Arman Financial Services Limited

501-504, SAKAR III, OPP. OLD HIGH COURT, OFF. ASHRAM ROAD, AHMEDABAD-380 014. GUJARAT, INDIA
PH. : +91-79-40507000, 27541989 FAX : +91-79- 27543666 e-mail : finance@armanindia.com Website : www.armanindia.com

Date: June 17, 2019

To, BSE Limited Phiroze Jeejeebhoi Tower, Dalal Street, Mumbai–400001 **SCRIPT CODE: 531179**	To, National Stock Exchange of India Limited "Exchange Plaza" C-1, Block G, Bandra Kurla Complax, Bandra, Mumbai- 400051 **SYMBOL: ARMANFIN**

Dear Sir,

Sub: Notice of the NCLT convened Meeting of the Equity Shareholders of the Company

Pursuant to Regulation 30 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, please find enclosed herewith the copy of the Notice along with the Explanatory Statement of the NCLT convened meeting of the equity shareholders of the Company, as directed by the Hon'ble NCLT, Ahmedabad Bench, vide its order dated June 12, 2019 directing to convene the said meeting on **Monday, July 22, 2019 at 03:00 p.m. at The Ahmedabad Textile Mill's Association (ATMA) Hall, Ashram Road, Ahmedabad 380009** for the purpose of considering and if thought fit, approving, with or without modification(s), the proposed Scheme of Arrangement between Arman Financial Services Limited and it's Shareholders under Section 230 read with Section to 66 and other applicable provisions of the Companies Act, 2013.

The Company has provided the facility of voting by postal ballot and e-voting to the equity shareholders of the Company in connection with the resolution proposed in the aforesaid Notice. The voting period for e-voting and postal ballot will commence on Saturday, June 22, 2019 at 9:00 a.m. and will end on Sunday, July 21, 2019 at 5:00 p.m. Further, the Shareholders will also get the facility of voting through ballot/polling paper at the venue of the meeting.

The above Notice along with the Explanatory Statement of the meeting is also available on website of the Company at www.armanindia.com. We request you to kindly take the same on record.

Thanking you,

Yours faithfully,
For Arman Financial Services Limited

Jayendra Patel
Vice Chairman & Managing Director
DIN: 00011814

FORM CAA.3

Pursuant to Section 230(5) and Rule 8 of the Companies (Compromises, Arrangements and Amalgamation Rules, 2016)

BEFORE THE NATIONAL COMPANY LAW TRIBUNAL, AHMEDABAD BENCH
CA (CAA) NO. 60 OF 2019

In the matter of the Companies Act, 2013;

AND

In the matter of Sections 230 read with Section 66 of the Companies Act, 2013 and rules framed thereunder;

AND

In the matter of Scheme of Arrangement BETWEEN Arman Financial Services Limited and it's shareholders for reorganization of share capital by consolidation of different classes of equity shares

Arman Financial Services Limited, incorporated under the provisions of Companies Act, 1956 (now repealed and replaced by the Companies Act, 2013) and having its registered office at 502-503, Sakar III, Opp. Old High Court, Off Ashram Road, Ahmedabad - 380014, Gujarat

..... Applicant Company

To,
The National Stock Exchange of India Limited
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex,
Bandra (E)
Mumbai - 400 051

Notice is hereby given in pursuance of sub-section (5) of section 230 of the Companies Act, 2013, that as directed by the National Company Law Tribunal, Bench at Ahmedabad ("NCLT") by an order dated June 12, 2019 under sub

section (1) of section 230 of the Act, a separate meeting of the Equity shareholders shall be held on Monday, 22 July, 2019 at The Ahmedabad Textile Mill's Association **(ATMA)** Hall, Ashram Road, Ahmedabad 380009, Gujarat at 03:00 p.m. for the purpose of considering, and if thought fit, approving, with or without modification(s) the said scheme of arrangement BETWEEN Arman Financial Services Limited and it's shareholders for reorganization of share capital by consolidation of different classes of equity shares.

A copy of the notice, explanatory statement as well as all other documents sent to the Equity Shareholders are enclosed.

You are hereby informed that representations, if any, in connection with the proposed scheme of arrangement may be made to the Tribunal within **30 (thirty) days** from the date of receipt of this notice. Copy of the representation may simultaneously be sent to the concerned company(ies).
In case no representation is received within the stated period of (30) thirty days, it shall be presumed that you have no representation to make on the proposed scheme of compromise or arrangement.

Dated this 17 day of June 2019
Place: Ahmedabad

For, Arman Financial Services Limited

ARMAN FINANCIAL SERVICES LIMITED AHMEDABAD

Jayendra Patel
Vice Chairman & Managing Director
DIN-0001814

Enclosures:

1. Copy of notice to Equity Shareholders along with Explanatory Statement as required under section 230(3) of the Act.
2. Copy of Scheme of Arrangement.
3. Copy of the order dated June 12, 2019.

Arman Financial Services Limited

CIN: L55910GJ1992PLC018623
Regd. Office: 502-503, Sakar III, Opp. Old High Court,
Off Ashram Road, Ahmedabad - 380014, Gujarat.
Tel No.: +91 79 4050 7000
Email ID: finance@armanindia.com
Website: http://www.armanindia.com

NOTICE OF MEETING OF THE EQUITY SHAREHOLDERS (INCLUDING PUBLIC SHAREHOLDERS) OF ARMAN FINANCIAL SERVICES LIMITED

(Convened pursuant to order dated June 12, 2019 passed by the National Company Law Tribunal, Ahmedabad Bench)

Meeting of the Equity Shareholders of Arman Financial Services Limited	
Day	**Monday**
Date	**July 22, 2019**
Time	**03:00 PM IST**
Venue	**The Ahmedabad Textile Mills' Association (ATMA) Hall, Ashram Road, Ahmedabad 380009, Gujarat**

POSTAL BALLOT AND E-VOTING	
Commencing on	**Saturday, June 22, 2019 at 9.00 AM IST**
Ending on	**Sunday, July 21, 2019 at 5.00 PM IST**

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FORM CAA.2

[Pursuant to Section 230(3) and Rule 6 and 7 of the Companies (Compromises, Arrangements and Amalgamation Rules, 2016)]

BEFORE THE NATIONAL COMPANY LAW TRIBUNAL, AHMEDABAD BENCH

CA (CAA) NO. 60 OF 2019

In the matter of the Companies Act, 2013;

AND

In the matter of Sections 230 read with Section 66 of the Companies Act, 2013 and rules framed thereunder;

AND

In the matter of Scheme of Arrangement BETWEEN Arman Financial Services Limited and it's shareholders for reorganization of share capital by consolidation of different classes of equity shares

Arman Financial Services Limited, incorporated under the provisions of Companies Act, 1956 (now repealed and replaced by the Companies Act, 2013) and having its registered office at 502-503, Sakar III, Opp. Old High Court, Off Ashram Road, Ahmedabad - 380014, Gujarat	……Applicant Company

NOTICE CONVENING THE MEETING OF EQUITY SHAREHOLDERS OF THE APPLICANT COMPANY PURSUANT TO THE ORDER DATED JUNE 12, 2019 PASSED BY THE NATIONAL COMPANY LAW TRIBUNAL, AHMEDABAD BENCH

To,

All the equity shareholders of Arman Financial Services Limited ('the Applicant Company' or 'Arman')

NOTICE is hereby given that by an Order dated June 12, 2019 ('Order'), the Ahmedabad Bench of the National Company Law Tribunal **('NCLT')** has directed that a meeting of equity shareholders of the Applicant Company be held for the purpose of considering, and if thought fit, approving with or without modification(s), the arrangement embodied in the Scheme of Arrangement between Arman Financial Services Limited and it's shareholder **('Scheme').**

In pursuance of the said order and as directed therein further notice is hereby given that a meeting of equity shareholders of the Applicant Company will be held at The Ahmedabad Textile Mill's Association **(ATMA)** Hall, Ashram Road, Ahmedabad 380009, Gujarat on Monday, July 22, 2019 at 03:00 p.m. at which time and place, members are requested to attend. At the meeting, the following resolution will be considered and if thought fit, be passed, with or without modification(s):

"RESOLVED THAT pursuant to the provision of Sections 230 read with Section 66 of the Companies Act, 2013 and Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), and enabling provisions in the Memorandum and Articles of Association of the Company and subject to compliance with various Securities and Exchange Board of India **("SEBI")** Regulations including the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the observation letters issued by BSE Limited and National Stock Exchange of India Limited dated 12th March, 2019 and other applicable laws/regulations/rules and the sanction of the National Company Law Tribunal, Ahmedabad bench **("NCLT" or "Tribunal")** and / or such other competent authority, as may be applicable, and subject to such conditions and modifications as may be prescribed or imposed by NCLT or by any regulatory or other authorities, while granting such consents, approvals and permissions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall be deemed to mean and include one or more Committee(s) constituted/ to be constituted by the Board or any person(s) which the Board may nominate to exercise its powers including the powers conferred by this resolution), the arrangement embodied in the Scheme of Arrangement between Arman Financial Services Limited and it's shareholder **("Scheme")**, which inter alia envisages reorganization of share capital by consolidation of different classes of equity shares, as per the terms and conditions mentioned in the Scheme be and is hereby approved."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things, as it may, in its absolute discretion deem requisite, desirable, appropriate or necessary to give effect to this resolution and effectively implement the arrangement embodied in the Scheme and to accept such modifications, amendments, limitations and/or conditions, if any, which may be required and/or imposed by the NCLT while sanctioning the arrangement embodied in the Scheme or by any authorities under law, or as may be required for the purpose of resolving any doubts or difficulties that may arise in giving effect to the Scheme, as the Board may deem fit and proper."

Copy of the Scheme, the statement under Section 230(3) read with Section 102 of the Companies Act, 2013, read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 along with other annexures, as mentioned in the Index, are annexed to this Notice. Copy of the Scheme and the statement under Section 230(3) can also be obtained free of charge from the Registered Office of the Applicant Company.

Persons entitled to attend and vote at the meeting, may vote in person or by proxy, provided that all proxies in the prescribed form, duly signed or authorized by the said person, are deposited at the Registered Office of the Applicant Company at 502-503, Sakar III, Opp. Old High Court, Off Ashram Road, Ahmedabad - 380014, Gujarat not later than 48 hours before the time fixed for the aforesaid meeting. The form of proxy can be obtained free of charge from the registered office of the Applicant Company.

In compliance with the provisions of (i) Section 230(4) read with Sections 108 and 110 of the Companies Act, 2013; (ii) Rule 6(3)(xi) of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016; (iii) Rule 22 read with Rule 20 and other applicable provisions of the Companies (Management and Administration) Rules, 2014; (iv) Regulation 44 and other applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; and (v) Circular No. CFD/DIL3/CIR/2017/21 dated 10th March, 2017, as amended from time to time, issued by the Securities and Exchange Board of India, the Applicant Company has provided the facility of voting by postal ballot and e-voting so as to enable the equity shareholders, which includes the Public Shareholders (as defined in the Notes below), to consider and approve the Scheme by way of the aforesaid resolution. The Applicant Company has provided the facility of ballot/polling paper at the venue of the meeting.

Accordingly, you may cast your vote either through postal ballot or through e-voting or through ballot/polling paper at the venue of the meeting. It is clarified that casting of votes by such e-voting or postal ballot does not disentitle members from attending the meeting. However, the members who have cast their votes by e-voting or postal ballot will not be eligible to cast their votes at the meeting.

The shareholders may refer to the notes to this Notice for further details on postal ballot and e-voting.

NCLT has appointed Mr. Pinakin Shah, Practicing Company Secretary, and failing him, Mr. Aalok Patel, Executive Director of Arman Financial Services Limited, to be the Chairman of the said meeting including for any adjournment or adjournments thereof.

The Scheme, if approved in the aforesaid meeting, will be subject to the subsequent approval of NCLT.

Dated this 13 day of June 2019
Place: Ahmedabad

Sd/-
Mr. Pinakin Shah
Chairman appointed for the meeting

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

Notes for the meeting of the Equity Shareholders of the Applicant Company:

1. Only registered shareholders of the Applicant Company are entitled to attend and vote either in person or in proxy (A PROXY NEED NOT BE A SHAREHOLDER OF THE APPLICANT COMPANY) or in the case of a body corporate or Registered Foreign Portfolio Investors ("RFPI") or Foreign Institutional Investors ("FII"), by a representative authorised under Section 113 of the Companies Act, 2013 at the meeting of the equity shareholders of the Applicant Company. The authorised representative of a body corporate/RFPI/FII which is a registered shareholder of the Applicant Company may attend and vote at the meeting of the shareholders of the Applicant Company provided a copy of authorization giving the requisite authority/ the resolution of the board of directors or other governing body of the body corporate/RFPI/FII authorizing such representative to attend and vote at the meeting of the equity shareholders of the Applicant Company is deposited at the registered office of the Applicant Company not later than 48 (forty eight) hours before the scheduled time of the commencement of the meeting of the shareholders of the Applicant Company.

2. As per Section 105 of the Companies Act, 2013 and rules made thereunder, a person can act as a proxy on behalf of members not exceeding 50 (fifty) and holding in the aggregate not more than 10% of the total share capital of the Applicant Company carrying voting rights. Further, a member holding more than 10% of the total share capital of the Applicant Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or member.

3. In case of joint holders attending the meeting, only such joint holder whose name stands first in the register of members of the Applicant Company / list of beneficial owners as received from National Depository Services (India) Limited ("NSDL") or Central Depository Securities Limited ("CDSL") in respect of such joint holding, will be entitled to vote.

4. All alterations made in the form of proxy should be initialed.

5. During the period beginning 24 (twenty-four) hours before the time fixed for the commencement of the meeting and ending the conclusion of the meeting, a shareholder would be entitled to inspect the proxies lodged at any time during the business hours of the Applicant Company, provided that not less than 3 (three) days of notice in writing is given to the Applicant Company.

6. This Notice together with documents is being sent to all the equity shareholders of the Applicant Company whose names appear in the register of members / record of depositories as at the close of business hours on Friday, June 14, 2019 either by registered post / speed post / courier / email. This Notice is being sent by email to the equity shareholders whose email address is registered with the Company/ Depository Participant(s) for communication. This notice of the meeting of the equity shareholders of the Applicant Company is also displayed / posted on the website of the Applicant Company www.armanindia.com and on website of CDSL at www.cdslindia.com.

7. The equity shareholders of the Applicant Company to whom the notice is sent (as mentioned above) and whose names appear in the records of the Applicant Company as on June 14, 2019 shall be eligible to attend and vote at the meeting of the equity shareholders of the Applicant Company either in person or by proxies or cast their votes either through postal ballot or by using e-voting facility.

8. The Notice convening the meeting will be published through advertisement in **'The Business Standard',** Ahmedabad edition in the English language and in **'Jaihind'** Ahmedabad edition in the Gujarati language.

9. A Member or his / her Proxy is requested to bring the copy of the notice to the meeting and produce the attendance slip, duly completed and signed, at the entrance of the meeting venue.

10. Registered equity shareholders who hold shares in dematerialized form are requested to bring their Client ID and DPID details for easy identification of the attendance at the meeting.

11. The documents referred to in the accompanying Explanatory Statement shall be open for inspection by the equity shareholders at the registered office of the Applicant Company between 10:30 a.m. and 12:30 p.m. on all days (except Saturdays, Sundays and public holidays) up to 1 (one) day prior to the date of the meeting.

