Year 50,00,000) Equity Shares of par value of Rs. 10/- each fully paid up	100,000,000	50,000,000
	Total	100,000,000	50,000,000

- 1.1 The company has only one class of shares referred to as Equity shares having face value of ₹ 10/-. Each Holder of Equity Share is entitled to 1 vote per share.
- 1.2 In the event of liquidation of the Company, the holders of Equity shares will be entitled to receive any of the remaining assets of the company , after distribution of all preferential amounts. However, no such preferential amounts exist currently. The distribution will be in proportion to the number of Equity shares held by the shareholder.
- 1.3 The Company is 100 % Subsidiary of Arman Financial Services Limited.
- 1.4 Details of Shareholder holding more than 5 % shares of the company are as follows:

Name of Shareholder	As at 31/03/2014		As at 31/03/2013	
	%	Shares	%	Shares
Arman Financial Services Limited	100.00%	10,000,000	100.00%	500,000

- 1.4 The Reconciliation of the number of shares outstanding and the amount of share capital as at 31/03/2014 & 31/03/2013 is set out below

Particulars	As at 31/03/2014 (₹)		As at 31/03/2013 (₹)	
	No. of Shares	Amount	No. of Shares	Amount
Shares at the beginning	5,000,000	50,000,000	2,000,000	20,000,000
Addition - Subscription during the year	5,000,000	50,000,000	3,000,000	30,000,000
Deletion	-	-	-	-
Shares at the end	10,000,000	100,000,000	5,000,000	50,000,000

2	Reserves & Surplus	As at 31/03/14 ₹	As at 31/03/13 ₹
	Surplus in the Statement of Profit and Loss		
	Balance as per last financial Statement	-	-
	Add: Transfer from Statement of Profit and Loss	2,300,000	-
	Closing Balance	2,300,000	-
	Surplus in the Statement of Profit and Loss		
	Balance as per last financial Statement	(66,947)	(66,947)
	Add : Profit for the year	11,115,430	(66,947)
		11,048,483	(66,947)
	Less: Appropriations		
	Amount transfer to Special Reserve u/s 45-IC of RBI Act, 1934	2,300,000	
	Closing Balance	8,748,483	(66,947)
	Total	11,048,483	(66,947)



3	Other Current Liabilities				
	Particulars	As at 31/03/2014 (₹)		As at 31/03/2013 (₹)	
		No. of Shares	Amount	No. of Shares	Amount
	Secured				
	Loans				
	From Banks				
	-- Term Loans @	29,166,664	17,228,086	-	-
	From Financial Institutes				
	-- Term Loans @	-	31,791,937	-	-
	Unsecured				
	Loans				
	Loans From Others				
	Directors and their relatives	-	12,510,000	-	-
	Inter Corporate Deposit	-	13,471,558	-	-
	Total	29,166,664	75,001,581	-	-
	Less : Amount disclosed under head Other		75,001,581	-	-
	Current Liability (Note 7)				
	Total	29,166,664	-	-	-

Security :

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

Interest:

Term Loan carries an interest rate ranging from @13.50 % to@ 15.50 % p.a.

Repayment:

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

(Amount in ₹)

Particulars	Upto 1 year	2 to 3 Years
Term Loan Repayment	49,020,023	29,166,664

4	Net Deferred Tax Liabilities / (Assets)	Current	
		As at 31/03/14 ₹	As at 31/03/13 ₹
	Deferred Tax Assets arising out of timing difference relating to :		
	Shares Issue Expenses that are allowable for tax purpose on deferred basis	126,555	-
	Provision for NPA that are allowable for tax purpose in the year of actual loss	412,955	
	Provision for Gratuity that are allowable for tax purpose in the year of actual paid	40,578	
	Total Deferred Tax Assets	580,089	-
	Deferred Tax Liability arising out of timing difference relating to :		
	Difference of Depreciation as per Tax Provision and Company Law	25,113	-
	Total Deferred Tax Liability	25,113	-
	Net Deferred Tax Liability / (Assets)	(554,975)	-



Arman Financial Services Limited

5	Long Term Provisions	As at 31/03/2014 (₹)		As at 31/03/2013 (₹)		
		Non Current	Current	Non Current	Current	
		Contingent Provision against standard Asset	-	1,180,850	-	99,850
		NPA Provisions	-	91,739	-	-
		Provisions for Employee Liability	124,767	1,000,282	-	-
		Provision for Tax	-	6,730,000	-	255,000
		Less : Advance Tax & TDS	-	(1,727,176)	-	(177,399)
		Net	124,767	7,275,695	-	177,451
Tr. To Short Term Provision (Note 7)			(7,275,695)		(177,451)	
Total		124,767	-	-	-	
				Current		
6	Short-Term Borrowings	As at 31/03/14 ₹		As at 31/03/13 ₹		
		Loans Repayable on Demnd:				
		Working Capital Loans from Banks -Secured @		229,858,929	-	
		Total		229,858,929	-	
Security :						
Hypothecation of Specific assets portfolio & Personal guarantee of some of the directors.						
7	Other Current Liabilities	Current				
		As at 31/03/14 ₹		As at 31/03/13 ₹		
		Current maturity of long term borrowings (Note 3)		75,001,581	-	
		Salary & Wages Payable		341,506	519,045	
		Other Statutory dues		204,444	-	
		Security Deposits from Employees		1,000,000	-	
		TDS Payable		488,522	83,852	
		Unpaid Expenses		1,934,306	812,523	
Total		78,970,360	1,415,420			
8	Short Term Provisions	Current				
		As at 31/03/14 ₹		As at 31/03/13 ₹		
		Contingent Provision against standard Asset (Note-5)		1,180,850	99,850	
		NPA Provisions (Note-5)		91,739	-	
		Provisions for Employee Liability (Note-5)		1,000,282	-	
		Provision for Tax		6,730,000	255,000	
		Less : Advance Tax & TDS		(1,727,176)	(177,399)	
		Net		5,002,824	77,601	
Total		7,275,695	177,451			

**Note No.- 9 - Fixed Assets****TANGIBLE ASSETS**

Gross Block	Buildings	Furniture & Fixtures	Office Equipments	Vehicles	Computer	Intangible Assets	Total
01.04.2012						-	-
Addition						-	-
Disposal	-	-	-	-	-	-	-
At 31.03.2013							
Addition			143,800	-	218,402	-	362,202
Disposal						-	-
At 31.03.2014	-	-	143,800	-	218,402	-	362,202
Depreciation	Buildings	Furniture & Fixtures	Office Equipments	Vehicles	Computer	Intangible Assets	Total
01.04.2012						-	-
Change for the year						-	-
Disposal							-
At 31.03.2013	-	-	-	-	-	-	-
Change for the year			3,283		12,278	-	15,561
Disposal							
At 31.03.2014	-	-	3,283	-	12,278	-	15,561
NET BLOCK							
AS AT 31.3.2013	-	-	-	-	-	-	-
AS AT 31.3.2014	-	-	140,517	-	206,124	-	346,641
10	Loans and Advances		As at 31/03/2014 (₹)		As at 31/03/2013 (₹)		
	(Considered Good unless otherwise stated)		Non Current	Current	Non Current	Current	
A	Unsecured						
	-- Loans to Joint Liability Group (JLGs)		-	431,188,045	-	39,748,326	
	-- Deposits		119,000	-	-	-	
	-- Other Loans and Advances		-	20,590	-	-	
	-- Advances to Staff		-	17,880	-	-	
	Total		119,000	431,226,515	-	39,748,326	
10.1	Loans to JLGs includes Rs. 5,98,480/- (P.Y. Nil) outstanding portfolio on which NPA provision of Rs. 59,848/- (P.Y. Rs. Nil) has been made						
11	Other Non Current Assets				Current		
					As at 31/03/14 ₹	As at 31/03/13 ₹	
	Bank Fixed Deposits with Original maturity for more than 12 months (Note 13)				18,725,387	-	
	Total				18,725,387	-	
12	Trade Receivables				Current		
					As at 31/03/14 ₹	As at 31/03/13 ₹	
A	Outstanding for a period exceeding Six Months from the date they are due for Payment (Unsecured, considered good)						
	Secured				-	-	
	Unsecured				-	-	
B	Other Trade receivables (Unsecured, considered good)						
	Secured				472,780	-	
	Unsecured				472,780	-	
	Total				472,780	-	



Arman Financial Services Limited

12.1 Loans to JLG includes Rs. 3,18,910/-(P.Y. Nil) outstanding portfolio on which NPA provision of Rs. 31,891/-(P.Y. Rs. Nil) has been made.