12. The quorum for the meeting of the equity shareholders of the Applicant Company shall be 30 (thirty) equity shareholders of the Applicant Company, present in person or through authorized representative.

13. Circular No. CFD/DIL3/CIR/2017/21 dated 10th March, 2017 **("SEBI Circular")** issued by the Securities and Exchange Board of India **("SEBI")**, inter alia, provides that approval of Public Shareholders of the Applicant Company to the Scheme shall be obtained and that the applicant company shall provide for voting through e-voting. Since the Applicant Company is seeking the approval of its equity shareholders to the Scheme by way of voting through postal ballot and e-voting, no separate procedure for voting through postal ballot and e-voting would be required to be carried out by the Applicant Company for seeking approval to the Scheme by its Public Shareholders in terms of the SEBI Circular. The aforesaid notice sent to the equity shareholders of the Applicant Company would be deemed to be the notice sent to the Public Shareholders of the Applicant Company. For this purpose, the term "Public" shall have the meaning assigned to it in Rule 2(d) of the Securities Contracts (Regulations) Rules, 1957 and the term "Public Shareholders" shall be construed accordingly. In terms of SEBI Circular, the Applicant Company has provided the facility of voting by postal ballot and e-voting to its Public Shareholders.

14. Kindly note that the equity shareholders can opt for only one mode for voting i.e. either by postal ballot or e-voting or voting at the venue of the meeting. If an equity shareholder has opted for e-voting, then he / she should not vote by postal ballot form also and vice versa. However, in case equity shareholder(s) cast their vote via both postal ballot and e-voting, then voting validly done through e-voting shall prevail and voting done by postal ballot shall be treated as invalid.

15. The equity shareholders of the Applicant Company attending the meeting who have not cast their vote either through postal ballot or e-voting shall be entitled to exercise their vote at the venue of the meeting. Equity shareholders who have cast their votes through postal ballot or e-voting may also attend the meeting but shall not be entitled to cast their vote again.

16. Subject to note no. 13 mentioned above, in accordance with the provisions of Sections 230 of the Companies Act, 2013, the Scheme shall be acted upon only if a majority of persons representing three fourth in value of the equity shareholders, voting in person or by proxy or by postal ballot or e-voting, agree to the Scheme.

17. Further, in accordance with the SEBI Circular, the Scheme shall be acted upon only if the votes cast by the Public Shareholders (through postal ballot, e-voting and ballot at the meeting) in favor of the aforesaid resolution for approval of the Scheme are more than the number of votes cast by the Public Shareholders against it.

18. The Applicant Company has engaged the services of CDSL for facilitating e-voting for the aforesaid meeting. Please note that e-voting is optional. Equity shareholders desiring to exercise their vote by using e-voting facility are requested to follow the instructions mentioned in Note 29 below.

19. The voting period for postal ballot and e-voting shall commence on and from Saturday, June 22, 2019 at 9:00 a.m. and will end on Sunday, July 21, 2019 at 5:00 p.m. During this period equity shareholders of the Applicant Company holding shares either in physical form or in dematerialized form as on June 14, 2019 may cast their vote electronically or by postal ballot. The e-voting module shall be disabled by CDSL for voting on July 21, 2019 at 5:00 p.m. Once the vote on the resolution is cast by an equity shareholder, he or she will not be allowed to change it subsequently.

20. A postal ballot form along with self-addressed postage prepaid envelope is also enclosed. Equity shareholders, voting in physical form are requested to carefully read the instructions printed in the attached postal ballot form. Equity shareholders who have received the postal ballot form by e-mail and who wish to vote through postal ballot form, may send their request to the registrar and share transfer agents, Bigshare Services Private Limited by email at bssahd@bigshareonline.com mentioning their Folio/DPID & Client ID No. No other form or photocopy of the postal ballot form is permitted.

21. Equity shareholders shall fill in the requisite details and send the duly completed and signed postal ballot form in the enclosed self-addressed postage pre-paid envelope to the scrutinizer so as to reach the scrutinizer before 5:00 p.m. on or before July 21, 2019. Postal ballot form, if sent by courier or by registered post/speed post at the expense of an equity shareholder will also be accepted. Any postal ballot form received after the said date and time shall be treated as if the reply from the equity shareholders has not been received.

22. Incomplete, unsigned, improperly or incorrectly tick marked postal ballot forms will be rejected by the scrutinizer.

23. The vote on postal ballot cannot be exercised through proxy.

24. There will be only 1 (one) postal ballot form for every registered folio/client ID irrespective of the number of joint equity shareholders.

25. The postal ballot form should be completed and signed by the equity shareholders (as per specimen signature registered with the Applicant Company and / or furnished by the Depositories). In case, shares are jointly held, this form should be completed and signed by the first named equity shareholder and, in his / her absence, by the next named equity shareholder. Holder(s) of Power of Attorney **("PoA")** on behalf of an equity shareholder may vote on the postal ballot mentioning the registration number of the PoA with the Applicant Company or enclosing a copy of the PoA authenticated by a notary. In case of shares held by companies, societies etc., the duly completed postal ballot form should be accompanied by a certified copy of the board resolution/authorisation giving the requisite authority to the person voting on the postal ballot form.

26. Mr. Jignesh Shah, Practicing Company Secretary, has been appointed as the Scrutinizer to conduct the postal ballot and e-voting process and voting at the venue of the meeting in a fair and transparent manner.

27. The scrutinizer will submit his combined report to the Chairman of the meeting or in his absence to the person authorized by him in writing, after completion of the scrutiny of the votes cast by the equity shareholders of the Applicant Company through (i) e-voting process, (ii) postal ballot and (iii) ballot/polling paper at the venue of the meeting. The scrutinizer will also submit a separate report with regard to the result of the postal ballot and e-voting in respect of Public Shareholders. The scrutinizer's decision on the validity of the vote (including e-voting) shall be final. The results of votes cast through (i) e-voting process, (ii) postal ballot and (iii) ballot/polling paper at the venue of the meeting including the separate results of the postal ballot and e-voting exercised by the Public Shareholders will be announced on or before July 24, 2019 and will be displayed on the notice board at the registered office of the Applicant Company for a period of three days. The results, together with the scrutinizer's reports, will also be displayed on the website of the Applicant Company, www.armanindia.com and on the website of CDSL, www.cdslindia.com besides being communicated to BSE Limited and National Stock Exchange of India Limited.

28. Any queries/grievances pertaining to:

    i. Voting by Postal Ballot can be addressed to Mr. Jaimish Patel, Company Secretary by sending an e-mail at secretarial@armanindia.com

    ii. The e-voting process can be addressed to Mr. Rakesh Dalvi, Deputy Manager, CDSL by sending an e-mail at helpdesk.evoting@cdslindia.com.

29. Voting through Electronic Means (E-voting)

The 'Step by Step' procedure and instructions for casting your vote electronically are as under:

i. The voting period begins on 09.00 a.m. on Saturday, June 22, 2019 and ends on 05.00 p.m. Sunday, July 21, 2019. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date June 14, 2019 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

ii. The shareholders should log on to the e-voting website www.evotingindia.com.

iii. Click on Shareholders.

iv. Now Enter your User ID

i. For CDSL: 16 digits beneficiary ID,

ii. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

iii. Members holding shares in Physical Form should enter Folio Number registered with the Company.

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	Enter your 10-digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Postal Ballot / Attendance Slip indicated in the PAN field.
Dividend Bank Details or Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. • If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

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

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

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 **Arman Financial Services Limited** 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 a print of the votes cast by clicking on "Click here to print" option on the Voting page.

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

xviii. Shareholders can also use Mobile app - "m - Voting" for e voting. "m – Voting" app is available on Apple, Android and Windows based Mobile. Shareholders may log in to "m – Voting" using their e voting credentials to vote for the company resolution(s).

xix. Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details, user would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

xx. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com

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EXPLANATORY STATEMENT UNDER SECTION 230(3) OF THE COMPANIES ACT, 2013 READ WITH SECTION 102 OF THE COMPANIES ACT 2013; AND RULE 6 OF THE COMPANIES (COMPROMISES, ARRANGEMENTS AND AMALGAMATION) RULES, 2016

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1. In this statement, Arman Financial Services Limited is hereinafter referred to as **'Arman'** or **'the Company'**. The other definitions contained in the Scheme will also apply to this Explanatory Statement under Section 230(3) of the Companies Act, 2013 read with Section 102 of the Companies Act, 2013 **('Act')** read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 **('Explanatory Statement').**
2. Pursuant to the order dated June 12, 2019 passed by the National Company Law Tribunal, Ahmedabad Bench in the C A (CAA) NO. 60 OF 2019 referred to hereinabove, separate meetings of the Equity Shareholders of Arman Financial Services Limited is being convened and held at The Ahmedabad Textile Mills' Association (ATMA) Hall, Ashram Road, Ahmedabad 380009, Gujarat on Monday, July 22, 2019 at 03:00 p.m., for the purpose of considering and if thought fit, approving with or without modification(s), the proposed Scheme of Arrangement between Arman Financial Services Limited and it's Shareholders ('Scheme').
3. The draft Scheme was placed before the Audit Committee and Board of Directors of Arman at their meetings held on 13th October, 2018. Based on the recommendations of the Audit Committee and after considering that it does not affect the net-worth of the Company and at the same time it will increase the market capitalization of the Company, the Board of Directors of Arman has come to the conclusion that the Scheme is in the best interest of the Company, its shareholders and other stakeholders.
4. A copy of the Scheme as approved by the Board of Directors of the Company, after undertaking necessary modifications recommended by BSE Limited and National Stock Exchange of India Limited **('Stock Exchanges')** is enclosed as **Annexure 1.**

5. **Background of Arman Financial Services Limited**

I. Arman Financial Services Limited is a public limited company incorporated on November 26, 1992 under the Companies Act, 1956 (now repealed and replaced by the Companies Act, 2013) having CIN: L55910GJ1992PLC018623 and its registered office is situated at 502-503, Sakar III, Opposite Old High Court, Off: Ashram Road, Ahmedabad – 380014 Gujarat, India (official email address-finance@armanindia.com). The Company, along with its one subsidiary (Namra Finance Limited), provide financial services including, two-wheeler finance, micro-enterprise loans and group-based microfinance. The Company is also registered with the Reserve Bank of India as a Non-Banking Financial Company.

II. The Permanent Account Number of Arman is AABCA3165E.

III. **The main objects of Arman as set out in the Memorandum of Association are as under:**

i. To carry on and undertake the business of leasing finance, hire purchase, bill discounting, and to finance lease and hire purchase operation of the kinds, purchasing, selling, hiring, or letting on hire and financing all kinds plants and machinery and equipments that the company may think fit and to assist in financing of all and every kind and description of hire purchase and deferred payment or similar transaction and to subsidies finance or assist in subsidizing or financing the sale and maintenance of any goods, article or commodities of all and

every kind and description upon any terms whatsoever and to finance the purchase of all forms of immovable and movable property including lands and building, plant and machinery, equipments, films, ships, air-crafts, automobiles, computers, and all consumer commercial and industrial items or rights and to lease them in any manner whatsoever including resale thereof regardless of whether the property purchased and leased or hired be new and/or used.

ii. To advance, deposit or lend money, securities and properties to or with any company, body corporate, firm, person or association whether falling under the same management or otherwise, in accordance with and to extant permissible under the provisions contained in Sections 185 and 186 of the companies Act, 2013 with or without any securities and on such terms as may be determined from time to time and to carry on business of money lending. However, the company shall not carry on the business of banking as defined under the Banking Regulation Act, 1949.

iii. To carry out financing operation and perform financing services including factoring, project finance, consultancy, credit reporting, credit collectors, underwriters, registrars, brokers with provisions for computer services.

iv. To provide a leasing advisory consulting services to other entities and/or form the leasing arm of other entities.

v. To carry on the business of providing Microfinance Services (mainly Non-Banking Financial Services as permitted by the Reserve Bank of India), financing to targeted to the poor men and women in generation and enhancement of livelihoods, business development, employment generation, the economic and development activities of poor men and women through term loans, collateral free credit, other forms of credits, thrift and savings, insurance (subject to the rules and regulations prescribed by the Insurance Regulatory and Development Authority and/or Reserve Bank of India, Non-Banking Finance Companies Rules, as applicable to insurance Business) and other financial services, rendering financial services to people by acting as intermediary for banks and financial institutions, providing finance to agricultural related activities, provide / arrange finance / financial services for rural & urban housing development related activities and to carry on and undertake the business of research, consultancy, technical assistance and training in the field of livelihood promotion, development of micro/community development finance and other financial services, as intermediary for other companies or organizations, resource center institutions.

vi. Subject to the Provision of Foreign Exchange Management Act, the direction of Reserve Bank of India and other applicable laws in force, to carry on in India or elsewhere the business of full-fledged and/or Restricted Money Changers and Authorized Dealers of all foreign currencies and to buy, sell and deal in foreign currencies of all kinds and types, whether in the form of coins, banks notes or travelers cheque, to conduct transactions of all types and descriptions in foreign currencies and to convert foreign currencies in Indian Rupees and vice versa, to represent National and International bankers, Investment bankers, Indian and Foreign Investment & Other Institutions, to advise and guide on foreign currencies accounts, to arrange for and provide commercial, economic and financial information/reports to importers, exporters, both foreign and India and to undertake money market purchase/ sale of foreign currencies, stock and other all kinds of securities and portfolio management.

IV. There has been no change in the name, registered Office and objects of Arman during the last 5 years.

V. The equity shares of the Arman are listed on the BSE Limited and the National Stock Exchange of India Limited.

VI. **The authorised, issued, subscribed and paid-up share capital of Arman as on 31st March, 2019 is as under:**

Authorized Capital	**Amount in Rs.**
1,12,50,000 Ordinary Equity Shares of Rs 10/- each	11,25,00,000/-
37,50,000 Class 'A' Ordinary Equity Shares of Rs. 10/- each*	3,75,00,000/-
Total	**15,00,00,000/-**
Issued, Subscribed and Paid-Up Capital	
57,47,824 Ordinary Equity Shares of Rs 10/- each	5,74,78,240/-
12,04,474 Class 'A' Ordinary Equity Shares of Rs. 10/- each	1,20,44,740/-
Total	**6,95,22,980/-**

** Class 'A' Equity holders possess inferior rights as to voting and 1,00,000 (one lakh) shares together carry one voting rights.*

VII. **The names of the promoters and the present directors of Arman along with their addresses are as follows:**

SRN	Name	Address
Details of Promoters		
1	Jayendra Bhailal Patel - HUF	29, Sujan Bungalows, Shreyas Tekra, Ambawadi, Ahmedabad-380015
2	Jayendrabhai Bhailalbhai Patel	29, Sujan Bungalows, Shreyas Tekra, Ambawadi, Ahmedabad-380015
3	Amit Rajnikant Manakiwala	4, Matangi Society, Udayan Marg, Ellis bridge, Ahmedabad-380006
4	Ritaben Jayendrabhai Patel	29, Sujan Bungalows, Shreyas Tekra, Ambawadi, Ahmedabad-380015
5	Akash Jayendra Patel	61, Sycamore ST, Belmont, Boston-02478 USA
6	Himani Amit Manakiwala	4, Matangi Society, Udayan Marg, Ellis bridge, Ahmedabad-380006
7	Alok Jayendra Patel	29, Sujan Bungalows, Shreyas Tekra, Ambawadi, Ahmedabad-380015
8	Maulik Amit Manakiwala	4, Matangi Society, Udayan Marg, Ellis bridge, Ahmedabad-380006
9	Sajni Aalok Patel	29, Sujan Bungalows, Shreyas Tekra, Ambawadi, Ahmedabad-380015
10	Namra Holdings and Consultancy Services LLP	Ground Floor, Pushpak Building, Opp. Cama Hotel, Khanpur, Ahmedabad
Details of Directors		
1	Alok Prasad	144, Vista Villas Opposite, Unitech Cyber Park, Sector 46 Gurgaon 122001 Haryana
2	Jayendrabhai B. Patel	29, Sujan Bungalows, Shreyas Tekra, Ambawadi, Ahmedabad-380015
3	Aalok J. Patel	29, Sujan Bungalows, Shreyas Tekra, Ambawadi, Ahmedabad-380015
4	Kaushikbhai D. Shah	25, Akashneem Bungalows, Vastrapur, Ahmedabad-380059
5	Ritaben J. Patel	29, Sujan Bungalows, Shreyas Tekra, Ambawadi, Ahmedabad-380015
6	Aakash J. Patel	61, Sycamore ST, Belmont, Boston-02478 USA
7	Ramakant Dinanath Nagpal	B1/901 Delhi State NEF CG Plot No 1, Sector 19 Dwarka, New Delhi 110075
8	Mridul Arora	Villa 793, Phase-3, Adarsh Palm Retreat, Bellandur, Bengaluru 560103

VIII. **The Board of Directors of Arman has at it's meeting held on 13th October, 2018 approved the Scheme of Arrangement. The Directors who voted in favor of / against / did not participate or vote in relation to the proposed scheme are as follows:**

SRN	Name of Director	Voted in favor/against/did not participate or vote
1	Alok Prasad	Voted in Favor
2	Jayendrabhai B. Patel	did not participate
3	Aalok J. Patel	did not participate
4	Kaushikbhai D. Shah	Voted in Favor
5	Ritaben J. Patel	did not participate
6	Aakash J. Patel	did not participate
7	Ramakant Dinanath Nagpal	Voted in Favor
8	Mridul Arora	Voted in Favor

6. There is no other Company involved in the proposed scheme of arrangement. The scheme is between the Company and it's shareholders.

7. The independent valuer has made the valuation and share exchange ratio of Class 'A' Equity shares at 65% of the value of Ordinary Equity, i.e. 35% less than the price of the listed Ordinary Equity. The arrangement with the members of the Company pursuant to this Scheme shall take place with effect from the date as approved by the NCLT. Upon the Scheme being effective, the same shall be binding on the Company and all concerned parties without any further act, deed, matter or thing.

8. **Summary of Valuation Report including basis of valuation and Fairness opinion:**

   I. The Valuation report on valuation of 12,04,474 Class "A" equity shares (DVR) of the Company and fair share exchange ratio dated 30th September, 2018 issued by M/s S V Pujara & Co., an Independent valuer;

   II. The Fairness Opinion dated 12th October 2018 issued by Tipsons Consultancy Services Limited, a SEBI registered Merchant Banker, on the fairness of the report on recommendation of valuation of Class "A" equity shares and share exchange ratio.

   III. Certificate dated 22nd March 2019 issued by the Statutory Auditors of the Company, M/s. Samir M. Shah & Associates, Chartered Accountants, certifying that the accounting treatment in the draft Scheme is in compliance with all the Accounting Standards specified by the Central Government in Section 133 of the Companies Act, 2013;

   IV. The Valuation Report and Fairness Opinion are available for inspection at the Registered office of Arman and are also enclosed to this notice as **Annexure 2** and **Annexure 3** respectively.

9. **Rationale / Benefits of the Scheme:**

   I. Class 'A' Equity is unlisted and is therefore not liquid. Due to this non-liquidity of Class 'A' Equity, the market capitalization of the Company is being calculated without taking into consideration a substantial portion of the Equity Share Capital, which is blocked in the form of Class 'A' Equity. Since the Class 'A' Equity is not listed, therefore its value is overlooked by the stock exchanges while calculating the market value of the Company, thereby reducing the Company's market capitalization value. The Company has, therefore, not been able to scale its business and unleash its full potential for growth and profitability. The true financial position of the Company would assist the Company to expand and grow its business activity and will provide a new avenue of growth. This, in turn, will enhance the value of its shareholders.

   II. Due to absence of appropriate laws and guidelines for treatment of unlisted portion of the equity share capital (with differential rights), neither the stock exchanges, nor the potential investors take into account the value of Class 'A' Equity while determining the market valuation of the Company. Usually, a conservative view is taken and the value of the Company is determined by only considering the Ordinary Equity. If this Scheme is approved, the true financial position of the Company would be reflected which would benefit the shareholders, as their holding will yield better results.

   III. On implementation of the proposed Scheme, the dividend rights of the holders of the Ordinary Equity will increase, which will also increase the value of their shareholding and enable the Company to explore various opportunities to the benefit of the shareholders, as per the applicable provisions of the Act. Additionally, the surplus amount left after implementation of the Scheme will be credited to the Securities Premium of the Company, increasing its reserves and surplus. Consolidation of equity share capital of the Company pursuant to the proposed scheme will also increase the book value of the Equity Share Capital of the Company.

   IV. The Scheme does not involve any financial outlay / outgo and therefore, would not affect the ability or liquidity of the Company to meet its obligations / commitments in the normal course of business. Post implementation of this Scheme, a fair value of the Company's Equity Shares will be ascertained and the Company's true financial position would be determined. Further, the Scheme would not in any way adversely affect the ordinary operations of the Company.

10. **Amounts due to creditors as on 30th November, 2018 (Provisional)**

Particulars	**Amount (in Rs.)**
Secured Creditors	87,65,56,217/-
Unsecured Creditors	17,06,19,347/-
Compulsory Convertible Debenture (Unsecured)	50,00,00,100/-
Non-Convertible Debenture (Secured)	27,50,00,000/-

11. **Salient features of the Scheme**

   I. This Scheme is between Arman Financial Services Limited and its shareholder under Sections 230 read with Section 66 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 and rules framed thereunder.

   II. Arman shall make petitions under Sections 230 read with Section 66 of the Companies Act, 2013 and other applicable provisions of the Act read with applicable rules made thereunder, to the Ahmedabad Bench of the National Company Law Tribunal for sanction of the Scheme and all matters ancillary or incidental thereto.

III. Upon the Scheme being effective, 12,04,474 Class 'A' Equity held by the Specified Shareholder on the Effective Date provided in Clause 14 of this Scheme shall stand extinguished and 7,82,908 fresh Ordinary Equity of par value Rs. 10/- each, fully paid-up, without any further act, instrument or deed, shall be issued and allotted to the Specified Shareholder, free and clear of all liens and charges. Any fractional entitlement of Ordinary Equity arising on such conversion will be ignored. The allotment shall be made within 15 (fifteen) days from the date of sanctioning the Scheme by the NCLT and shall be made only in dematerialized form.

IV. **The Scheme is conditional upon and subject to the following:**

i. Approval of the Scheme by requisite majority of each class of shareholders and creditors of Arman and such classes of persons of the said Companies, if any, as applicable or as may be required under the Act and/or as may be directed by the Tribunal.

ii. Compliance with the other provisions of the SEBI Circular, including seeking approval of the shareholders of Arman through e-voting, as applicable. The Scheme shall be acted upon only if the votes cast by the public shareholders of Arman are more that the votes cast by the public shareholders against it as required by the SEBI Circular.

iii. The Scheme being sanctioned by the NCLT under Sections 230 of the Act; and

iv. Certified or authenticated copy of the final order of the NCLT, sanctioning this Scheme under the provisions of Sections 230 of the Act, being filed with the Registrar of Companies, Gujarat at Ahmedabad either by way of filing required e-forms with Ministry of Corporate Affairs portal or otherwise.

THE FEATURES SET OUT ABOVE BEING ONLY THE SALIENT FEATURES OF THE SCHEME, THE EQUITY SHAREHOLDERS / UNSECURED CREDITORS / SECURED CREDITORS, AS APPLICABLE, OF THE COMPANY ARE REQUESTED TO READ THE ENTIRE TEXT OF THE SCHEME TO GET THEMSELVES FULLY ACQUAINTED WITH THE PROVISIONS THEREOF

12. **Capital Structure Pre and Post Scheme**

- Pre-Arrangement and Post-Arrangement shareholding pattern of Arman Financial Services Limited as on 31st March, 2019 is as under:

			Pre-Arrangement		Post-Arrangement	
Sr	**Description**	**Name of Shareholder**	**No.of shares**	**%**	**No.of shares**	**%**
(A)	**Shareholding of Promoter and Promoter Group**					
1	**Indian**					
(a)	Individuals/ Hindu Undivided Family	**Names of Promoters**				
		Jayendra Bhailal Patel-HUF	196000	3.41	196000	3.00
		Jayendrabhai Bhailalbhai Patel	288522	5.02	288522	4.42
		Amit Rajnikant Manakiwala	13244	0.23	13244	0.20
		Ritaben Jayendrabhai Patel	296674	5.16	296674	4.54
		Akash Jayendra Patel	278830	4.85	278830	4.27
		Himani Amit Manakiwala	30606	0.53	30606	0.47
		Aalok Jayendra Patel	247809	4.31	247809	3.79
		Maulik Amit Manakiwala	800	0.01	800	0.01
		Sajni Aalok Patel	41316	0.72	41316	0.63
(b)	Central Government/ State Government(s)					
(c)	Bodies Corporate	Namra Holdings and Consultancy Services LLP	1369874	2.88	948308	14.52
(d)	Financial Institutions/ Banks					
(e)	Any Others					
	Sub Total (A)(1)		**2763675**	**27.13**	**2342109**	**35.86**

2	**Foreign**					
(a)	Individuals (Non-Residents Individuals / Foreign Individuals)					
(b)	Bodies Corporate					
(c)	Institutions					
(d)	Any Others					
	Sub Total (A) (2)					
	Total Shareholding of Promoter and Promoter Group (A) = (A)(1) + (A)(2)		**2763675**	**27.13**	**2342109**	**35.86**
(B)	**Public shareholding**					
1	**Institutions**					
(a)	Mutual Funds/ UTI					
(b)	Financial Institutions / Banks					
(c)	Central Government/ State Government(s)					
(d)	Venture Capital Funds					
(e)	Insurance Companies					
(f)	Foreign Institutional Investors					
(g)	Foreign Venture Capital Investors					
(h)	Foreign Portfolio Investors		4720	0.08	4720	0.07
(i)	Alternate Investment Funds		2530	0.04	2530	0.04
(j)	Any Other					
	Sub-Total (B)(1)		**7250**	**0.13**	**7250**	**0.11**
2	**Non-institutions**					
(a)	Bodies Corporate		188452	3.28	188452	2.89
(b)	Individuals					
I	Individual shareholders holding nominal share capital up to Rs. 2 lakh		1852627	32.23	1852627	28.37
II	Individual shareholders holding nominal share capital in excess of Rs. 2 lakh.		1658823	28.86	1658823	25.40
		Names of Shareholders				
		Adarsh Zacharias Augustine	82273	1.43	82273	1.26
		Avinash P Wadhwa	120000	2.09	120000	1.84
		Babulall Dugar	136715	2.38	136715	2.09
		Bharti Jain	80688	1.40	80688	1.24
		Mukul Mahavir Agarwal	575000	10.00	575000	8.80
		Om Prakash Damani	74251	1.29	74251	1.14
		Vinod Kumar Dugar	91760	1.60	91760	1.41
(c)	Any other					
I	IEPF Authority		129491	2.25	129491	1.98
II	Clearing Member		36691	0.64	36691	0.56
III	Non-Resident Indians (Non Repat)		108483	1.89	108483	1.66
IV	Non-Resident Indians		13700	0.24	13700	0.21
V	Non-Resident Indians (Repat)		193106	3.36	193106	2.96
	Sub-Total (B)(2)		**4181373**	**72.75**	**4181373**	**64.03**
(B)	**Total Public Shareholding (B)= (B)(1)+(B)(2)**		**4188623**	**72.87**	**4188623**	**64.14**
	TOTAL (A)+(B)		**6952298**	**100.00**	**6530732**	**100.00**
(C)	Shares held by Custodians and against which DRs have been issued					
	GRAND TOTAL (A)+(B)+(C)		**6952298**	**100.00**	**6530732**	**100.00**

Note: % of above indicates voting rights held by the shareholders.

- Pre-Arrangement capital structure of Arman Financial Services Limited is as under:

Authorized Capital	**Amount in Rs.**
1,12,50,000 Ordinary Equity Shares of Rs 10/- each	11,25,00,000/-
37,50,000 Class 'A' Ordinary Equity Shares of Rs. 10/- each	3,75,00,000/-
Total	**15,00,00,000/-**
Issued, Subscribed and Paid-up Capital	
57,47,824 Ordinary Equity Shares of Rs 10/- each	5,74,78,240/-
12,04,474 Class 'A' Ordinary Equity Shares of Rs. 10/- each	1,20,44,740/-
Total	**6,95,22,980/-**

- Post-Arrangement share capital structure of Arman Financial Services Limited will be as under:

Authorized Capital	**Amount in Rs.**
1,50,00,000 Ordinary Equity Shares of Rs 10/- each	15,00,00,000/-
Total	**15,00,00,000/-**
Issued, Subscribed and Paid-up Capital	
65,30,732 Ordinary Equity Shares of Rs 10/- each	6,53,07,320/-
Total	**6,53,07,320/-**

13. **Details of approvals, sanctions or no-objection(s), if any, from regulatory or any other governmental authorities required, received or pending for the proposed Scheme**

I. The Applicant Company has received, in terms of Regulation 37 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Observation letters dated 12 April 2019 from the BSE Limited and from the National Stock Exchange of India Limited giving their no-objection to the Scheme. Copies of the observation letters are enclosed as **Annexure 4.**

II. As required by the SEBI Circular, the Applicant Company has filed the Complaint Report dated 26th December 2018 with the BSE Limited and National Stock Exchange of India Limited. This report indicates that Arman received NIL complaints. After filing of the Complaint Reports, the Applicant Company has not received any complaint. Copies of the said report, is enclosed as **Annexure 5.**

III. Further, it is confirmed that the copy of the draft Scheme will be filed with the Registrar of Companies, Ahmedabad by the applicant Company.

IV. In compliance with the requirement of Section 230(5) of the Companies Act, 2013 and Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, a notice in the prescribed form and seeking approvals, sanctions or no-objections shall be served to the concerned regulatory and government authorities for the purpose of the proposed Scheme.

V. The Scheme is subject to approval by majority of shareholders representing three-fourth in value of the equity shareholders, of the Applicant Company, voting in person or by proxy or by e-voting or by postal ballot, in terms of Section 230 of the Companies Act, 2013.

VI. Further, the Scheme is subject to approval by the requisite majority of the Public Shareholders of the Applicant Company, as set out under the SEBI Circular. For this purpose, the term "Public" shall have the meaning assigned to it in Rule 2(d) of the Securities Contracts (Regulation) Rules, 1957 and the term "Public Shareholders" shall be construed accordingly. The SEBI Circular provides that the Scheme shall be acted upon only if the votes cast by the public shareholders in favour of the proposal are more than the number of votes cast by the public shareholders against it.