13	Cash and Bank Balance	As at 31/03/2014 (₹)		As at 31/03/2013 (₹)	
		Non Current	Current	Non Current	Current
A	Cash and cash equivalents				
	Cash on hand	-	157,995	-	45,000
	Balance With Banks	-	2,762,118	-	11,832,598
	Total	-	2,920,113	-	11,877,598
B	Other Bank Balance				
	Deposits with Original maturity for more than 12 months	18,725,386	2,079,487	-	-
		18,725,386	2,079,487	-	-
	Less Amount disclosed Under Non Current Assets (Note 11)	18,725,386	-	-	-
	Total	-	4,999,600	-	11,877,598

14	Revenue from operation	As at 31/03/14 ₹	As at 31/03/13 ₹
	Interest Income	54,316,254	2,383,443
	Other Financial Services		
	Processing Fees	7,564,791	-
	Total	61,881,045	2,383,443

15	Other Income	As at 31/03/14 ₹	As at 31/03/13 ₹
	Misc. Income	22	-
	Total	22	-

16	Employee Benefit Expenses	As at 31/03/14 ₹	As at 31/03/13 ₹
	Salary, Wages & Bonus	13,910,173	519,045
	Contribution to Provident Fund & Other Funds	1,326,299	-
	Welfare Expenses	65,163	-
	Total	15,301,635	519,045

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

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

Particulars	Gratuity	Gratuity
	Defined Benefit	Defined Benefit
	Obligation	Obligation
	2013-14 (₹)	2012-13 (₹)
Present value of funded obligations	-	-
Fair value of plan assets	-	-
Present value of unfunded obligations	125,049	-
Unrecognized past service cost	-	-
Net liability	125,049	-
Amounts in the balance sheet:		
Liabilities	125,049	-
Assets	-	-
Net liability	125,049	-

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

Particulars	Gratuity Defined Benefit Obligation	Gratuity Defined Benefit Obligation
	2013-14 (₹)	2012-13 (₹)
Current service cost	125,049	-
Interest on obligation	-	-
Expected return on plan assets	-	-
Net actuarial losses (gains) recognized in year	-	-
Past service cost	-	-
Losses (gains) on curtailments and settlement	-	-
Total, included in 'employee benefit expense'	125,049	-
Actual return on plan assets	-	-

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	Gratuity Defined Benefit Obligation
	2013-14 (₹)	2012-13 (₹)
Opening defined benefit obligation	-	-
Service cost	125,049	-
Interest cost	-	-
Actuarial losses (gains)	-	-
Losses (gains) on curtailments	-	-
Liabilities extinguished on settlement	-	-
Liabilities assumed in an amalgamation in the nature of purchase	-	-
Exchange differences on foreign plans	-	-
Benefits paid	-	-
Closing defined benefit obligation	125,049	-

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	Gratuity Defined Benefit Obligation
	2013-14 (₹)	2012-13 (₹)
Opening fair value of plan assets	-	-
Expected return	-	-
Actuarial gains and (losses)	-	-
Assets distributed on settlements	-	-
Contributions by employer	-	-
Assets acquired in an amalgamation in the nature of purchase	-	-
Exchange differences on foreign plans	-	-
Benefits paid	-	-
closing balance of fair value of plan assets	-	-



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

Particulars	Gratuity Defined Benefit Obligation	Gratuity Defined Benefit Obligation
	2013-14 (₹)	2012-13 (₹)
Government of India Securities	-	-
High quality corporate bonds	-	-
Equity shares of listed companies	-	-
Property	-	-
Insurance Company	-	-

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

Particulars	Gratuity Defined Benefit Obligation	Gratuity Defined Benefit Obligation
	2013-14 (₹)	2012-13 (₹)
Discount rate	9.10%	-
Expected return on plan assets	-	-
Proportion of employees opting for early retirement	-	-
Annual increase in Salary costs	6.00%	-
Future changes in maximum state health care benefits	-	-

G. Gratuity Benefit Amount for the current period are as follow

Particulars	Gratuity Defined Benefit Obligation	Gratuity Defined Benefit Obligation
	2013-14 (₹)	2012-13 (₹)
Defined benefit obligation	125,049	-
Plan assets	-	-
Surplus/(deficit)	(125,049)	-
Experience adjustments on plan liabilities	-	-
Experience adjustments on plan assets	-	-
Actuarial Loss/(Gain) due to change in assumption	-	-
Actuarial Loss/(Gain) due to participant experience	-	-
Actuarial Loss/(Gain) on liabilities	-	-
Net Actuarial Loss/(Gain) on liabilities	-	-

Particulars	31.3.14	31.3.13	31.3.12	31.3.11	31.3.10
Defined Benefit Obligation	125,049	-	-	-	-
Plan Assets	-	-	-	-	-
Unrecognised past service Cost	-	-	-	-	-
Deficit	-	-	-	-	-
Experience adjustments on plan liabilities	125,049	-	-	-	-
Experience adjustments on plan assets	-	-	-	-	-

17	Finance Cost	2013-14 (₹)	2012-13 (₹)
	Interest Expenses	23,079,028	-
	Other Borrowing cost	868,113	-
	Total	23,947,141	-



18	Depreciation And Amortisation Expense	2013-14 (₹)	2012-13 (₹)
	Depreciation of Tangible Assets	15,561	-
	Depreciation of Intangible Assets	-	-
	Total	15,561	-
19	Other Expenses	2013-14 (₹)	2012-13 (₹)
	Electricity & Fuel charges	8,918	-
	REPAIRS TO:		
	Building	53,070	-
	Other	-	-
	Sub Total	53,070	-
	Insurance	19,920	-
	Rent	729,795	-
	Rates & Taxes	24,096	-
	Stationery & Printing	491,551	-
	Communication	878,791	-
	Traveling & Conveyance Expenses	42,053	57,885
	Professional Fees	1,415,346	786,520
	Auditor's Remuneration:		
	Audit Fees	140,450	23,596
	For Tax Audit	28,090	-
	For Certification	2,248	-
	For Income Tax Consultancy Fee	-	28,374
	Sub Total	170,788	51,970
	Marketing & Incentive Expenses	254,000	-
	Bad debts written off	77,792	-
	Provision for NPA	91,739	-
	Contingent Provision Against Standard Assets (Net)	1,081,000	99,850
	Preliminary Exp W/off	487,500	660,970
	General Charges	354,916	19,150
	(including Bank Charges, Security Charges & Membership Fees etc.)		
	Total	6,181,275	1,676,345



NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2014

20. **Contingent liabilities not provided for - NIL**

21. **Related Party Disclosures :**

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

- A) Holding Company
Arman Financial Services Limited
- B) Key Management Personnel
Shri Jayendrabhai Patel
Shri Amitbhai Manakiwala
Shri Aalokbhai Patel