14. **Effect of the Scheme on various parties:**

I. **Directors and Key Managerial Personnel (KMP)**

The proposed scheme is made for reorganization of share capital of the Company by way of consolidation of different classes of equity shares. There is only one shareholder (Namra Holding & Consultancy Services LLP belongs to the Promoter Group) holding 12,04,474 Class "A" equity shares, will get 7,82,908 ordinary equity shares. The Directors and Key Managerial Personnel of the Company shall, in no way, be affected by the Scheme and generally they may be benefitted since the financial position of the Company would be improved and made clear. Save as aforesaid, none of the Directors / KMP of the Company other than Mr. Jayendra Patel (Vice Chairman & Managing Director), Mr. Aalok Patel (Executive Director) and Mrs. Ritaben Patel (Director) of the Company have material interest in the Scheme.

The interest of the above Directors and KMPs in Namra Holdings & Consultancy Services LLP is as under is as under:

SRN	Name of Partner and designation	Contribution / profit sharing ratio
1	Mr. Jayendra Patel (Designated Partner)	50%
2	Mr. Aalok Patel (Designated Partner)	25%
3	Mrs. Ritaben Patel (Partner)	25%

The details of the shareholding of the Directors and KMP of the Arman as on 31st March 2019 are as follows:

SRN	Name	Position	Equity shares held
1	Mr. Jayendra Patel	Vice Chairman & Managing Director	288522
2	Mr. Aakash Patel	Non-Executive Director	278830
3	Mr. Aalok Patel	Executive Director	247809
4	Mrs. Rita Patel	Non-Executive Director	296674
5	Mr. Aalok Prasad	Independent Director	-
6	Mr. Mridul Arora	Nominee Director	-
7	Mr. K. D. Shah	Independent Director	-
8	Mr. R. K. Nagpal	Independent Director	-
9	Mr. Jaimish Patel	Company Secretary	825
10	Mr. Vivek Modi	Chief Financial Officer	25

II. **Promoter and Non-Promoter Members**

Pursuant to the scheme of arrangement, only Namra Holding & Consultancy Services LLP, a promoter group entity would get 7,82,908 ordinary equity shares against 12,04,474 Class "A" equity shares held by it as per the valuation report on valuation of 12,04,474 Class "A" equity shares of the Company and fair share exchange ratio. Subsequently the voting rights of the said promoter group entity will be increased from 2.88% to 14.52% and total voting rights of promoter & promoter group will be increased from 27.13% to 35.86%. There will be no change for non-promoter members of the Company.

III. **Depositors**

As of date, the Applicant Company does not have any depositors, therefore, the effect of the Scheme on any depositors does not arise.

IV. **Creditors**

The creditors of the Company would not be affected by the proposed scheme, since post implementation of the scheme, the net worth of the Company will remain same. Further Company has got no-objections from more than 90% (in terms of value) of the creditors.

V. **Debenture holders**

As of date, Arman has two types of debenture holders: (i) Non-Convertible Debenture Holder; and (ii) Compulsorily Convertible Debenture Holder. The proposed scheme is made for reorganization of share capital of the Company by way of consolidation of different classes of equity shares, it does not affect or modify any of the rights and entitlements of both the debenture holders. Further both the debenture holders have given their no-objection to the said scheme.

VI. **Deposit trustee and debenture trustee**

As of date, the applicant Company does not have any deposit trustee. There is one debenture trustee, named Catalyst Trusteeship Limited, appointed to protect the interest of the Non-Convertible Debenture Holder. Since the Scheme is made for reorganization of share capital of the Company by way of consolidation of different classes of equity shares, it does not affect or modify any of the rights and entitlements of the debenture trustee.

VII. **Employee of the Company**

The employees of the Company shall, in no way, be affected by the Scheme and generally they may be benefitted since the financial position of the Company would be improved.

15. **Effect of the Scheme on material interests of directors, Key Managerial Personnel (KMP) and debenture trustee**

None of the Directors, Key Managerial Personnel and Debenture trustee of the Company except Mr. Jayendra Patel (Vice Chairman & Managing Director), Mr. Aalok Patel (Executive Directors) and Mrs. Ritaben Patel (Director) have material personal interest in the scheme.

16. No investigation or proceedings under the Companies Act, 1956 and /or Companies Act, 2013 have been instituted or are pending in relation to the applicant Company.

17. There is no winding up proceeding pending against the Company.

18. The Applicant Company has made an application before the Ahmedabad Bench of the National Company Law Tribunal for the sanction of the Scheme of Arrangement under Sections 230 of the Companies Act, 2013 read with Section 66 of the Companies Act, 2013.

19. Following documents will be available for obtaining extract from or for making or obtaining copies of or inspection by the members and creditors of the Applicant Company at its registered office between 10:30 a.m. to 12:30 p.m. on all working days, except Saturdays, Sundays and Public Holidays, up to 1 (one) day prior to the date of the meeting namely:

    I. Latest Audited Financial Statements of applicant Company, including Consolidated Financial Statements for the year ended 31st March, 2019;

    II. Copy of Memorandum of Association and Articles of Association of the applicant Company;

    III. Copy of the order of Tribunal dated June 12, 2019 in pursuance of which the meeting is to be convened;

    IV. Copy of the Scheme;

    V. Certificate issued by the Auditor of the applicant Company to the effect that the accounting treatment proposed in the Scheme is in conformity with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013;

    VI. Copies of the resolutions passed by the Board of Directors of applicant Company;

    VII. The Valuation report on valuation of 12,04,474 Class "A" equity shares (DVR) of the Company and fair share exchange ratio dated 30th September, 2018 issued by M/s S V Pujara & Co., an Independent valuer;

    VIII. The Fairness Opinion dated 12th October 2018 issued by Tipsons Consultancy Services Limited, a SEBI registered Merchant Banker.

    IX. Such other information or documents as the Board or the management believes necessary and relevant for making decision for or against the Scheme.

    This statement may be treated as an Explanatory Statement under Sections 230 of the Companies Act, 2013 read with Rule 6 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 and Section 102 and other applicable provisions of the Companies Act, 2013. A copy of the Scheme, Explanatory Statement and Proxy Form may be obtained from the Registered Office of the Applicant Company.

Dated this 13 day of June 2019

Place: Ahmedabad

Sd/-

Mr. Pinakin Shah

Chairman appointed for the meeting

Registered Office:

502-503, Sakar III, Opp. Old High Court,

Off Ashram Road, Ahmedabad - 380014, Gujarat

ANNEXURE - 1

SCHEME OF ARRANGEMENT

UNDER SECTION 230 READ WITH SECTION 66 OF THE COMPANIES ACT, 2013

BETWEEN

ARMAN FINANCIAL SERVICES LIMITED

AND

ITS SHAREHOLDERS

PREAMBLE

(A) GENERAL

1. This Scheme is presented pursuant to Section 230, Section 66 and other relevant provisions of the Companies Act, 2013, as may be applicable, for reorganization of the Company's Equity Share Capital by consolidation of equity shares of different classes i.e. Ordinary Equity and Class 'A' Equity, by issuing fresh Ordinary Equity of the Company to the Specified Shareholder (defined later), holding 100% Class 'A' Equity. Additionally, this Scheme also provides for various other matters consequential or otherwise integrally connected herewith.

2. Arman Financial Services Limited is a public limited company incorporated on November 26, 1992 under the Companies Act, 1956 (now repealed and replaced by the Companies Act, 2013) having CIN: L55910GJ1992PLC018623 and PAN AABCA3165E, with its registered office at 502-503, Sakar III, Opposite Old High Court, Off: Ashram Road, Ahmedabad – 380014 Gujarat, India (official email address - finance@armanindia.com). The Company, along with its subsidiaries, provide financial services including, two-wheeler finance, micro-enterprise loans and group-based microfinance. The Company is also registered with the Reserve Bank of India as a Non-Banking Financial Company.

3. The Equity Share Capital of the Company is divided into two parts: 57,47,824 Ordinary Equity and 12,04,474 Class 'A' Equity. As on September 30, 2018, 27.13% of Ordinary Equity of the Company and 100% of Class 'A' Equity of the Company were held by the Promoter and Promoter Group of the Company. The Ordinary Equity of the Company are listed on BSE Limited and National Stock Exchange of India Limited. The Class 'A' Equity are not listed. The Company now proposes to consolidate its Equity Share Capital, as detailed in the Scheme herein.

(B) RATIONALE AND BENEFITS OF THIS SCHEME

The rationale for and the benefits of this Scheme is, *inter alia,* as follows:

(i) Class 'A' Equity is unlisted and is therefore not liquid. Due to this non-liquidity of Class 'A' Equity, the market capitalization of the Company is being calculated without taking into consideration a substantial portion of the Equity Share Capital, which is blocked in the form of Class 'A' Equity. Since the Class 'A' Equity is not listed, therefore its value is overlooked by the stock exchanges while calculating the market value of the Company, thereby reducing the Company's market capitalization value. The Company has, therefore, not been able to scale its business and unleash its full potential for growth and profitability. The true financial position of the Company would assist the Company to expand and grow its business activity and will provide a new avenue of growth. This, in turn, will enhance the value of its shareholders.

(ii) Due to absence of appropriate laws and guidelines for treatment of unlisted portion of the equity share capital (with differential rights), neither the stock exchanges, nor the potential investors take into account the value of Class 'A' Equity while determining the market valuation of the Company. Usually, a conservative view is taken and the value of the Company is determined by only considering the Ordinary Equity. If this Scheme is approved, the true financial position of the Company would be reflected which would benefit the shareholders, as their holding will yield better results.

(iii) On implementation of the proposed Scheme, the dividend rights of the holders of the Ordinary Equity will increase, which will also increase the value of their shareholding and enable the Company to explore various opportunities to the benefit of the shareholders, as per the applicable provisions of the Act. Additionally, the surplus amount left after implementation of the Scheme will be credited to the Securities Premium of the Company, increasing its reserves and surplus. Consolidation of equity share capital of the Company pursuant to the proposed scheme will also increase the book value of the Equity Share Capital of the Company.

(iv) The Scheme does not involve any financial outlay / outgo and therefore, would not affect the ability or liquidity of the Company to meet its obligations / commitments in the normal course of business. Post implementation of this Scheme, a fair value of the Company's Equity Shares will be ascertained and the Company's true financial position would be determined. Further, the Scheme would not in any way adversely affect the ordinary operations of the Company.

In view of above, in order to present true and fair financial position of the Company and after an analysis of the various options available to the Company, the Board of Directors believe that it would be prudent to consolidate the Equity Share Capital of the Company by issuing fresh Ordinary Equity to the holders of Class 'A' Equity. This, in view of the Board, is the most practical and economically efficient option available to the Company in the present scenario.

(C) OPERATION OF THIS SCHEME

1. This Scheme is for consolidation of Equity Share Capital of the Company by issuing fresh Ordinary Equity to the Specified Shareholder holding 100% Class 'A' Equity, in accordance with Section 230 read with Section 66 of the Companies Act. Such reduction shall take place at such a value, as determined by an independent valuer and in accordance with the pricing norms prescribed under Regulation 164 of the ICDR Regulations, 2018 (Erstwhile Regulation 76 of ICDR Regulations, 2009).
2. The Articles of Association of the Company duly authorize the Company to increase / reduce its share capital in the proposed manner and implement such scheme of arrangement, in accordance with the provision of the Act.
3. The scheme is fair and just, and not unreasonable and does not unfairly discriminate against or prejudice a class of shareholders. On consolidation of Class 'A' Equity and issuance of fresh Ordinary Equity, the surplus amount will be transferred to the Securities Premium Reserve, increasing the reserves and surplus of the Company. Further, on implementation of the Scheme, the book value of the Ordinary Equity will increase by 19.3% per share.
4. There is no outflow of / payout of funds from the Company, under this Scheme and hence the interests of the creditors will not be adversely affected. Also, the Scheme will not have any impact on the employees / workers of the Company.
5. The Scheme only involves consolidation of Ordinary Equity and Class 'A' Equity and issuance of fresh Ordinary Equity to the Specified Shareholder of Class 'A' Equity, and does not envisage transfer or vesting of any of the properties and/or liabilities of the Company to any person or entity. The Scheme also does not involve any conveyance or transfer of any property of the Company.

(D) PARTS OF THIS SCHEME

This Scheme is divided into the following parts:

Part A	Definitions, Background and Share Capital
Part B	Details of the Scheme
Part C	Terms and Conditions

PART A

Definitions, Background and Share Capital

1. DEFINITIONS AND INTERPRETATIONS

1.1. In this Scheme, unless repugnant to the subject or meaning or context thereof, the following expressions (including the recitals and introductory paragraphs above) shall have the meaning attributed to them as below:

(i) **"Act"** means the Companies Act, 2013 or any statutory modification or re-enactment thereof for the time being in force;

(ii) **"Applicable Law"** or **"Law"** means any applicable statute, law, regulations, ordinance, rules, judgments, order, decree, clearance, approval from the concerned authority, directive, guideline, press-note, policy, requirement or the Governmental restructuring or any similar form of decision, or determination by, or any interpretation or administration of any of the government authority in effect in the Republic of India;

(iii) **"Appointed Date"** means the date as the NCLT may direct;

(iv) **"Appropriate Authority"** means any governmental, statutory, regulatory, departmental or public body or authority in India, including SEBI, BSE, NSE, Registrar of Companies and RBI;

(v) **"Board"** means the Board of Directors of the Company, and shall include a committee duly constituted and authorized for the purpose of the matters pertaining to the arrangement, this Scheme and / or any other matter relation thereto;

(vi) **"BSE"** means BSE Limited;

(vii) **"Company"** means Arman Financial Services Limited;

(viii) **"Class 'A' Equity"** means 12,04,474 (Twelve lakh four thousand four hundred and seventy-four) Class 'A' Ordinary Equity of the Company, carrying par value Rs. 10/- each, with inferior rights as to voting (one lakh share carrying one vote);

(ix) **"Effective Date"** refers to the date provided in Clause 14 of this Scheme;

(x) **"Equity Share Capital"** or **"Equity Shares"** includes both Ordinary Equity and Class 'A' Equity, as mentioned in the Memorandum of Association of the Company;

(xi) **"ICDR Regulations"** refers to the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018.

(xii) **"Listing Regulations"** means the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;

(xiii) **"NCLT"** means the National Company Law Tribunal at Ahmedabad having jurisdiction in relation to the Company;

(xiv) **"NSE"** means the National Stock Exchange of India Limited;

(xv) **"Ordinary Equity"** means 57,47,824 (Fifty-seven lakh forty-seven thousand eight hundred twenty-four) Ordinary Equity Share of the Company of par value Rs. 10/- each;

(xvi) **"RBI"** means the Reserve Bank of India;

(xvii) **"Registrar of Companies"** means and refers to the Registrar of Companies at Ahmedabad, Gujarat;

(xviii) **"Relevant date"** means the date which is thirty days prior to the date on which the meeting of shareholders is held to consider the proposed Scheme and where the relevant date falls on a weekend/public holiday, the day preceding the said day will be reckoned to be the relevant date;

(xix) **"Scheme"** or **"the Scheme"** or **"this Scheme"** means this Scheme of Arrangement in its present form or as amended or modified in accordance with the provisions hereof;

(xx) **"SEBI"** means the Securities and Exchange Board of India;

(xxi) **"Specified Shareholder"** refers to Namra Holdings & Consultancy Services LLP, holding 100% Class 'A' Equity as on the Record Date and shall include any nominee of such shareholder;

(xxii) **"Takeover Regulations"** refers to the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.

1.2. Terms defined in the introductory paragraphs and recitals shall have the same meaning throughout this Scheme.

1.3. All terms and words, used but not defined in this Scheme shall, unless contrary to the context or meaning thereof, have the same meaning ascribed to them under the Act or any statutory modifications or re-enactment thereof for the time being in force.

1.4. The headings herein shall not affect the construction of this Scheme.

1.5. The singular shall include the plural and vice versa, and references to one gender include all genders.

2. BACKGROUND

2.1. Summary of the Main Objects of the Company

(i) To carry on and undertake the business of leasing finance, hire purchase, bill discounting, and to finance lease and hire purchase operation of the kinds, purchasing, selling, hiring, or letting on hire and financing all kinds plants and machinery and equipments that the company may think fit and to assist in financing of all and every kind and description of hire purchase and deferred payment or similar transaction and to subsidies finance or assist in subsidizing or financing the sale and maintenance of any goods, article or commodities of all and every kind and description upon any terms whatsoever and to finance the purchase of all forms of immovable and movable property including lands and building, plant and machinery, equipments, films, ships, air-crafts, automobiles, computers, and all consumer commercial and industrial items or rights and to lease them in any manner whatsoever including resale thereof regardless of whether the property purchased and leased or hired be new and/or used.

(ii) To advance, deposit or lend money, securities and properties to or with any company, body corporate, firm, person or association whether falling under the same management or otherwise, in accordance with and to extant permissible under the provisions contained in Sections 185 and 186 of the companies Act, 2013 with or without any securities and on such terms as may be determined from time to time and to carry on business of money lending. However, the company shall not carry on the business of banking as defined under the Banking Regulation Act, 1949.

(iii) To carry out financing operation and perform financing services including factoring, project finance, consultancy, credit reporting, credit collectors, underwriters, registrars, brokers with provisions for computer services.

(iv) To provide a leasing advisory consulting services to other entities and/or form the leasing arm of other entities.

(v) To carry on the business of providing Microfinance Services (mainly Non-Banking Financial Services as permitted by the Reserve Bank of India), financing to targeted to the poor men and women in generation and enhancement of livelihoods, business development, employment generation, the economic and development activities of poor men and women through term loans, collateral free credit, other forms of credits, thrift and savings, insurance (subject to the rules and regulations prescribed by the Insurance Regulatory and Development Authority and/or Reserve Bank of India, Non-Banking Finance Companies Rules, as applicable to insurance Business) and other financial services, rendering financial services to people by acting as intermediary for banks and financial institutions, providing finance to agricultural related activities, provide / arrange finance / financial services for rural & urban housing development related activities and to carry on and undertake the business of research, consultancy, technical assistance and training in the field of livelihood promotion, development of micro/community development finance and other financial services, as intermediary for other companies or organizations, resource center institutions.

(vi) Subject to the Provision of Foreign Exchange Management Act, the direction of Reserve Bank of India and other applicable laws in force, to carry on in India or elsewhere the business of full-fledged and/or Restricted Money Changers and Authorized Dealers of all foreign currencies and to buy, sell and deal in foreign currencies of all kinds and types, whether in the form of coins, banks notes or travelers cheque, to conduct transactions of all types and descriptions in foreign currencies and to convert foreign currencies in Indian Rupees and vice versa, to represent National and International bankers, Investment bankers, Indian and Foreign Investment & Other Institutions, to advise and guide on foreign currencies accounts, to arrange for and provide commercial, economic and financial information/reports to importers, exporters, both foreign and India and to undertake money market purchase/ sale of foreign currencies, stock and other all kinds of securities and portfolio management.

2.2. Promoters of the Company

As on September 30, 2018, the Company had 10 (ten) Promoters. The following are the relevant details with reference to the Promoters of the Company:

Name and Address	Shareholding as a % of the Total Ordinary Equity	Shareholding as a % of the Total Class 'A' Equity
Aakash Jayendra Patel 61, Sycamore ST, Belmont Boston 02478, United States of America (MA, USA).	4.85%	Nil
Aalok Jayendra Patel 29, Sujan Bunglows, Shreyas Tekra, Ambawadi, Ahmedabad 380 015 (Gujarat).	4.31%	Nil
Amit Rajnikant Manakiwala 4, Matangi Society, Ellisbridge Ahmedabad 380 006 (Gujarat).	0.23%	Nil
Himani Amit Manakiwala 4, Matangi Society, Ellisbridge, Ahmedabad 380 006 (Gujarat).	0.53%	Nil
Jayendra Bhailal Patel-HUF 29, Sujan Bunglows, Shreyas Tekra, Ambawadi, Ahmedabad 380 015 (Gujarat).	3.41%	Nil
Jayendrabhai Bhailalbhai Patel 29, Sujan Bunglows, Shreyas Tekra, Ambawadi, Ahmedabad 380 015 (Gujarat).	5.02%	Nil
Maulik Amit Manakiwala 4, Matangi Society, Ellisbridge Ahmedabad 380 006 (Gujarat).	0.01%	Nil
Namra Holdings & Consultancy Services LLP* Ground Floor, Pushpak Building, Opp. Kama Hotel Khanpur, Ahmedabad 380001	2.88%	100%
Ritaben Jayendrabhai Patel 29, Sujan Bunglows, Shreyas Tekra, Ambawadi, Ahmedabad 380 015 (Gujarat).	5.16%	Nil
Sajni Aalok Patel 29, Sujan Bunglows, Shreyas Tekra, Ambawadi, Ahmedabad 380 015 (Gujarat).	0.72%	Nil
TOTAL	**27.13%**	**100%**

**Mr. Jayendrabhai Patel and Mr. Aalok Patel are Designated Partners and Ms. Ritaben Jayendrabhai Patel is a partner at Namra Holdings & Consultancy Services LLP.*

2.3. Directors and KMPs of the Company

As on September 30, 2018, the Company had following Directors and Key Managerial Personnel:

Name, DIN and Address	Designation	Shareholding as a % of the Total Ordinary Equity*
Directors of the Company		
Alok Prasad (DIN No. 00080225) 144, Vista Villas, Opposite Unitech Cyber Park, Sector 46 Gurgaon122001 (Haryana).	Chairman & Independent Director	Nil
Jayendrabhai B. Patel (DIN No. 00011814) 29, Sujan Bunglows, Shreyas Tekra, Ambawadi, Ahmedabad 380 015 (Gujarat).	Vice Chairman and Managing Director	5.02%
Aalok J. Patel (DIN No. 02482747) 29, Sujan Bunglows, Shreyas Tekra, Ambawadi, Ahmedabad 380 015 (Gujarat).	Executive Director	4.31%
Kaushikbhai D. Shah (DIN No. 00024305) 25, Akashneem Bungalows, Vastrapur, Ahmedabad (Gujarat)	Independent Director	Nil
Ritaben J. Patel (DIN No. 00011818) 29, Sujan Bunglows, Shreyas Tekra, Ambawadi, Ahmedabad 380 015 (Gujarat).	Director (Woman)	5.16%
Aakash J. Patel (DIN No. 02778878) 61, Sycamore ST Belmont Boston 02478 US.	Director (Promoter)	4.85%
Ramakant Dinanath Nagpal (DIN No. 0073205) B1/901 Delhi State, NEF CG Plot No 1, Sector 19, Dwarka, New Delhi 110075 (Delhi).	Independent Director	Nil
Mridul Arora (DIN No. 03579584) Villa 793, Phase-3 Adarsh Palm Retreat, Bellandur Bengaluru 560103 (Karnataka).	Nominee Director	Nil

Key Managerial Personnel		
Jayendrabhai B. Patel (DIN No. 00011814) 29, Sujan Bunglows, Shreyas Tekra, Ambawadi, Ahmedabad 380 015 (Gujarat).	Vice Chairman and Managing Director	5.02%
Vivek Arun Modi 18/ 19, Manavashram Society, Gopal Pura Mod Tonk Road, Jaipur 301 001 (Rajasthan).	Chief Financial Officer	0.0004%
Jaimish Govindbhai Patel 412/ 2306, G.H.B. BH. Navarang Flats, Bapunagar, Ahmedabad 380 024 (Gujarat).	Compliance Officer	0.01%
Aalok J. Patel (DIN No. 02482747) 29, Sujan Bunglows, Shreyas Tekra, Ambawadi, Ahmedabad 380 015 (Gujarat).	Executive Director	4.31%

None of the directors or Key Managerial Personnel holds Class 'A' Equity directly.

2.4. Brief Background of Class 'A' Equity

S.No.	Date	Event
		Investment Agreement with RIF
1.	November 20, 2011	The shareholders of the Company passed a resolution by voting on postal ballot sanctioning, *inter alia*, a) Subdivided the authorised share capital of the Company into 1,12,50,000 Ordinary Equity Shares of Rs.10/- each and 37,50,000 'A' Ordinary Share of Rs.10/- each by the creation of 37,50,000 'A' Ordinary Share of Rs. 10/- each. b) Raising of additional capital by issue of 13,58,130 Ordinary Equity and 12,75,760 Compulsorily Convertible Debentures ("**CCDs**") to RIF Northwest 2 ("**RIF**"). The CCDs were convertible into (i) Ordinary Equity; (ii) Class 'A' Equity; or, (iii) a combination of both.
2.	December 27, 2011	Execution of share subscription agreement between the Company, RIF and others for investment of an amount of INR 15 crore by RIF.
3.	April 16, 2012	The Allotment Committee of the Company passed a resolution to allot the following securities to RIF post execution of the investment agreement with RIF, *inter alia*: a) 13,58,129 Ordinary Equity, amounting to 24.99% of the total voting rights of the Company. b) 12,75,760 CCDs.
4.	July 22, 2013	RIF sent a letter to the Company expressing its intention of exercising the conversion option attached with the CCDs and proposed conversion of CCDs into: a) 71,286 Ordinary Equity b) 12,04,474 Class 'A' Equity
5.	September 5, 2013	The shareholders of the Company passed a resolution by voting on the postal ballot whereby they approved, *inter alia*: allotment of a combination of Class 'A' Equity and Ordinary Equity to RIF on conversion of CCDs.
6.	October 15, 2013	The Allotment Committee of the Company passed a resolution to allot the following securities to RIF: a) 71,286 Ordinary Equity, amounting to 1.25% of the total voting rights of the Company, increasing the share capital of the Company from 56,48,893 Ordinary Equity to 57,20,179 Ordinary Equity. b) 12,04,474 Class 'A' Equity, amounting to 0.0002% of the total voting rights of the Company. While the freshly issued Ordinary Equity were subsequently listed on BSE, the Class 'A' Equity remained unlisted.
7.	June 14, 2016	The 57,20,179 Ordinary Equity of the Company were listed on NSE.
8.	July 15, 2016	The 12,04,474 Class 'A' Equity held by RIF were transferred to one of the Specified Shareholder and Promoter of the Company: Namra Holdings & Consultancy Services LLP.

		Investment Agreement with SAIF
9.	March 05, 2018	The Board of the Company authorized execution of an investment agreement with SAIF Partners India V Limited ("**SAIF**").
10.	March 29, 2018	The shareholders of the Company approved issue of 16,66,667 CCDs having a face value of INR 300/- per CCD and convertible into Ordinary Equity to SAIF.
11.	April 04, 2018	The Company and SAIF executed a formal investment agreement. One of the clauses under the agreement provided, "*5.3* ***Post-Closing Actions*** *…* *5.3.3 On or before 15 June 2018,* ***the Company shall file relevant application(s) with the concerned Governmental Authorities in order to implement a scheme of capital reduction, in terms of which, the 'A' ordinary shares issued by the Company will be extinguished from the Share Capital of the Company*** *in accordance with applicable Law. Pursuant to filing of such application, the Company shall make the necessary endeavours and take appropriate steps, including but not limited to taking necessary corporate actions, obtaining all Approvals, and consequent to receipt thereof, making of all filings, disclosures, notifications and registrations as are required under Law in order to successfully implement such scheme of capital reduction. In the event, the necessary Approvals for implementation of the scheme of capital reduction has not been obtained by the Company within a period of six (6) months from the Closing Date then* ***the Parties shall with mutual agreement determine definitive steps to be taken in order to achieve the objective of extinguishment of 'A' ordinary shares from the Share Capital of the Company***."*
12.	April 12, 2018	The Board of Directors of the Company approved and allotted 16,66,667 CCDs having a face value of INR 300/- per CCD to SAIF, convertible within a period of 18 months into Ordinary Equity.

2.5. There was no change in the name, registered office and objects of the Company during last five years.

3. SHARE CAPITAL

3.1. The share capital structure of the Company as on September 30, 2018, is as follows:

Authorized Capital	**Amount in Rs.**
1,12,50,000 Ordinary Equity Shares of Rs 10/- each	11,25,00,000
37,50,000 Class 'A' Ordinary Equity Shares of Rs. 10/- each*	3,75,00,000
Total	**15,00,00,000**
Issued, Subscribed and Paid-Up Capital	
57,47,824 Ordinary Equity Shares of Rs 10/- each	5,74,78,240
12,04,474 Class 'A' Ordinary Equity Shares of Rs. 10/- each*	1,20,44,740
Total	**6,95,22,980**

** Class 'A' Equity holders possess inferior rights as to voting and 1,00,000 (one lakh) shares together carry one voting rights.*

3.2. Subsequent to the above date, there has been no change in the authorized, issued, subscribed and paid-up share capital of the Company till date of approval of the Scheme by the Board of the Company.

3.3. The Company has 78,855 outstanding stock options (convertible into Ordinary Equity), the exercise of which may result in an increase in the issued and paid-up share capital of the Company.

3.4. 16,66,667 CCDs allotted to SAIF Partners on April 12, 2018, shall be converted into a maximum of 18,90,417 Ordinary Equity, any time within 18 months from the date of allotment. On conversion of the said CCDs, the Company's share capital structure may change. The CCDs can be converted in the following manner:

i. 16,66,667 Ordinary Equity of the Company to be issued upon the conversion of face value of the CCDs; and,

ii. up to a maximum of 2,23,750 Ordinary Equity of the Company to be issued at the option of the holder of the CCDs, upon the conversion of the aggregate accrued but unpaid coupon (net of withholding taxes in India and interest paid in cash) on such CCDs.

4. DATE OF TAKING EFFECT AND OPERATIVE DATE

This Scheme was approved by the Board of the Company on October 13, 2018. This Scheme set out herein along with the modification(s) proposed, if any, by the NCLT, SEBI or any appropriate authority, shall be effective and operative from the Effective Date.

PART B

Details of the Scheme

5. With a view to retaining the resources in the Company on a permanent basis and to improve its market valuation, the Company proposes this Scheme where under the Company intends to avoid utilization of surplus reserves in order to Consolidate Class 'A' Equity with Ordinary Equity and for issuance of fresh Ordinary Equity by allotting appropriate number of Ordinary Equity to the Specified Shareholder of Class 'A' Equity, based on a valuation report prepared by an independent valuer.

6. DETAILS OF THE SCHEME

6.1. Under the Scheme, the Equity Share Capital of the Company will be consolidated by issuing fresh Ordinary Equity to the Specified Shareholder, holding 100% of Class 'A' Equity.

6.2. **Valuation of Equity Shares**: The Equity Share Capital of the Company has been valued as under:

- The Ordinary Equity has been valued as per the pricing norms prescribed under Regulation 164 of the ICDR Regulations, being higher of the following:

  "(a) The average of the weekly high and low of the volume weighted average price of the related equity shares quoted on the recognised stock exchange during the twenty-six weeks preceding the relevant date; or

  (b) The average of the weekly high and low of the volume weighted average prices of the related equity shares quoted on a recognised stock exchange during the two weeks preceding the relevant date."