C) **Relatives of Key Management Personnel**

Name of Party

Mrs. Ritaben J. Patel
Aakash Patel (HUF)
Aalok Patel (HUF)
Raj Enterprise
Namra Holdings & Cons.
Services Pvt. Limited
Amit Manakiwala (HUF)
Mrs. Himani Manakiwala
Mrs. Ritaben J. Patel

Related party Relationship

Relative of Key Management Personnel
Relative of Key Management Personnel
Key Management personnel is Karta
Key Management personnel is Proprietor
Relative of Key Management Personnel
is Director
Key Management personnel is Karta
Relative of Key Management Personnel
Relative of Key Management Personnel

D) **Details of Transactions are as follows:**

Sr. No.	Nature of Transactions	Holding Company	Key Management Personnel	Relatives Key Management Personnel	Total
1	Expenses Reimbursement of Salary Expenses	Nil (519045)	Nil (Nil)	Nil (Nil)	Nil (519045)
	Interest	13223711 (Nil)	189257 (Nil)	458001 (Nil)	13870969 (Nil)
2	Others Transfer of Receivables under Securitization	11791300 (49500000)	Nil (Nil)	Nil (Nil)	11791300 (49500000)
	Application money received from Holding Company	Nil (100000)	Nil (Nil)	Nil (Nil)	Nil (100000)
3	Unsecured Loans Loan taken during the year	404042640 (Nil)	5750000 (Nil)	14660000 (Nil)	424452640 (Nil)
	Loan repaid during the year	405794793 (Nil)	2489257 (Nil)	6058001 (Nil)	414342051 (Nil)
	Balance out standing at 31/03/2014	11471558 (Nil)	3450000 (Nil)	9060000 (Nil)	23981558 (Nil)
4	Equity Contribution	50000000 (30110000)	Nil (Nil)	Nil (Nil)	50000000 (30110000)
5	Repayment of Application Money	100000 (Nil)	Nil (Nil)	Nil (Nil)	100000 (Nil)

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

Nature of Payments	Related Party	2013-14 (Amounts in ₹)	2012-13 (Amounts in ₹)
Salary Reimbursement	Arman Financial Services Limited.	Nil	519045
Transfer of Receivables under Securitization	Arman Financial Services Limited.	11791300	49500000
Application money received from Holding Company	Arman Financial Services Limited.	Nil	100000



Loan Taken	Arman Financial Services Limited.	404042640	Nil
Loan and interest Repaid	Arman Financial Services Limited.	405794793	Nil
Equity Contribution	Arman Financial Services Limited.	50000000	30000000
Repayment of Application Money	Arman Financial Services Limited.	100000	Nil

22. Earnings per Share

Particular	Unit	31.03.2014	31.03.2013
Numerator used for calculating Basic and Diluted Earning per Share (Profit after Tax)	Rs.	11115430	(66947)
Weighted average No. of shares used as denominator for calculating Basic and Diluted EPS	No. of Shares	5301370	3356164
Face Value of Share	Rs.	10	10
Basic Earnings per Share	Rs.	2.10	(0.02)
Diluted Earnings per Share	Rs.	2.10	(0.02)

23. Details of Average interest paid on borrowing and charged on loans given to JLG:

Particulars	Rate of Interest in %
Average Interest Rate on Borrowings	15.50 %
Average Interest rate on Loans given to JLGs	27.25 %

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

Classification	Portfolio loan Outstanding (Gross)		Provision for Standard and Non Performing Assets	
	31.3.2014	31.3.2013	31.3.2014	31.3.2013
Standard Assts	430,743,435	39,748,326	1,180,850	99,850
Sub Standard Assets	917,390	-	91,739	-
Total	431,660,825	39,748,326	1,272,589	99,850

25. Information pursuant to provision of paragraphs 3 and 4 of part II of Schedule VI of the Companies Act, 1956. (As certified by Director):

	2013-14	2012-13
A) Earning in foreign currency (Rs.)	Nil	(Nil)
	2013-14	2012-13
B) Expenditure in foreign Currency (Rs.)	Nil	(Nil)

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

27. Balances are subject to confirmation.

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)

[J. J. Shah]
Partner
(M.No.45669)

For, Namra Finance Limited

Jayendra Patel Amit Manakiwala
Managing Director Director

Place : Ahmedabad
Date: 12/05/2014



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

(₹ In lakhs)

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	(iv) Government Securities	NIL	NIL
	(v) Others (please specify) FDR	208.04	NIL
	Long-term investments:		
1.	Quoted:		
	(i) Shares (a) Equity	NIL	NIL
	(b) Preference	NIL	NIL
	(ii) Debentures and Bonds	NIL	NIL
	(iii) Units of mutual funds	NIL	NIL
	(iv) Government Securities	NIL	NIL
	(v) Others (please specify)	NIL	NIL
2.	Unquoted:		
	(i) Shares (a) Equity	NIL	NIL
	(b) Preference	NIL	NIL
	(ii) Debentures and Bonds	NIL	NIL
	(iii) Units of mutual funds	NIL	NIL
	(iv) Government Securities	NIL	NIL
	(v) Others (please specify)	NIL	NIL

(6) **Borrower group-wise classification of all leased assets, stock-on-hire and loans and advances**
Please see Note 2 below

Category	Amount net of provision		
	Secured	Unsecured	Total
1. Related Parties**	NIL	NIL	NIL
(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	4,316.08	NIL
Total	NIL	4,316.08	NIL

(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

Category	Market value/ Break-up or fair value or NAV	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
Total	-	0

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

(8) **Other information**

Particulars		Amount
(i)	Gross Non-performing Assets	NIL
	(a) Related Parties	NIL
	(b) Other than related parties	9.17
(ii)	Net Non-Performing Assets	
	(a) Related Parties	NIL
	(b) Other than related parties	8.26
(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. However, market value in respect of quoted investments and break-up/fair value/NAV in respect of unquoted investments should be disclosed irrespective of whether they are classified as long-term or current in column (5) above



ARMAN FINANCIAL SERVICES LIMITED CONSOLIDATED INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Arman Financial Services Limited

REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of Arman Financial Services Limited ("the Company") and its subsidiary, which comprise the consolidated Balance Sheet as at March 31, 2014, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 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 control relevant to the Company's preparation and presentation 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 the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India

- (a) In the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) In the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) In the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

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

Place : Ahmedabad
Date : 12/05/2014

(J. J. Shah)
Partner
[M. No. 45669]



ARMAN FINANCIAL SERVICES LIMITED
CONSOLIDATED BALANCE SHEET AS ON 31ST MARCH, 2014

Particulars	Note No.	As at 31/03/2014 ₹	As at 31/03/2013 ₹
<u>EQUITY AND LIABILITIES</u>			
<u>[1] Shareholders' Funds :</u>			
[a] Share Capital	1	69,246,530	56,488,930
[b] Reserves & Surplus	2	267,748,938	169,463,178
		336,995,468	225,952,108
<u>[2] Money Received Against Share Warrant</u>		-	1,499,148
<u>[3] Non-Current Liabilities :</u>			
[a] Long Term Borrowings	3	102,785,222	60,119,082
[b] Deferred Tax Liabilities (Net)	4	-	-
[c] Long Term Provisions	5	1,023,747	1,075,295
		103,808,969	61,194,377
<u>[4] Current Liabilities</u>			
[a] Short-Term Borrowings	6	503,856,261	311,673,249
[b] Other Current Liabilities	7	155,459,833	214,002,889
[c] Short Term Provisions	8	15,761,320	9,977,079
		675,077,414	535,653,217
Total		1,115,881,851	824,298,850
<u>ASSETS :</u>			
<u>[1] Non-Current Assets</u>			
<u>[a] Fixed Assets :</u>			
[i] Tangible Assets	9	18,202,531	10,433,643
[ii] Intangible Assets		-	-
		18,202,531	10,433,643
[b] Long Term Investments		-	-
[c] Deferred Tax Assets (Net)	4	710,509	611,447
[d] Long-term Loans and Advances	10	108,725,579	145,951,869
[e] Other Non-Current Assets	11	27,228,592	9,810,374
		154,867,211	166,807,333
<u>[2] Current Assets</u>			
[a] Trade Receivables	12	8,129,937	5,705,005
[b] Cash & Bank Balance	13	150,940,213	74,960,889
[c] Short term Loans and Advances	10	801,944,490	576,825,623
[d] Other Current Assets		-	-
		961,014,640	657,491,517
Total		1,115,881,851	824,298,850
Significant Accounting Policies Notes on Financial Statement	1 to 24		