  The pricing of Ordinary Shares would be based on the above formula as on the Relevant Date.

- The valuation of Class 'A' Equity has been undertaken by an independent valuer. The independent valuer has valued Class 'A' Equity at 65% of the value of Ordinary Equity, i.e. 35% less than the price of the listed Ordinary Equity, as on the Record Date. This price difference is primarily due to the differential voting rights and low liquidity of Class 'A' Equity as compared to the listed Ordinary Equity. As stated by the independent valuer, it did not come across any valuation difficulties while computing such price.

- On the Effective Date, each of Class 'A' Equity would be consolidated into Ordinary Equity and the holders of Class 'A' Equity would receive such number of Ordinary Equity as may be determined based on the valuations described above.

6.3. Mr. Jayendrabhai B. Patel (Vice Chairman and Managing Director of the Company), Mr. Aalok Patel (Executive Director) and Ms. Ritaben Jayendrabhai Patel (Director of the Company), being interested in the resolution, were not present during discussions on the subject related with the Scheme, in the Board meeting and have surrendered their voting rights with regard to the shareholders' resolution, proposed to be passed for approval of the Scheme.

6.4. Upon implementation of the Scheme, the 12,04,474 Class 'A' Equity will be cancelled leading to a reduction in Equity Share Capital. Since the said reduction is an integral part of the Scheme, it is hereby provided that the same shall become operative by virtue of the fact that the shareholders of the Company, while approving the Scheme, have also resolved and accorded their consent, as required under Section 66 or any other provisions of the Act and shall not be required to pass separate resolution in this respect. The order of the NCLT sanctioning the Scheme shall also be deemed to be an order under section 66 of the Act confirming the reduction.

6.5. Subsequently, the Specified Shareholder will be allotted 7,82,908 fresh Ordinary Equity, as part of the Scheme. Although under Regulation 158 of the ICDR Regulations, the Company is not required to follow the preferential issue norms prescribed by SEBI for fresh issuance of shares to specific persons. However, in accordance with proviso to Regulation 158(1)(b) of the ICDR Regulations, the pricing of the Ordinary Equity will be done as per the pricing provisions of Chapter V of the ICDR Regulations. Further, it is proposed that the allotment of 7,82,908 fresh Ordinary Equity pursuant to the Scheme, will be made substantially in accordance with the preferential issue guidelines prescribed under Chapter V of the ICDR Regulations, as and wherever applicable. It is further clarified that no separate special resolution under Section 42 of the Act shall be required to be passed by the Company for issuance of Ordinary Equity to the Specified Shareholder and on approval of the Scheme, it shall be deemed that they have given their consent for the issuance of Ordinary Equity to the Specified Shareholder.

6.6. The Specified Shareholder have undertaken to not sell their shareholding in the Company for at least 6 (six) months prior to the Record Date.

6.7. Change in Shareholding of the Company, pursuant to implementation of the Scheme:

Authorized Capital	**Amount in Rs.**
1,50,00,000 Ordinary Equity Shares of Rs 10/- each	15,00,00,000
Total	**15,00,00,000**
Issued, Subscribed and Paid-Up Capital	
65,30,732 Ordinary Equity Shares of Rs 10/- each	6,53,07,320
Total	**6,53,07,320**

6.8. Following will be the change in shareholding pattern of the Company, post implementation of the Scheme:

Ordinary Equity Share Capital		
Category of Shareholder	**Pre-Scheme of Arrangement**	**Post-Scheme of Arrangement**
Promoter and Promoter Group	27.13%	35.86%
Public Shareholders	72.87%	64.14%
TOTAL	**100.00%**	**100.00%**
Class 'A' Equity Share Capital		
Category of Shareholder	**Pre-Scheme of Arrangement**	**Post-Scheme of Arrangement**
Promoter and Promoter Group	100.00%	0.00%
Public Shareholders	0.00%	0.00%
TOTAL	**100.00%**	**0.00%**

6.9. **Compliance with Takeover Regulations:** Regulation 3(2) of Takeover Regulations provides for requirement of making a public announcement for an open offer, if the voting rights of the existing shareholders (along with its persons acting-in-concert) holding 25% or more voting rights in a target company, increases beyond 5% in a financial year. Regulation 10 of Takeover Regulations further provides for certain situations / events wherein the acquirers are exempt from making an open offer under Regulation 3. With allotment of fresh Ordinary Equity to the Specified Shareholder, the shareholding of the Promoter and Promoter Group (who are deemed to be persons acting-in-concert) may increase beyond 5%, thus triggering the open offer requirement under Regulation 3(2). However, the proposed acquisition of additional voting rights pursuant to the Scheme, will qualify the exemption provided under Regulation 10(1)(d)(ii) of the Takeover Regulations. Therefore, the Specified Shareholder will not be required to make an open offer. However, certain forms and disclosures will be required to be filed by the Specified Shareholder. The Specified Shareholder has undertaken to comply with the said norms under the Takeover Regulations.

7. EFFECT OF THE SCHEME

7.1. Upon the Scheme being effective, 12,04,474 Class 'A' Equity held by the Specified Shareholder on the Effective Date provided in Clause 14 of this Scheme shall stand extinguished and 7,82,908 fresh Ordinary Equity of par value Rs. 10/- each, fully paid-up, without any further act, instrument or deed, shall be issued and allotted to the Specified Shareholder, free and clear of all liens and charges. Any fractional entitlement of Ordinary Equity arising on such conversion will be ignored. The allotment shall be made within 15 (fifteen) days from the date of sanctioning the Scheme by the NCLT and shall be made only in dematerialized form.

7.2. **Securities Premium Reserve**: Upon the Scheme being effective, the premium on extinguishment of Class 'A' Equity and fresh issue of Ordinary Equity, the Company shall, without any further application, act or deed, credit such difference amount (being the difference on account of voting right of the two kinds of Equity Share Capital) to its Securities Premium Reserve. The proposed credit in the Securities Premium Reserve shall be affected as an integral part of the Scheme itself and the order of the NCLT sanctioning the Scheme shall be deemed to be an order under Section 230 of the Act confirming such credit.

7.3. The Class 'A' Equity will, without any further application, act, instrument or deed, be deemed to have been automatically cancelled and the new Ordinary Equity shall be deemed to have been vested in the name of the Specified Shareholder, without any further act or deed by the Company or any Specified Shareholder.

7.4. Upon allotment of the Ordinary Equity, the rights of the Specified Shareholder to the extent of the Class 'A' Equity (i.e. the inferior voting rights) so cancelled, shall cease and such Specified Shareholder shall acquire similar rights as the holders of Ordinary Equity. The newly allotted Ordinary Shares shall rank *pari passu* with the existing Ordinary Equity of the Company in all respects, including with respect to entitlement to dividend and voting rights.

7.5. The Ordinary Equity to be allotted shall, subject to the applicable laws, be listed or admitted to trading on BSE and NSE, where the existing Ordinary Equity of the Company are presently listed and traded.

8. LOCK-IN PERIOD

The Ordinary Share allotted to the Specified Shareholder post implementation of the Scheme shall be locked-in for a period of 3 (three) years from the date of trading approval granted by BSE and NSE. Further, the Specified Shareholder will be required to observe the transferability restrictions provided under Regulation 168 of the ICDR Regulations.

9. RECLASSIFICATION OF SHARE CAPITAL

Upon the Scheme being effective, Clause V of the Memorandum of Association of the Company (relating to the Authorised Share Capital), without any further application, act, instrument or deed, shall be amended to state as follows:

"V. The Authorised Share Capital of the Company is Rs. 15,00,00,000/- (Rupees Fifteen Crores Only) comprising 1,50,00,000 (One Crore Fifty Lakh) Ordinary Equity Shares of Rs. 10/- each."

It is hereby clarified that for the purposes of this clause, the consent of the shareholders to the Scheme shall be deemed to be sufficient for the purposes of effecting the above reclassification in the authorized share capital of the Company, and no further resolution under Section 61 or any other applicable provisions of the Act, would be required to be separately passed. Upon the Scheme being effective, the Company shall file necessary form for the reclassification of the Authorised Share Capital with the Registrar of Companies. Further, there would be no requirement for any further payment of stamp duty and/or fee (including registration fee) by the Company for reorganization of the authorized share capital.

PART C

Terms and Conditions applicable to this Scheme

10. APPLICATION TO THE NCLT

The Company shall, with all reasonable dispatch, make application to the NCLT under Section 66 and 230 of the Act, for seeking approval of this Scheme and for such further order or orders thereunder as the NCLT may deem fit for carrying the Scheme into effect.

11. MODIFICATIONS TO THE SCHEME

The Company, through its Board, may effect or assent to any modification or amendments to the Scheme or agree to any terms, conditions or limitations, which the NCLT or any other appropriate authority, may deem fit to direct or impose or which may otherwise be considered necessary or desirable by the Board of the Company, for settling any question or doubt or difficulty that may arise in implementing and/or carrying out the Scheme or otherwise as may be considered to be in the best interest of the Company and its members and do all acts, deeds and things as may be necessary, desirable or expedient for giving effect to the Scheme. Such determination or directions, as the case may be, shall be binding on all the concerned parties, in the same manner as if the same are specifically incorporated in this Scheme. In the event that any conditions are imposed by the NCLT or any other appropriate authority, which the Board of the Company find unacceptable for any reason, then the Company shall be at liberty to withdraw the Scheme.

12. OTHER CONDITIONS OF THE SCHEME

This Scheme is and shall be conditional upon and subject to the following:

12.1. The requisite consents, approvals or permissions of the Appropriate Authority, which by law may be necessarily required for the implementation of this Scheme.

12.2. The Scheme being approved by the requisite majority of the members and / or creditors of the Company, in number and value, as may be directed by NCLT, as required under the Act or under Applicable Law(s).

12.3. The Scheme being approved by BSE and NSE and receipt of a requisite Observation Letter or No-objection Letter, under Regulation 37 of the Listing Regulations.

12.4. The Scheme being approved by the NCLT under Section 230 read with Section 66 of the Act and the necessary order under the said provisions being obtained.

12.5. Approval of the shareholders of Company shall be through e-voting and/or any other mode as may be required under any Applicable Law and the SEBI Circular. The Scheme shall be acted upon only if the votes cast by the public shareholders in favour of the proposal are more than the number of votes cast by the public shareholders of the Company against it as required under the SEBI Circular. The term 'public' shall carry the same meaning as defined under Rule 2 of the Securities Contracts (Regulation) Rules, 1957.

13. EFFECT OF NON-RECEIPT OF REQUISITE APPROVALS

In the event of any of the said approvals or sanctions referred to in the preceding clause, not being obtained and / or Scheme not being sanctioned by the NCLT or any other Appropriate Authority, or if the Scheme does not otherwise become effective within such period or periods as may be considered by the Board in its absolute discretion, then the Scheme shall stand revoked, cancelled and be of no effect, save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any right, liabilities or obligations which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in the Scheme or as may otherwise arise in law.

14. EFFECTIVE DATE OF THE SCHEME

The arrangement with the members of the Company pursuant to this Scheme shall take place with effect from the date as approved by the NCLT. Upon the Scheme being effective, the same shall be binding on the Company and all concerned parties without any further act, deed, matter or thing.

15. CONDUCT OF BUSINESS

Nothing contained in this Scheme shall affect the conduct of business of the Company and/or any deeds, bonds, contracts, schemes and other instruments to which the Company is a party and/or all legal or other proceedings by or against the Company.

16. IMPACT OF SCHEME ON EMPLOYEES AND KEY MANAGERIAL PERSONNEL

The employees and key managerial personnel of the Company shall, in no way, be affected by the Scheme and generally they may be benefitted since the true financial position of the Company would be improved and made clear.

17. IMPACT OF SCHEME ON CREDITORS/ BANKS/ FINANCIAL INSTITUTIONS

This Scheme is only an arrangement between the Company, and its members under Section 230 of the Act. This Scheme does not affect or modify any of the rights and entitlements of any creditor/ Bank/Financial Institution associated with the Company, as it does not involve either diminution of liability in respect of unpaid share capital or payment to any shareholder of any paid-up share capital. The Scheme does not envisage any compromise or arrangement with any of the creditors of the Company.

18. SEVERABILITY

The provisions contained in this Scheme are inextricably inter-linked with the other provisions and the Scheme constitutes as an integral whole. The Scheme would be given effect to only if it is approved in its entirely unless specifically agreed otherwise by the Board of the Company. If any part of this Scheme is found to be unworkable for any reason whatsoever, the same shall not, subject to the decision of the Company, affect the validity or implementation of other part(s) and/or provisions of this Scheme.

19. COST, CHARGES AND EXPENSES CONNECTED WITH THE SCHEME

All costs, charges, taxes and expenses payable, if any, in relation to or in connection with or incidental to this Scheme or the implementation thereof, shall be borne by the Company.

20. STAMP DUTY

The Order of the NCLT approving the Scheme will not attract any stamp duty, under the Bombay Stamp Act, 1958 (as applicable to the State of Gujarat).

21. COMPLIANCE WITH APPLICABLE LAWS

The Company undertake to comply with all Applicable Laws, including making requisite intimations and disclosures to any statutory or regulatory authority and obtaining the requisite consent, approval or permission from the Appropriate Authority, which may be required under the Applicable Laws for the implementation of this Scheme or which may be required in relation to any matters connected with this Scheme.

22. DESIGNATED STOCK EXCHANGE

The Designated Stock Exchange for interaction with SEBI shall be BSE.

VALUATION

&

FAIR SHARE EXCHANGE RATIO REPORT

OF

ORDINARY EQUITY SHARES

&

CLASS "A" ORDINARY EQUITY SHARES

(FINANCIAL INSTRUMENT)

OF

ARMAN FINANCIAL SERVICES LIMITED

IN THE MATTER OF

ARRANGEMENT

FOR

REORGANIZATION

OF

EQUITY SHARE CAPITAL

BY CONSOLIDATION OF EQUITY SHARES OF DIFFERENT CLASSES

Prepared By:

S V Pujara & Co.

Chartered Accountants

411, Business Centre, Patthar Kuva,

Relief Road, Ahmedabad, Gujarat - 380001

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I. APPOINTING AUTHORITY AND OBJECTIVE

We M/s. S V Pujara& Co, Chartered Accountants, (FRN 108205W) Ahmedabad, Valuer, having office at 411, Business Centre, Patthar Kuva, Relief Road, Ahemdabad, Gujarat - 380001, have been engaged on 1st August 2018 by Arman Financial Services Limited (hereinafter referred to as "ARMAN"), to carry out valuation of 12,04,474 (Twelve Lakh Four Thousand Four Hundred and Seventy Four) "A" Ordinary Equity Shares (hereinafter referred to as "DVR") of Arman and issue Fair Share Exchange Ratio Report.

The objective of engagement is to carry out an independent assessment of the Swap/Exchange Ratio for the proposed scheme for reorganization of the Arman's Equity Share Capital by consolidation of equity shares of different classes i.e. Ordinary Equity and Class "A" Ordinary Equity Shares by way of issuing fresh Ordinary Equity to the Specified Shareholder, holding 100% Class 'A' Equity in accordance with the provisions of Section 230 read with 66 of the Companies Act, 2013.