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

Amit Manakiwala
Director

Place : Ahmedabad
Date: 12/05/2014



Arman Financial Services Limited

ARMAN FINANCIAL SERVICES LIMITED CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31ST MARCH, 2014

SCHEDULE	Note No.	Current Year 31/03/2014	Previous Year 31/03/2013
INCOME			
Revenue from Operations	14	244,726,249	169,808,762
Other Income	15	6,401	41,468
Total Revenue		244,732,650	169,850,230
EXPENDITURE			
Employee Benefits Expenses	16	45,528,515	32,581,995
Finance Costs	17	91,172,168	57,251,632
Depreciation and Amortisation expense	18	1,139,409	1,076,794
Other Expenses	19	40,200,440	31,406,994
Total Expenses		178,040,532	122,317,415
Profit before Tax		66,692,118	47,532,815
Less : Tax expense:			
- Current Tax		21,800,000	15,605,000
- Short Provision of Income Tax of earlier years		-	71,760
- Deferred Tax Liability/(Asset)		(99,062)	(1,579,779)
Profit for the year		44,991,180	33,435,834
Basic Earnings Per Share of Rs. 10 each	22	7.22	6.18
Diluted Earnings Per share of Rs. 10 each	22	7.22	4.97
Significant Accounting Policies			
Notes on Financial Statement	1 to 24		

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

Amit Manakiwala
Director

Place : Ahmedabad
Date: 12/05/2014



ARMAN FINANCIAL SERVICES LIMITED
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

PARTICULARS	YEAR ENDED 31/03/2014	YEAR ENDED 31/03/2013
A: Cash from Operating Activities :		
Net Profit before Taxation	66,692,118	47,532,815
Adjustment For :		
Depreciation	1,139,409	1,076,794
NPA Provisions(Net)	288,349	112,911
Contingent Provision on Standard Assets	566,000	549,850
Loss on Sale of Fixed Assets	642	-
Profit on Sale of Fixed Assets	-	(871)
Interest on shortfall of advance tax	1,100,000	470,000
	<u>3,094,400</u>	<u>2,208,684</u>
Operating Profit Before Working Capital changes :	69,786,518	49,741,499
Adjustment For :		
Increase/(Decrease) In Long-Term Provision	162,807	141,213
Increase/(Decrease) In Short-Term Provision	1,005,053	(3,419)
Increase/(Decrease) In Other Current Liability	2,154,477	(75,162,570)
Decrease/(Increase) In Trade Receivables	(2,424,932)	(146,257)
Decrease/(Increase) In Long Term Loans And Advances	37,226,290	(44,597,366)
Decrease/(Increase) In Short Term Loans And Advances	(225,118,867)	(157,783,333)
	<u>(186,995,171)</u>	<u>(277,551,732)</u>
Cash Generated From Operations	(117,208,653)	(227,810,233)
Income Tax Paid	(22,003,881)	(16,500,450)
	<u>(22,003,881)</u>	<u>(16,500,450)</u>
	<u>(139,212,534)</u>	<u>(244,310,682)</u>
B: Cash Flow From Investment Activities :		
Purchase of Fixed Assets	(8,918,939)	(736,832)
Sale of Fixed Assets	10,000	10,000
(Increase) /Decrease in Bank Deposits	(13,790,053)	1,431,635
	<u>(22,698,992)</u>	<u>704,803</u>
C: Cash Flow From Financing Activities :		
Proceeds From Issue of Share Capital	-	5,996,571
Proceeds From Money Receipt against Share Warrant	-	1,499,148
Proceeds From Share Application Money-CCD	-	-
Proceeds From Long Term Borrowings	121,586,264	149,273,734
Repayment of Long Term Borrowings	(81,765,062)	(32,088,438)
Proceeds From Short Term Borrowings	206,755,728	128,777,258
Repayment of Short Term Borrowings	-	(30,070,087)
Dividend Paid	(5,057,915)	(3,635,286)
	<u>241,519,015</u>	<u>219,752,900</u>
Net Cash from Financing Activities	79,607,489	(23,852,979)
Net Increase in Cash & Cash Equivalents	55,462,151	79,315,130
Cash & Cash Equivalents at the Beginning	135,069,639	55,462,151
Cash & Cash Equivalents at the End		
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 Rs. 9,44,048/- (Prev. Year Rs. 7,14,828/-) 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)

[J. J. Shah]
Partner
(M.No.45669)

Place : Ahmedabad
Date: 12/05/2014

For, Arman Financial Services Limited

Jayendra Patel
Vice Chairman &
Managing Director

Amit Manakiwala
Director



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:-

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

2. Other significant accounting policies:-

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

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

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

- b) The figures of previous year are regrouped and rearranged wherever necessary so as to make them comparable with the current year. Figures pertaining to the subsidiary companies have been reclassified wherever necessary to bring them in line with Parent Company's Financial Statements
- c) Shares Issue Expenses are adjusted by Parent company against Security Premium Reserve Account whereas the subsidiary company has charged the same to the Statement of Profit and Loss and hence the accounting policies followed by Holding and subsidiary company are not consistent for treatment of Share Issue Expenses.



Consolidated Notes on Financial Statements for the year ended on 31st March, 2014

1	Share Capital	As at 31/03/14 ₹	As at 31/03/13 ₹
	[a] Authorised :		
	1,12,50,000 (Previous Year 1,12,50,000) Ordinary Equity shares of par value of Rs. 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 Rs. 10/- each	37,500,000	37,500,000
		150,000,000	150,000,000
	[b] Issued, Subscribed & Paid-up Capital :		
	57,20,179 (Previous Year 56,48,893) Ordinary Equity Shares of par value of Rs. 10/- each fully paid up	57,201,790	-
	12,04,474 (Previous Year Nil) Class "A" Ordinary Equity Shares of par value of Rs. 10/- each fully paid up	12,044,740	56,488,930
	Total	69,246,530	56,488,930

- 1.1 The Company has two classes of shares referred to as i) Ordinary Equity shares having face value of Rs. 10/-. Each Holder of Equity Share is entitled to 1 vote per share and ii) Class "A" Ordinary Shares having face value of Rs. 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, 2014, the amount of per share dividend recognised as distribution to equity shareholders was Rs. 81,01,498/-(Rs.1.00). The Total dividend appropriation for the year ended 31st March,2014 amounted Rs. 69,24,653/-(P.Y. Rs. 45,19,115/-) excluding corporate dividend tax of Rs. 11,76,845/- (P.Y. 7,68,023/-).
- 1.5 Details of Shareholder holding more than 5 % shares of the company are as follows:

Name of Shareholder	As at 31/03/2014		As at 31/03/2013	
	%	Shares	%	Shares
RIF North West - 2	24.99	1,429,415	24.04	1,358,130
Jayendrabhai Patel	8.37	478,943	8.48	478,943
Ritaben Patel	5.19	296,674	5.25	296,674

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

Particulars	As at 31/03/2014		As at 31/03/2013	
	%	Shares	%	Shares
RIF North West - 2	100.00	1,204,474	-	-

- 1.7 The Reconciliation of the number of shares outstanding and the amount of Ordinary Equity Share capital as at 31/03/2014 & 31/03/2013 is set out below.

Particulars	As at 31/03/2014		As at 31/03/2013	
	No. of Shares	Amount	No. of Shares	Amount
Shares at the beginning	5,648,893	56,488,930	4,076,600	40,766,000
Addition - Subscription during the year	71,286	712,860	1,572,293	15,722,930
Deletion	-	-	-	-
Shares at the end	5,720,179	57,201,790	5,648,893	56,488,930



- 1.8 The Reconciliation of the number of shares outstanding and the amount of Class "A" Ordinary Equity Share capital as at 31/03/2014 & 31/03/2013 is set out below

Particulars	As at 31/03/2014		As at 31/03/2013	
	No. of Shares	Amount	No. of Shares	Amount
Shares at the beginning	-	-	-	-
Addition - Subscription during the year	1,204,474	12,044,740	-	-
Deletion	-	-	-	-
Shares at the end	1,204,474	12,044,740	-	-

2	Reserves & Surplus	As at 31/03/14 ₹	As at 31/03/13 ₹
General Reserve			
Balance as per last financial Statement		3,675,556	2,175,556
Add: Forfeited Application Money		1,499,148	-
Add: Transfer from Statement of Profit and Loss		1,500,000	1,500,000
Closing Balance		6,674,704	3,675,556
Special Reserve u/s 45-IC of the RBI Act,1934			
Balance as per last financial Statement		25,250,000	18,685,000
Add: Transfer from Statement of Profit and Loss		9,425,000	6,565,000
Closing Balance		34,675,000	25,250,000
		As at 31/03/14 ₹	As at 31/03/13 ₹
Securities Premium Reserve			
Balance as per last financial Statement		62,602,374	-
Add: On Shares Issued During the year		59,896,932	67,619,109
Less: Shares Issue Expenditures		-	5,016,735
Closing Balance		122,499,306	62,602,374
Surplus in the Statement of Profit and Loss			
Balance as per last financial Statement		77,935,250	57,851,553
Add : Profit for the year		44,991,180	33,435,834
Less: Appropriations			
Amount transfer to General Reserve		(1,500,000)	(1,500,000)
Amount transfer to Special Reserve u/s 45-IC of RBI Act, 1934		(9,425,000)	(6,565,000)
Proposed Dividend		(6,924,653)	(4,519,114)
Provision for Tax on Dividend proposed		(1,176,848)	(768,023)
Closing Balance		103,899,929	77,935,250
Total		267,748,938	169,463,178

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.



3	Long Term Borrowings	As at 31/03/2014		As at 31/03/2013	
		Non Current	Current	Non Current	Current
	<u>Secured</u>				
	<u>Loans</u>				
	From Banks				
	-- Vehicle Loans @	-	178,973	178,972	335,933
	From Financial Institutions				
	-- Term Loans @@	100,995,788	120,483,157	51,666,666	127,428,589
	From Others				
	-- Term Loans @@	1,789,434	6,484,010	8,273,444	4,226,556
	<u>Unsecured</u>				
	<u>Debentures</u>				
	Compulsory Convertible Debentures	-	-	-	72,654,532
	<u>Others</u>				
	From Directors and Relatives	-	13,519,320	-	-
	Inter Corporate Deposit	-	2,000,000	-	-
	Total	102,785,222	142,665,460	60,119,082	204,645,610
	Less : Amount disclosed under head Other				
	Current Liability (Note - 7)		142,665,460	-	204,645,610
	Total	102,785,222	-	60,119,082	-

Security :

@ Vehicle Loans are secured by Hypothecation of Vehicle.

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

Interest:

Term Loan carries an interest rate ranging from @ 8.25 % to @ 16.25 % p.a.

Vehicle Loan carries an interest rate @ 12 % .

Loans from relatives carries interest rate @ 15 to 18 %

Repayment:

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

(Amount in ₹)

Particulars	Upto 1 year	2 to 3 Years
Term Loan Repayment	126,967,167	102,785,222

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

Particulars	Upto 1 year	2 to 3 Years
Vehicle Loan Repayment	178,973	-

Loans from relatives (Amount in ₹)

Particulars	Upto 1 year	2 to 3 Years
Loans from relatives	13,519,320	-



4	Net Deferred Tax Liabilities/ (Assets)	As at 31/03/14		As at 31/03/13	
		₹		₹	
	Deferred Tax Assets arising out of timing difference relating to :				
	Provision for Gratuity that are allowable for tax purpose in the year of payment		240,313		185,843
	Shares Issue Expenses that are allowable for tax purpose on deferred basis		1,189,414		1,646,133
	Provision for NPA that are allowable for tax purpose in the year of actual loss		993,137		683,499
	Total Deferred Tax Assets		2,422,864		2,515,475
	Deferred Tax Liability arising out of timing difference relating to :				
	Difference of Depreciation as per Tax Provision and Company Law		1,712,355		1,904,028
	Total Deferred Tax Liability		1,712,355		1,904,028
	Net Deferred Tax Liability / (Assets)		(710,509)		(611,447)
5	Long Term Provision	As at 31/03/2014		As at 31/03/2013	
		Non Current	Current	Non Current	Current
	Provision for Employee Benefit- Gratuity	722,321	1,018,244	559,514	13,191
	Contingent Provision against standard Assets	258,400	2,122,450	375,000	1,439,850
	NPA Provisions	43,026	636,637	140,781	250,533
		1,023,747	3,777,332	1,075,295	1,703,574
	Less : Amount disclosed under head Short Term Provisions - (Note-8)	-	3,777,332	-	1,703,574
	Total	1,023,747	-	1,075,295	-
6	Short-Term Borrowings	Current			
		As at 31/03/14		As at 31/03/13	
	Loans Repayable on Demand:				
	Working Capital Loans from Banks -Secured @		503,856,261		311,673,249
	Total		503,856,261		311,673,249
	Security :				
@	Hypothecation of Specific assets portfolio & Personal guarantee of some of the directors.				(Amounts in Rs)
7	Other Current Liabilities	Current			
		As at 31/03/14		As at 31/03/13	
	Current maturity of long term borrowings (Note 3)		142,665,460		204,645,610
	Salary & Wages Payable		3,280,041		3,424,053
	Other Statutory dues		408,675		123,835
	TDS Payable		825,265		143,880
	Security Deposit		2,483,520		1,430,125
	Unpaid Dividend		944,048		714,826
	Unpaid Expenses		4,852,824		3,520,560
	Total		155,459,833		214,002,889
8	Provisions	Current			
		As at 31/03/14		As at 31/03/13	
	Provisions for employee benefits - Gratuity (Note - 5)		1,018,244		13,191
	Contingent Provision against standard Asset (Note - 5)		2,122,450		1,439,850
	NPA Provisions (Note- 5)		636,637		250,533
	Proposed Dividend		6,924,653		4,519,114
	Provision for Tax on Proposed Dividend		1,176,848		768,023
	Provision for Tax		62,775,000		39,875,000
	Less : Advance Tax & TDS		<u>(58,892,513)</u>		<u>(36,888,632)</u>
	Net		3,882,487		2,986,368
	Total		15,761,320		9,977,079