The Scheme of arrangement, between Arman and its shareholders, is subject to approval by National Company Law Tribunal, Ahmedabad (herein after referred as the "NCLT").

As informed, with a view to retaining the resources in the Arman on a permanent basis, the Arman proposes a Scheme where it intends to avoid utilization of free reserve in order to extinguish DVR Capital.
As informed, the scheme of consolidation will lead to following benefits after it is approved by the "NCLT".

1) Increase in the market capitalization of the Company. Due to absence of appropriate laws and guidelines for treatment of unlisted portion of the equity share capital (with differential rights), neither the stock exchanges, nor the potential investors take into account the value of Class 'A' Equity while determining the market valuation of the Arman.

2) Increase in dividend rights and book value per share of the holders of the Ordinary Equity.

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II. KEY ELEMENTS OF VALUATION EXERCISE

1) Possible consolidation of Ordinary Equity and Class "A" Ordinary Equity Shares of Arman.
2) The parties to the transaction are the Arman and holders of Ordinary Equity and Class "A" Ordinary Equity Shares.

3) The Valuation is carried out on the basis of information and documents collected till 11th September, 2018 and thereby 11th September, 2018 is to be construed as Valuation date.

III. VALUATION BASE

We have selected combination of follnwing as valuation base which are appropriate for the intended purpose of the valuation.

1) Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the valuation date.

2) **Participant specific value**

Participant specific value is the estimated value of an asset or liability considering specific advantages or disadvantages of either of the owner or identified acquirer or identified participants.

IV. PROFILE OF CLIENT

1) Name

Arman Financial Services Limited is a public limited company incorporated on November 26, 1992 under the Companies Act, 1956 (now repealed and replaced by the Companies Act, 2013) having CIN: L55910GJ1992PLC018623 and PAN AABCA3165E.

2) Registered office

502-503, Sakar III, Opposite Old High Court, Off: Ashram Road, Ahmedabad – 380014 Gujarat, India (official email address finance@armanindia.com).

3) Board of Directors

As onsigning date, the Company has following Directors and Key Managerial Personnel:

Name, DIN and Address	Designation	Shareholding as a % of the Total Ordinary

		Equity*
Directors of the Company		
Alok Prasad (DIN No. 00080225) 144, Vista Villas, Opposite Unitech Cyber Park, Sector 46 Gurgaon 122001 (Haryana).	Chairman & Independent Director	Nil
Jayendrabhai B. Patel (DIN No. 00011814) 29, Sujan Bunglows, Shreyas Tekra, Ambawadi, Ahmedabad 380 015 (Gujarat).	Vice Chairman and Managing Director	5.02%
Aalok J. Patel (DIN No. 02482747) 29, Sujan Bunglows, Shreyas Tekra, Ambawadi, Ahmedabad 380 015 (Gujarat).	Executive Director	4.31%
Kaushikbhai D. Shah (DIN No. 00024305) 25, Akashneem Bungalows, Vastrapur, Ahmedabad (Gujarat)	Independent Director	Nil
Ritaben J. Patel (DIN No. 00011818) 29, Sujan Bunglows, Shreyas Tekra, Ambawadi, Ahmedabad 380 015 (Gujarat).	Director (Woman)	5.16%
Aakash J. Patel (DIN No. 02778878) 61, Sycamore ST Belmont Boston 02478 US.	Director (Promoter)	4.85%
Ramakant Dinanath Nagpal (DIN No. 0073205) B1/901 Delhi State, NEF CG Plot No 1, Sector 19, Dwarka, New Delhi 110075 (Delhi).	Independent Director	Nil
Mridul Arora (DIN No. 03579584) Villa 793, Phase-3 Adarsh Palm Retreat, Bellandur Bengaluru 560103 (Karnataka).	Nominee Director	Nil
Key Managerial Personnel		
Jayendrabhai B. Patel (DIN No. 00011814) 29, Sujan Bunglows, Shreyas Tekra, Ambawadi, Ahmedabad 380 015 (Gujarat).	Vice Chairman and Managing Director	5.02%
Vivek Arun Modi 18/ 19, Manavashram Society, Gopal Pura Mod Tonk Road, Jaipur 301 001 (Rajasthan).	Chief Financial Officer	0.0004%

Jaimish Govindbhai Patel 412/ 2306, G.H.B. BH. Navarang Flats, Bapunagar, Ahmedabad 380 024 (Gujarat).	Compliance Officer	0.01%
Aalok J. Patel (DIN No. 02482747) 29, Sujan Bunglows, Shreyas Tekra, Ambawadi, Ahmedabad 380 015 (Gujarat).	Executive Director	4.31%

4) Main object

The Company, along with its subsidiaries, provide financial services including, two-wheeler finance, micro-enterprise loans and group-based microfinance. The Company is also registered with the Reserve Bank of India as a Non-Banking Financial Company.

5) Share Capital structure:

As on signing date, the capital structure of the Company is as follows:

Authorized Capital	**Amount in Rs.**
1,12,50,000 Ordinary Equity Shares of Rs 10/- each	11,25,00,000
37,50,000 Class 'A' Ordinary Equity Shares of Rs. 10/- each*	3,75,00,000
Total	**15,00,00,000**
Issued, Subscribed and Paid-Up Capital	
57,47,824 Ordinary Equity Shares of Rs 10/- each	5,74,78,240
12,04,474 Class 'A' Ordinary Equity Shares of Rs. 10/- each*	1,20,44,740
Total	**6,95,22,980/-**

** Class 'A' Equity holders possess inferior rights as to voting and 1,00,000 (one lakh) shares together carry one voting rights.*

i. The Company has outstanding stock options, the exercise of which may result in an increase in the issued and paid-up share capital of the Company.

ii. 16,66,667 CCDs allotted to SAIF Partners India V Limited on April 12, 2018, shall be converted into a maximum of 18,90,417 Ordinary Equity, any time within 18 months from the date of allotment. On conversion of the said CCDs, the Company's share capital structure may change. The CCDs can be converted in the following manner:

a) 16,66,667 Ordinary Equity of the Company to be issued upon the conversion of face value of the CCDs; and,

b) up to a maximum of 2,23,750 Ordinary Equity of the Company to be issued at the option of the holder of the CCDs, upon the conversion of the aggregate accrued but unpaid coupon (net of withholding taxes in India and interest paid in cash) on such CCDs.

6) Shareholding

As on signing date, the Company has 10 (ten) Promoters. The following are the relevant details with reference to the Promoters of the Company:

Name and Address	Shareholding as a % of the Total Ordinary Equity	Shareholding as a % of the Total Class 'A' Equity
Aakash Jayendra Patel 61, Sycamore ST, Belmont Boston 02478, United States of America (MA, USA).	4.85%	Nil
Aalok Jayendra Patel 29, Sujan Bunglows, Shreyas Tekra, Ambawadi, Ahmedabad 380 015 (Gujarat).	4.31%	Nil
Amit Rajnikant Manakiwala 4, Matangi Society, Ellisbridge Ahmedabad 380 006 (Gujarat).	0.23%	Nil
Himani Amit Manakiwala 4, Matangi Society, Ellisbridge, Ahmedabad 380 006(Gujarat).	0.53%	Nil
Jayendra Bhailal Patel-HUF 29, Sujan Bunglows, Shreyas Tekra, Ambawadi, Ahmedabad 380 015 (Gujarat).	3.41%	Nil
Jayendrabhai Bhailalbhai Patel 29, Sujan Bunglows, Shreyas Tekra, Ambawadi, Ahmedabad 380 015 (Gujarat).	5.02%	Nil
Maulik Amit Manakiwala 4, Matangi Society, Ellisbridge Ahmedabad 380 006 (Gujarat).	0.01%	Nil
Namra Holdings & Consultancy Services LLP*	2.88%	100%

Ground Floor, Pushpak Building, Opp. Kama Hotel Khanpur, Ahmedabad 380001		
Ritaben Jayendrabhai Patel 29, Sujan Bunglows, Shreyas Tekra, Ambawadi, Ahmedabad 380 015 (Gujarat).	5.16%	Nil
Sajni Aalok Patel 29, Sujan Bunglows, Shreyas Tekra, Ambawadi, Ahmedabad 380 015 (Gujarat).	0.72%	Nil
TOTAL	**27.13%**	**100%**

**Mr. Jayendrabhai Patel and Mr. Aalok Patel are Designated Partners and Ms. Ritaben Jayendrabhai Patel is a partner at Namra Holdings & Consultancy Services LLP.*

V. SOURCE OF INFORMATION RELIED UPON

We relied upon the following information made available to us by the Arman for the purpose of this valuation:

a) Memorandum and Articles of Association

b) Audited Accounts for the Financial Year ended on March 31, 2016, March 31, 2017, March 31, 2018 and June 30, 2018.

c) Shareholding Pattern.

d) Compliance documents maintained under the Companies Act, Income Tax, GST and SEBI- LODR provisions.

e) Such other information and explanations as may be required by us and provided by the management.

f) We have also placed reliance on the verbal explanations and information given to us by the directors, Senior Executives and professionals of the Arman.

g) Website of BSE Limited, Motilal Oswal and caclubindia.com for market data and related articles.

VI. BACKGROUND INFORMATION OF ASSETS BEING VALUED

a) Ordinary Equity Shares of Rs 10/- each to be issued on preferential basis as a part of restructuring of capital

Valuation standards as prescribed by ICAI, effective from 01/07/2018 shall not be applicable to the issue of Ordinary Equity Shares of Rs 10/- each as the valuation base is prescribed by SEBI Regulations.

Regulatory Advisory

i. As provided under rule 13 (1), of the Companies (Share Capital & Debentures) Rules, 2014, reproduced hereunder, the price of shares to be issued on a preferential basis by a listed company shall not be required to be determined by the valuation report of a registered valuer.

13 (1) For the purposes of clause (*c*) of sub-section (1) of section 62, if authorized by a special resolution passed in a general meeting, shares may be issued by any company in any manner whatsoever including by way of a preferential offer, to any persons whether or not those persons include the persons referred to in clause (*a*) or clause (*b*) of sub-section (1) of section 62 and such issue on preferential basis should also comply with conditions laid down in section 42 of the Act:

Provided *further* that the price of shares to be issued on a preferential basis by a listed company shall not be required to be determined by the valuation report of a registered valuer.

ii. Since the preferential offer of shares is to be made by listed company, the Ordinary Equity shall be valued as per the pricing norms prescribed under Regulation 164 of the SEBI-ICDR Regulations, being higher of the following:
"(a) The average of the weekly high and low of the volume weighted average price of the related equity shares quoted on the recognized stock exchange during the twenty-six weeks preceding the relevant date; or

(b) The average of the weekly high and low of the volume weighted average prices of the related equity shares quoted on a recognized stock exchange during the two weeks preceding the relevant date."

In the present case, the Ordinary Equity Shares of Arman is listed on BSE Limited & National Stock Exchange of India Limited, value per share is to be determined by following pricing provisions of the ICDR Regulations and hence its valuation is not part of this report.

b) **Class 'A' Ordinary Equity Shares of Rs 10/- each to be consolidated as a part of restructuring of capital**

Though the Arman is listed on BSE Limited & National Stock Exchange of India Limited, Class 'A' Ordinary Equity Shares of Rs 10/- each to be consolidated are not listed and hence this valuation report.

EVOLUTION

i. **November 20, 2011**

The shareholders passed a resolution by voting on postal ballot sanctioning, *inter alia*, for increase in authorised share capital in the form of 37,50,000 shares with differential rights, referred as, '**Class 'A' Equity** and raising of additional capital by issue of 13,58,130 Ordinary Equity and 12,75,760 Compulsorily Convertible Debentures ("**CCDs**").

ii. **April 16, 2012**

The Allotment Committee passed a resolution to allot the following securities to RIF:
13,58,129 Ordinary Equity, amounting to 24.99% of the total voting rights and 12,75,760 CCDs.

iii. **July 22, 2013**

RIF exercised the conversion option attached with the CCDs:
71,286 Ordinary Equity and 12,04,474 Class 'A' Equity
The conversion price for both options was same.

iv. **October 15, 2013**

The Allotment Committee passed a resolution to allot the following securities to RIF:
12,04,474 Class 'A' Equity, amounting to 0.0002% of the total voting rights of the Company.
While the freshly issued Ordinary Equity was listed on BSE Limited, the Class 'A' Equity remained unlisted.

v. **July 15, 2016**

The 12,04,474 Class 'A' Equity held by RIF were transferred to one of the Promoter group entity of the Arman.

/II. APPROACH TO VALUATION

Valuation of the equity shares is not an exact science and ultimately depends upon what it is worth to a serious investor or buyer who may

be even prepared to pay for controlling interest. The appropriateness of a valuation approach for determining the value of an asset would depend on valuation bases and premises.

We have used valuation techniques that enable us to form an opinion to estimate the price at which an orderly transaction to sell the financial instrument would take place between market participants at the valuation date under the market conditions existing on that valuation date. This exercise was carried out based on the generally accepted methodologies, the relative emphasis of each often varying with factors such as:

i. Nature of the asset to be valued,

ii. Availability of adequate input and its reliability,

iii. control environment under which the entity and the instrument operates

iv. Strength and weakness of each valuation of approach and

v. Method considered by market participants

The results of this exercise could vary significantly depending upon the basis used, the specific circumstances and professional judgment of the valuer.

As a valuer, we may consider adopting one distinct valuation approach/method or multiple valuation approaches/methods as may be appropriate to derive a reliable value. The valuation approaches and methods, selected in a manner which would maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The ICAI Valuation Standard 103 provides guidance for following three main valuation approaches: (a) Market approach; (b) Income approach; and (c) Cost approach.

i. Income Approach

Some of the common valuation methods under income approach are as follows: (a) Discounted Cash Flow (DCF) Method; (b) Relief from Royalty (RFR) Method; (c) Multi-Period Excess Earnings Method (MEEM); (d) With and Without Method (WWM); and (e) Option pricing models such as Black-Scholes-Merton formula or binomial (lattice) model.
We have discarded this approach from our exercise.

ii. Cost Approach

Cost approach or Asset approach is a valuation approach that reflects the amount that would be required currently to replace the service capacity of an asset (often referred to as current replacement cost).
From the perspective of a market participant seller, the price that would be received for the asset is based on the cost to a market participant buyer to acquire or construct a substitute asset of comparable utility. The usage of this method is of more predominance in valuation of non-financial assets.
We have discarded this approach from our exercise.

iii. Market Approach

In market approach, the value of the financial instrument is determined by considering traded prices of such instrument in an active market; or prices and other relevant information generated by market transactions involving identical or comparable (similar) assets.

Although, there is no recent transaction either in the asset or in the market comparables; we applied the market approach in respect to the asset to be valued as comparable or identical assets traded in the active market *i.e.* BSE Limited & National Stock Exchange of India Limited.

The following valuation methods are commonly used under the market approach: (a) Market Price Method; (b) Comparable Companies Multiple (CCM) Method; and (c) Comparable Transaction Multiple (CTM) Method.

We have considered the traded DVR price of Tata Motors, Future Enterprises, Jain Irrigation and Stampede Capital(here in after referred as "Market Securities") on BSE Limited over a period 2011 to September, 2018 while valuing underlying asset.

Since the trading volume has no impact on valuation exercise, the trading volume of "Market Securities" on National Stock Exchange of India Limited, although the highest, is ignored.

We have used average of difference (expressed in percentage) between open, high and low price of normal

equity and DVR of "Market Securities" over a period of 2011 to September, 2018 to reduce the impact of volatility or any one time event in the "Market Securities".