**Note No.- 9 - Fixed Assets****TANGIBLE ASSETS**

Gross Block	Buildings	Furniture & Fixtures	Office Equipments	Vehicles	Computer	Intangible Assets	Total
01.04.2012	5,010,426	3,342,763	1,042,025	4,676,301	2017715	-	16,089,230
Addition	195,000	69,720	68,380		403732	-	736,832
Disposal				(10,896)			(10,896)
At 31.03.2013	5,205,426	3,412,483	1,110,405	4,665,405	2,421,447	-	16,815,166
Addition	7,867,500	85,780	148,600		817059	-	8,918,939
Disposal				(17,338)		-	(17,338)
At 31.03.2014	13,072,926	3,498,263	1,259,005	4,648,067	3,238,506	-	25,716,767

Depreciation	Buildings	Furniture & Fixtures	Office Equipments	Vehicles	Computer	Intangible Assets	Total
01.04.2012	1,023,565	1,871,151	320,954	1,519,920	570,906	-	5,306,496
Change for the year	82,010	143,667	54,409	440,821	355887	-	1,076,794
Disposal				(1,767)			(1,767)
At 31.03.2013	1,105,575	2,014,818	375,363	1,958,974	926,793	-	6,381,523
Change for the year	100,006	121,928	54,815	438,662	423998	-	1,139,409
Disposal				(6,696)		-	(6,696)
At 31.03.2014	1,205,581	2,136,746	430,178	2,390,940	1,350,791	-	7,514,236
NET BLOCK							
AS AT 31.3.2013	4,099,851	1,397,665	735,042	2,706,431	1,494,654	-	10,433,643
AS AT 31.3.2014	11,867,345	1,361,517	828,827	2,257,127	1,887,715	-	18,202,531

10	Loans and Advances (Considered Good unless otherwise stated)	As at 31/03/2014		As at 31/03/2013	
		Non Current	Current	Non Current	Current
A	Secured				
	-- Loans secured by Hypothecation of Assets	95,702,935	332,200,373	131,789,143	237,040,713
B	Unsecured				
	-- Loans to Companies, Firms , Individuals and Joint Liability Groups (JLGs)	-	455,579,962	-	322,264,729
	-- Deposits	13,022,644	5,696,083	14,162,726	9,343,890
	-- Other Loans and Advances	-	8,061,254	-	7,597,345
	-- Advances to Staff	-	279,630	-	430,580
	-- Balance with government Authority	-	127,188	-	148,366
	Total	108,725,579	801,944,490	145,951,869	576,825,623

- 10.1 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.
- 10.2 Loans secured by Hypothecation of Vehicle includes Rs. 21,00,713/- (P.Y. 14,72,820/-) outstanding portfolio on which NPA provision of Rs. 2,10,345/- (P.Y. Rs. 1,47,280/-) has been made.
- 10.3 Loans to Companies, Firms , Individuals & JLGs includes Rs. 5,98,480/- (P.Y. 57,457/-) outstanding portfolio on which NPA provision of Rs. 59,848/- (P.Y. Rs. 5,748/-) has been made



Arman Financial Services Limited

11	Other Current Liabilities	Current	
		As at 31/03/14	As at 31/03/13
	Bank Fixed Deposits with Original maturity for more than 12 months (Note 13)	27,228,592	9,810,374
	Total	27,228,592	9,810,374
12	Trade Receivables	Current	
		As at 31/03/14	As at 31/03/13
A	<u>Outstanding for a period exceeding Six Months from the date they are due for Payment (Unsecured, considered good)</u>		
	Secured	4,187,198	3,133,289
	Unsecured	-	59,360
		4,187,198	3,192,649
B	<u>Other Trade receivables (Unsecured, considered good)</u>		
	Secured	3,415,815	2,231,876
	Unsecured	526,924	280,480
		3,942,739	2,512,356
	Total	8,129,937	5,705,005

12.1 Sundry Debtors includes Rs. 38,86,001/- (P.Y. 23,47,068/-) outstanding portfolio on which NPA provision of Rs. 4,09,470/- (P.Y. 2,38,286/-) has been made.

13	Cash and Bank Balance	As at 31/03/2014		As at 31/03/2013	
		Non Current	Current	Non Current	Current
A	Cash and cash equivalents				
	Cash on hand	-	3,011,584	-	416,119
	Balance With Banks	-	132,058,055	-	55,046,032
	Total	-	135,069,639	-	55,462,151
B	Other Bank Balance				
	Deposits with Original maturity for more than 12 months	27,228,592	15,870,574	9,810,374	19,498,738
		27,228,592	15,870,574	9,810,374	19,498,738
	"Less Amount disclosed Under Non Current Assets "(Note 11)"	27,228,592	-	9,810,374	
	Total	-	150,940,213	-	74,960,889

13.1 Current Account with Banks includes Rs. 9,44,048/- (Prev. Year Rs. 7,14,828/-) in Unpaid Dividend Account.

14	Revenue from operation	Current	
		As at 31/03/14	As at 31/03/13
	Interest Income	235,765,249	164,006,277
	Other Financial Services		
	Processing Fees	8,367,571	5,320,317
	Other Charges in respect of Loans	593,429	482,168
	Total	244,726,249	169,808,762



15	Other Income	Current	
		As at 31/03/14	As at 31/03/13
	Profit on Sale of Tangible Assets	-	871
	Misc. Income	6,401	40,597
	Total	6,401	41,468
16	Employee Benefit Expenses	2013-14 (₹)	2012-13 (₹)
	Salary, Wages & Bonus	41,723,087	30,688,810
	Contribution to Provident Fund & Other Funds	2,530,265	1,101,808
	Welfare Expenses	1,275,163	791,377
	Total	45,528,515	32,581,995

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

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

Particulars	Gratuity Defined Benefit Obligation	Gratuity Defined Benefit Obligation
	2013-14 (₹)	2012-13 (₹)
Present value of funded obligations	-	-
Fair value of plan assets	-	-
Present value of unfunded obligations	615,516	572,705
Unrecognized past service cost	-	-
Net liability	615,516	572,705
Amounts in the balance sheet:		
Liabilities	615,516	572,705
Assets	-	-
Net liability	615,516	572,705

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

Particulars	Gratuity Defined Benefit Obligation	Gratuity Defined Benefit Obligation
	2013-14 (₹)	2012-13 (₹)
Current service cost	139,259	131,451
Interest on obligation	46,389	36,967
Expected return on plan assets	-	-
Net actuarial losses (gains) recognized in year	(142,837)	(30,624)
Past service cost	-	-
Losses (gains) on curtailments and settlement	-	-
Total, included in 'employee benefit expense'	42,811	137,794
Actual return on plan assets	-	-


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	Gratuity Defined Benefit Obligation
	2013-14 (₹)	2012-13 (₹)
Opening defined benefit obligation	572,705	434,911
Service cost	139,259	131,451
Interest cost	46,389	36,967
Actuarial losses (gains)	(142,837)	(30,624)
Losses (gains) on curtailments	-	-
Liabilities extinguished on settlement	-	-
Liabilities assumed in an amalgamation in the nature of purchase	-	-
Exchange differences on foreign plans	-	-
Benefits paid	-	-
Closing defined benefit obligation	615,516	572,705

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	Gratuity Defined Benefit Obligation
	2013-14 (₹)	2012-13 (₹)
Opening fair value of plan assets	-	-
Expected return	-	-
Actuarial gains and (losses)	-	-
Assets distributed on settlements	-	-
Contributions by employer	-	-
Assets acquired in an amalgamation in the nature of purchase	-	-
Exchange differences on foreign plans	-	-
Benefits paid	-	-
closing balance of fair value of plan assets	-	-

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

Particulars	Gratuity Defined Benefit Obligation	Gratuity Defined Benefit Obligation
	2013-14 (₹)	2012-13 (₹)
Government of India Securities	-	-
High quality corporate bonds	-	-
Equity shares of listed companies	-	-
Property	-	-
Insurance Company	-	-

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

Particulars	Gratuity Defined Benefit Obligation	Gratuity Defined Benefit Obligation
	2013-14 (₹)	2012-13 (₹)
Discount rate	9.10%	8.10%
Expected return on plan assets	-	-
Proportion of employees opting for early retirement	-	-
Annual increase in Salary costs	6.00%	6.00%
Future changes in maximum state health care benefits	-	-

G. Gratuity Benefit Amount for the current period are as follow

Particulars	2013-14 (₹)	2012-13 (₹)
Defined benefit obligation	615,516	572,705
Plan assets	-	-
Surplus/(deficit)	(615,516)	(572,705)
Experience adjustments on plan liabilities	(50,280)	(62,929)
Experience adjustments on plan assets	-	-
Assumption	(92,557)	32,305
Experience	(50,280)	(62,929)
Actuarial Loss/(Gain) on liabilities	(142,837)	(30,624)
Net Actuarial Loss/(Gain) on liabilities	(142,837)	(30,624)

Particulars	31.3.14	31.3.13	31.3.12	31.3.11	31.3.10
Defined Benefit Obligation	615,516	572,705	434,911	161,874	110,726
Plan Assets	-	-	-	-	-
Unrecognised past service Cost	-	-	-	-	-
Deficit	-	-	-	-	-
Experience adjustments on plan liabilities	615,516	572,705	434,911	161,874	110,726
Experience adjustments on plan assets	-	-	-	-	-

17	Finance Cost	2013-14 (₹)	2012-13 (₹)
	Interest Expenses	87,807,243	56,030,783
	Other Borrowing cost	3,364,925	1,220,849
	Total	91,172,168	57,251,632
18	Depreciation And Amortisation Expense	2013-14 (₹)	2012-13 (₹)
	Depreciation of Tangible Assets	1,139,409	1,076,794
	Depreciation of Intangible Assets	-	-
	Total	1,139,409	1,076,794



19	Other Costs	2013-14 (₹)	2012-13 (₹)
	Electricity & Fuel charges	624,858	488,472
	REPAIRS TO:		
	Building	372,416	310,379
	Other	544,430	339,665
	Sub Total	916,846	650,044
	Insurance	210,078	179,673
	Rent	3,028,959	2,582,231
	Rates & Taxes	139,532	68,903
	Stationery & Printing	1,402,380	1,238,465
	Advertisement Expenses	161,276	95,357
	Communication	2,424,505	1,721,354
	Traveling & Conveyance Expenses	1,690,765	1,634,571
	Professional Fees	7,345,804	6,669,678
	Auditor's Remuneration:		
	Audit Fees	393,260	203,372
	For Tax Audit	112,360	73,034
	For Certification	15,736	21,916
	For Income Tax Consultancy Fee	11,799	39,610
	Sub Total	533,155	337,932
	Director Sitting Fees	230,000	310,000
	Marketing & Incentive Expenses	10,156,842	7,746,290
	Bad debts written off	5,169,423	3,981,919
	Provision for NPA	288,349	112,911
	Contingent Provision Against Standard Assets (Net)	566,000	549,850
	Sundry Balance Written Off	594,788	496,194
	Loss on Sale of Assets	642	-
	General Charges	4,228,737	1,882,180
	(including Bank Charges, Security Charges & Membership Fees etc.)		
	Preliminary Exp W/off	487,500	660,970
	Total	40,200,440	31,406,994

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

19.2 NPA provisions are shown net off NPA Provision written back during the year amounting to Rs. 3,72,539/- (P.Y. Rs. 2,12,144/-)



**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT FOR THE
YEAR ENDED ON 31ST MARCH, 2014**

20. Contingent liabilities not provided for: -

- (a) Disputed Demand of Income Tax ₹ 17.12 Lacs (Previous year ₹ 19.27 Lacs) (Against which the Company has paid ₹ 11.41 Lacs [Previous year ₹ 19.27 Lacs] under protest which are shown as advances)

21. Related Party Disclosures :

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

A) Key Management Personnel

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

B) Relatives of Key Management Personnel

Name of Party

Mrs. Ritaben J. Patel
Mr. Aakash J. Patel
J.B.Patel HUF
Raj Enterprise
Mrs. Himani Manakiwala
J B Patel & Co.
Mrs. Sachi Patel
Amit Manakiwala (HUF)
Aakash Patel (HUF)
Namra Holdings & Cons.
Services Pvt. Limited

Related party Relationship

Relative of Key Management Personnel
Relative of Key Management Personnel
Key Management personnel is Karta
Key Management personnel is Proprietor
Relative of Key Management Personnel
Key Management personnel is co-owner
Relative of Key Management Personnel
Key Management personnel is Karta
Relative of Key Management Personnel
Relative of Key Management Personnel
is Director

Details of Transactions are as follows:

Sr. No.	Nature of Transactions	Key Management Personnel	Relatives Key Management Personnel	Total
1	Expenses			
	Remuneration & Perquisites	2982200 (2475536)	Nil (Nil)	2982200 (2475536)
	Sitting Fees	Nil (22500)	50000 (62500)	50000 (85000)
	Interest Expense	756333 (1022744)	2200283 (1831535)	2956616 (2854279)
	Rent Paid	Nil (Nil)	20224 (20224)	20224 (20224)
	Professional Fees	Nil (390000)	Nil (Nil)	Nil (390000)
	Dividend paid	579541 (480463)	789763 (715880)	1369304 (1196343)
2	Unsecured Loan			
	Loan taken during the year	11500000 (10495000)	28197500 (14138000)	39697500 (24633000)
	Loan repaid during the year	8050000 (10495000)	18937500 (14138000)	26987500 (24633000)
	Balance out standing at 31/03/2014	3450000 (Nil)	9269320 (Nil)	12719320 (Nil)
3	Purchase of shares	Nil (6000)	Nil (1000)	Nil (7000)



Arman Financial Services Limited

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 Rs. 10135000 (P.Y. Rs. 7615000), from Smt. Himani A. Manakiwala Rs. 2650000 (P.Y. Rs. 800000) from Smt. Ritaben J. Patel Rs. 3487500 (P.Y. Rs. 3275000), from Shri Aakash J. Patel Rs. Nil (P.Y. 5180000), from Shri Aalok J. Patel Rs. 6150000 (P.Y. Rs.2880000), from Jayendra Patel (HUF) Rs. 5925000 (P.Y. Rs.1630000), from Smt. Sachi Patel Nil (Rs. 1193000), from Amit Manakiwala (HUF) 2750000 (Rs. 1120000), from Namra Holdings & Consultancy Services Pvt. Limited 3965000 (P.Y. Rs. 904016) from Shri Aakash J. Patel - (HUF) Rs. 4635000 (P.Y. Rs. 150000). **Unsecured Loan repayments includes** paid to Shri Jayendra Patel Rs. 8031474 (P.Y. Rs. 8267416), to Smt. Himani A. Manakiwala 1490322 (P.Y. Rs. 941239), to Smt. Ritaben J. Patel Rs. 2945236 (P.Y. Rs. 3517351), to Shri Aakash Patel Rs. Nil (P.Y. Rs. 5908718), to Shri Aalok Patel Rs. 4553138 (P.Y. Rs. 3250328), to Aakash Patel (HUF) Rs. 2545162 (P.Y. Rs. 174991), to Smt. Sachi Patel Rs. Nil (P.Y. Rs.1395145), to Amit Manakiwala(HUF) Rs. 1578550 (P.Y. Rs. 1308714), to Jayendra Patel (HUF) Rs. 5054723 (P.Y. Rs. 1819361), to Namra Holdings & Consultancy Services Pvt. Limited Rs. 3745061 (P.Y. Rs. 904016).

Interest Expenses includes paid to Shri Jayendra Patel Rs. 2646747 (P.Y. Rs. 587175), to Shri Aakash Patel Rs. Nil (P.Y. Rs. 582973), to Shri Aalok Patel Rs. 503138 (P.Y. Rs. 333293), to Smt. Ritaben J. Patel Rs. 357736 (P.Y. Rs. 218115), to J B Patel (HUF) Rs. 379723 (P.Y. Rs. 170424), to Aakash Patel (HUF) Rs. 370612 (P.Y. Rs. 22491), to Smt. Sachi Patel Rs. Nil (P.Y. Rs. 161716), to Amit Manakiwala(HUF) Rs. 228550 (P.Y. Rs. 169843), to Smt. Himani Manakiwala Rs. 190322 (P.Y. Rs. 127114), to Namra Holdings & Consultancy Services Pvt. Limited Rs. 280061 (P.Y. Rs. 102614).

Remuneration includes payment to Shri Jayendrabhai Patel Rs. 1532600 (P.Y. Rs. 1535536) and to Shri Amit Manakiwala Rs. 900000 (P.Y. Rs. 390000), to Shri Aalok Patel Rs.549600 (P.Y. 550000) **Professional Fees includes** payment to Shri Amit Manakiwala Rs. Nil (P.Y. Rs. 390000), **Sitting Fees included** paid to Smt. Ritaben Patel Rs. 50000 (P.Y. Rs. 62500) and Shri Amitbhai R. Manakiwala Rs. Nil (P.Y.Rs.22500), **Rent includes paid** to J B Patel & Co. Rs. 20224 (P.Y. 20224), **Dividend Paid includes** paid to Shri Aalok Patel Rs. 197984 (Rs. 161432), to Jayendrabhai Patel HUF Rs.156800 (P.Y. Rs. 156800), to Shri Aakash Patel Rs. 223064 (P.Y. Rs. 186512), to Shri Jayendrabhai Patel Rs. 226355(P.Y. Rs. 188952.80), to Smt. Ritaben Patel Rs. 237339 (P.Y. Rs. 200248), to Namra Holdings & Cons. Services Pvt. Limited Rs. 132320 (P.Y. Rs. 132320), to Shri Amitbhai Manakiwala Rs. 155202 (P.Y. Rs. 130080), to Smt. Himani Manakiwala Rs. 40000 (P.Y. Rs. 40000).

Purchase of Shares includes purchase made from Shri Jayendrabhai Patel Rs. Nil (P.Y. 2000) , to Shri Amit Manakiwala Rs. Nil (P.Y. Rs.2000), to Shri Aalok Patel Rs. Nil (P.Y. 2000), Smt. Ritaben Patel Rs. Nil (P.Y. 1000).

22. Earnings Per Share:

Particulars	2013-2014 Amount (₹)	2012-2013 Amount (₹)
Numerator used for calculating Basic Earnings Per Share (Profit After Tax)	4,49,91,180	3,34,35,834
Add: Interest on CCD (Net of Tax)	Nil	8,61,776
Numerator used for calculating Diluted Earnings Per Share (Profit After Tax)	4,49,91,180	3,42,97,609
Weighted Average No. of Shares used as denominator for calculating Basic Earnings Per Share	62,32,597	54,06,493
Weighted Average No. of Shares used as denominator for calculating Diluted Earnings Per Share	62,32,597	68,96,417
Nominal Value per Share	10	10
Basic Earnings per share	7.22	6.18
Diluted Earnings per share	7.22	4.97

23. 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.

24. 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 "24"

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: 12/05/2014

For & On behalf of Board of Directors

Jayendra Patel
Vice Chairman &
Managing Director

Amit Manakiwala
Director



ARMAN FINANCIAL SERVICES LIMITED

CIN : L55910GJ1992PLC018623

REGISTERED OFFICE : 502-503, SAKAR-III, OPP. OLD HIGH COURT, OFF ASHRAM ROAD, AHMEDABAD-380 014, GUJARAT, INDIA

PH. : +91-79-30005000, 27541989, FAX : +91-79-27543666 e-mail : finance@armanindia.com Website : www.armanindia.com

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 read with rule 19(3) Of the Companies (Management and Administration) Rules, 2014]

Name of the member (s) :
Registered address :
E-mail Id :
Folio No/ Client Id :
DP ID :

I/We, being the member (s) of shares of the above named Company, hereby appoint

1. Name: Address:

E-mail Id: Signature: or failing him

2. Name: Address:

E-mail Id: Signature: or failing him

3. Name: Address:

E-mail Id: Signature:

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 22nd Annual General Meeting of the Company, to be held on the 24th day of September, 2014 at 12.00 Noon at Ahmedabad Textiles Mills Association Hall, Opp. City Gold Cinema, Ashram Road, Ahmedabad-380009 and at any adjournment thereof in respect of such resolutions as are indicated below:

Item No.	Resolution(s)	Assent	Dissent
ORDINARY BUSINESS			
1.	Adoption of Financial Statements.		
2.	Declared Dividend.		
3.	To appoint a Director in place of Shri Amitbhai R. Manakiwala (DIN 00011810) who retires by rotation and being eligible, offers himself for reappointment.		
4.	To appoint a Director in place of Smt Ritaben J. Patel (DIN 00011818) who retires by rotation and being eligible, offers herself for reappointment.		
5.	Appointment of Auditors and fixing their remuneration.		
SPECIAL BUSINESS			
6.	Appointment of Shri Chinubhai R. Shah (DIN 00558310) as an Independent Director.		
7.	Appointment of Shri Kaushikbhai D. Shah (DIN00024305) as an Independent Director.		
8.	Appointment of Shri Lokesh Kumar Singh (DIN 02299205) as an Independent Director.		
9.	Borrowings in excess of the aggregate of the paid up share capital and free reserves.		

Signed this day of 2014

Signature of Shareholder

Signature of Proxy holder(s)

Affix a
₹ 1.00
Revenue
Stamp

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.



ARMAN FINANCIAL SERVICES LIMITED

CIN : L55910GJ1992PLC018623

REGISTERED OFFICE : 502-503, SAKAR-III, OPP. OLD HIGH COURT, OFF ASHRAM ROAD, AHMEDABAD-380 014, GUJARAT, INDIA

PH. : +91-79-30005000, 27541989, FAX : +91-79-27543666 e-mail : finance@armanindia.com Website : www.armanindia.com

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL
Joint Shareholders may obtain additional slip on request.

ATTENDANCE SLIP

Dp Id*	
Client Id*	

Master Folio No.	
------------------	--

Name and Address of the Shareholder

No. of Shares held

I hereby record my presence at the **22nd ANNUAL GENERAL MEETING** of the Company held on Wednesday the 24th September, 2014 at 12.00 Noon at "The Ahmedabad Textile Mills' Association (ATMA) Hall, Ashram Road, Ahmedabad-380 009.

SIGNATURE OF THE SHAREHOLDER OR PROXY**

* Application for Investors holding shares in electronic form.

* Strike out whichever is not applicable.

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If undelivered please return to:

Arman Financial Services Ltd.

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

Ph. : +91-79-3000 5000 Fax : +91-79-24543666

Website : www.armanindia.com

Email : finance@armanindia.com

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