The price to be paid for acquisition of controlling stake is also considered in valuation exercise.

We have not come across comparable transaction appropriate to the underlying asset to be valued.

The application of financial metrics such as Earnings before Interest, Tax, Depreciation and Amortization (EBITDA), Profit After Tax (PAT), Sales, Book Value of assets, etc of "Market Securities" is not part of this valuation exercise.

VIII. VALUATION

a) Legal Framework of Differential Voting Rights (DVR) shares

i. DVR shares are different from ordinary shares in a way that they offer lower voting rights compared to ordinary shares. This ideally should make sense for the small and retail shareholders as they normally do not participate in the voting process. These DVR shares are therefore very useful for companies that want to raise money in the market without diluting effective control of the company. The holders of the equity shares with differential rights enjoy all other rights such as bonus shares, rights shares etc., which the holders of ordinary equity shares are entitled to.

ii. SEBI issued guidelines in 2009 prohibiting any company from issuing differential shares with the voting rights or the dividend rights higher than ordinary shareholders. This was a setback for DVRs as additional dividend entitlement for DVRs was not longer possible.

iii. Section 43 of the Companies Act 2013, empowers a company limited by shares to have equity share capital with differential rights as to dividend, voting or otherwise in accordance with rule 4 of the Companies (Share Capital and Debentures) Rules, 2014, which inter alia, states that the company shall not convert its existing equity share capital with voting rights into equity share capital carrying differential voting rights and vice versa.

iv. Under the Companies (Share Capital and Debentures) Rules, 2014, the shares with differential rights cannot exceed:

I. twenty-six percent of the total post-issue paid up equity share capital including equity shares with differential rights issued at any point of time.

II. the company should have a consistent track record of distributable profits for the preceding three years of such issue.

III. A company should also not have been penalized by any sectoral regulators such as SEBI, RBI, etc.

v. Section 48 of the Companies Act 2013 states, inter alia, that the rights attached to the shares of any class may be varied with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or by means of a special resolution passed at a separate meeting of the holders of the issued shares of that class.

b) History of DVR issue in India

i. The first DVR shares were issued by Tata Motors in 2008 which was later followed up by other companies like Gujarat NRE Coke, Future Enterprises, Jain Irrigation and Stampede Capital. However, this has had limited appeal and shareholders of many other companies have refused the lure of DVR shares.

ii. The Jain Irrigation DVR and Stampede Capital, unlike the Tata Motors DVR, were issued as a bonus issue to existing shareholders.

iii. Tata motor and Future Enterprises who have issued DVR shares — which have no or limited voting rights and so are issued at a discount to the ordinary shares. Their aim is to prevent dilution of promoters' powers and hostile takeovers.

c) Performance of DVR share Vs. Regular share

We have considered the traded price observed over a reasonable period while valuing underlying assets which are traded in the active market and since the underlying asset is traded in more than one active market i.e. on BSE Limited and National Stock Exchange

of India Limited, we have used average price over a 2011 to 2018. We considered multiple averages to reduce the impact of volatility in the underlying asset.

We have identified following market comparables for valuing an underlying asset based on multiples derived from prices of BSE Limited.

- Tata Motors DVR
- Future Enterprise DVR
- Jain Irrigation DVR
- Gujarat NRE Coke DVR
- Stampede Capital DVR

i. Return

I. Tata Motors DVR pay 5 % additional dividend compared to ordinary shares whereas the voting rights that they enjoy is just 10 % of what ordinary shareholders enjoy. The higher dividend payout makes the DVR a lot more attractive in terms of dividend yields.

II. Future Enterprise DVR pay 2 % additional dividend compared to ordinary shares whereas the voting rights that they enjoy is 75 % of what ordinary shareholders enjoy.

III. Jain Irrigation pays no additional dividend whereas the voting right that they enjoy is just 10 % of what ordinary shareholders enjoy.

IV. Since the listing of DVR shares, ordinary shares of Tata Motors Limited have given a return of approximately 763%, whereas its DVR shares have only returned 185%. (Source: Research paper of SKP Capital Services Limited)

V. Over the last 5 years the stocks of Tata Motors and Tata DVR have almost performed in tandem. But while the Tata Motors DVR stock has given a total return of 24.43 %, the Tata Motors stock has returned 29.45 %.(Source: Article on website of Motilal Oswal Investment Services)

ii. Price discount

I. Historically, the discount between the ordinary shares and DVR shares has been between 22- 51%.

II. In the four years period from 2013 to 2016, pricing discount of Tata Motors' DVR has been reduced from 52% to 22% reflecting higher investor interest. Thereafter, range increased to 45%.

III. In the four years period from 2013 to 2016, Jain Irrigation, pricing discount has been reduced from 50% to 25%, Future Retail trade data discount in the range of 51% to 10% to ordinary shares, the biggest dip in discount.

IV. The debt-laden Gujarat NRE Coke also saw the gap between DVR and ordinary shares close from 59 % on March 31, 2014, to 18 % inApril 2017.

iii. Traded Volume

I. The average of traded volume of no of shares and no of trades for Tata Motors DVR shares was 76% lower compared to ordinary shares.

II. Future Enterprises and Jain Irrigation DVR's average of traded volume of no of shares and no of trades was 97% as compared to ordinary shares.

iv. Price and volume difference reflect adjustments for 'Control Premium.

d) Global Scenario

In a comparative study of voting premiums across 661 companies in 18 countries, it was found that the median value of control block votes varies widely across the countries, ranging from less than 1% in the US to 25% or greater in France, Italy, Korea, and Australia. Lease, McConnell, and Mikkelson (1983) found that voting shares in the United States trade, on average, at a relatively small premium of 5- 10% over non-voting shares. They also found extended periods where the voting share premium disappeared or voting shares traded at a discount to non- voting shares.

Figure 3

Script	CMP Primary	CMP Secondary	Discount (%)
Alphabet Inc.[12]	1,129.19	1,115.65	1.12
Berkshire Hathaway Inc.[13]	282,040.01	279,975.00 (186.65*1500)	0.73
Under Armour Inc.[14]	22.07	20.75	5.98

CMP - Current Market Price (in USD) as on 29 June, 2018

The legal environment is the key factor in explaining differences across countries and the voting premium is smaller in countries with better legal protection for minority and non-voting stockholders and larger for countries without such protection. Only recently, with the increase in dual-class structures in the technology sector worldwide, Singapore and Hong Kong have allowed companies with dual-class share structures to list on their respective stock exchanges. (Source: Research paper of SKP Capital Services Limited)

IX. CONCLUSION

The underlying asset was issued to non promoter at a price uniform to normal equity at the time to issue and valuation of liquidity i.e. Discount for Lack of Marketability (DLOM) was ignored.

I. The proposed transaction would not result into change in management and control which result in the value of changing management at a firm. The expected value of control is the product of the probability of control changing the value of changing management at a firm.

II. The voting right premium is an extension of the expected value of control and that estimating that value should allow us to quantify the premium.

III. The mean discount of "Market Securities" DVR over normal equity for period 2018 works out 25 %. (41+1+34=76/3=25.33)

IV. The empirical findings on the voting share premium in markets to arrive at a reasonable value for voting rights.

Name of Company**	Mean (2011 to 2018)	Weights*	Multiple

Tata Motors	40.45%	3	121.35
Future Enterprise	25.00%	2	050.00
Jain Irrigation	42.33%	1	042.33
Reasonable Discount(Premium)			35.61

Note:

* Weightage have been given on the basis of reputation and trading volumes of each company.

** The data of Stampede Capital are not considered for above evaluation looking to their meager volume of DVR and duration of their issue.

APPLICATION OF DISCOUNT TO DVR SHARES

We recommend fair value per "A" Ordinary Equity Shares (DVR Shares) of Arman as 65% of the value of the Ordinary Equity, to be valued as per the pricing norms prescribed under Regulation 164 of the SEBI ICDR Regulations. The discount represents Discount for Lack of Marketability and Discount for Lack of Voting Right.

1) Relative Value per share:

Value per "A" Ordinary Equity Shares (DVR Shares) as 65% of the value the Ordinary Equity, to be valued as per the pricing norms prescribed under Regulation 164 of the SEBI ICDR Regulations.

2) Consolidation formula

65 (sixty five) Ordinary Equity of Rs 10/- each against 100 (one hundred) "A" Ordinary Equity Shares (DVR Shares).

It may be noted that the Stock Exchanges have issued a circular to the Listed Companies (BSE Circular LIST/COMP/02/2017-18 dated May 29, 2017) as advised by SEBI, laying down the format in which the valuation report shall display workings, relative fair value per share for share exchange ratio. The disclosure in the format suggested by the stock exchange as under is not applicable:

Particulars		
	Value per share	Weight
Net Asset Value Method	0	0
Discounted Cash Flow Method	0	0
Market Price Method	35% discount to the relevant value of Ordinary Equity	100%

X. DISCLOSURE OF INTEREST

Neither our employees nor the partners have any financial interest in Arman. The fee for the report is not contingent upon the results reported.

XI. LIMITATIONS AND DISCLAIMER

The scope of the report does not include detailed corroborative examination of the financial assertions and representation of management. However, although our work was not designed to verify the accuracy or reliability of any information given to us, a prima-facie review has been performed by us of the information obtained by us to achieve the following:

a. Assess the reliability and internal consistency of management information.

b. Substantiate various assumptions by the appropriate use of evidences and research.

c. The information contained herein and our report is absolutely confidential. It is intended only for the sole use and information of the company and only in connection with the proposed consolidation as aforesaid including for the purpose of obtaining regulatory approvals for the proposed consolidation. We are not responsible to any other person/party for any decision of such person of party based on this report.

d. Any person intending to invest in shares/business of the company shall do so after seeking their own professional advice and carrying out their own due diligence procedures to ensure that they are making an informed decision.

Nothing in this report should be taken to imply that we have conducted any detailed procedure, audits or investigation in an attempt to verify or confirm any of the information given to us.

Our valuation is subject to the following Limitations / Exclusions:

i. As much the report is to be read in totality and not in parts in conjunction with the relevant documents referred to therein.

ii. Our work does not constitute an audit or certification of the historical financial statements including the working results of the companies referred to in this report. Accordingly, we are unable to and do not express an opinion on the accuracy of any financial information referred to in this report.

iii. We have considered circumstances existing at the valuation date and events occurring up to the valuation date.

iv. Valuation analysis and results are specific to the purpose of valuation and valuation date mentioned in the report is as agreed as per term of our engagement. It may not be valid if done on the behalf of any other entity.

v. This report is issued on the understanding that the Arman has drawn our attention to all material information, which they are aware of concerning their financial positions and any other matter, which may have impact on our opinion, on the fair value, including any significant changes that have taken place or are likely to take place in the financial position, subsequent to last audited balance sheet. We have no responsibility to update this report for events and circumstances occurring after the valuation date of this report.

vi. In the course of the valuation, we are provided with both written and verbal information. We have however, evaluated the information provided to us through broad inquiry, analysis and review (but have not carded out a due diligence or audit of the company for the purpose of this engagement). Our conclusion is based on the information given by/on behalf of the Arman. However, we make no representation or warranty, express or implied, in respect of the completeness, authenticity or accuracy of such statements.

vii. The valuations worked out are indicative and may differ substantially from actual transactions.

viii. All the workings for valuation worked out are rounded off to the nearest rupee in lakh.

ix. It is hereby notified that any reproduction, copying or otherwise quoting of this report or any part thereof, except in connection with proposed arrangement as aforesaid, can be done only with our prior permission in writing.

For, S V Pujara& Co.
Chartered Accountants
FRN 108205W

Place: Ahmedabad
Date: 30.09.2018

S. V. PUJARA & CO. CHARTERED ACCOUNTANTS AHMEDABAD

CA Shailesh V. Pujara
Partner
M.No. 030846

ANNEXURE-I

MARKET DATA BSE LIMITED

TATA MOTORS DVR

Year	Open Price	High Price	Low Price	Close Price	No.of Shares	No. of Trades	Total Turnover (Rs.)
2011	797.50	802.10	80.20	86.65	34537568	373099	11253336504
2012	88.40	189.90	86.10	173.70	122094064	1074521	18414248291
2013	175.15	210.30	121.40	192.30	43280497	496294	7094708444
2014	192.50	391.20	168.50	335.35	41737663	1133683	12574475914
2015	335.50	385.40	201.00	282.95	42611218	929862	11697462584
2016	289.50	377.90	209.00	299.15	50859978	593176	15659249192
2017	296.15	346.00	208.05	244.80	49543211	426960	13063150024
2018	244.85	261.80	133.60	146.85	39064228	301994	7141939530

TATA MOTORS EQUITY

Year	Open Price	High Price	Low Price	Close Price	No.of Shares	No. of Trades	Total Turnover (Rs.)
2011	1321.00	1334.30	137.65	178.40	262994707	4075552	111000000000
2012	182.00	320.60	178.65	312.40	398301867	4393244	102000000000
2013	314.65	405.00	252.10	376.40	235101431	3199890	74810162429
2014	378.10	550.80	331.05	496.10	113199502	2569527	50571503705
2015	492.60	612.05	279.15	382.40	210282114	2865379	83678186530
2016	393.80	598.60	266.00	471.35	192223510	2486775	84536751430
2017	474.95	553.00	357.95	431.20	275074524	1741890	122000000000
2018	432.20	443.55	243.25	275.55	143265579	1343795	44958309574

DIFFERRENCE IN PRICE PERCENTAGE

Year	Open Price	High Price	Low Price	Close Price	No.of Shares	No. of Trades	Total Turnover
2011	39.63	39.89	41.74	51.43	86.87	90.85	89.86
2012	51.43	40.77	51.81	44.40	69.35	75.54	81.95
2013	44.33	48.07	51.84	48.91	81.59	84.49	90.52
2014	49.09	28.98	49.10	32.40	63.13	55.88	75.14
2015	31.89	37.03	28.00	26.01	79.74	67.55	86.02
2016	26.49	36.87	21.43	36.53	73.54	76.15	81.48
2017	37.65	37.43	41.88	43.23	81.99	75.49	89.29
2018	43.35	40.98	45.08	46.71	72.73	77.53	84.11

AVERAGE OF DIFFERENCE PERCENTAGE

	40.48	38.75	41.36	41.20	76.12	75.43	84.80
AVERAGE %			40.45			78.78	

NOTE

PRICE DISCOUNT RANGE IN PERCENTAGE

LOW 21.43 IN 2016
HIGH 51.84 IN 2013
40.98 IN 2018

ANNEXURE-II

MARKET DATA BSE LIMITED

FUTURE ENTERPRISE DVR

Year	Open Price	High Price	Low Price	Close Price	No.of Shares	No. of Trades	Total Turnover (Rs.)
2011	317.80	319.80	79.90	81.95	1904348	10564	319349656
2012	80.00	199.00	76.05	179.10	2805834	50197	382887279
2013	179.50	189.55	31.00	38.15	1729918	19528	184873872
2014	38.50	84.85	28.60	57.90	1623547	13314	75437669
2015	53.50	144.10	44.30	122.00	2079943	16405	148006644
2016	120.50	138.00	12.80	16.50	4266734	9180	285318562
2017	16.40	57.80	16.10	49.05	4174701	18696	142495208
2018	48.10	50.60	32.00	45.45	769524	5416	31562820

FUTURE ENTERPRISE EQUITY

Year	Open Price	High Price	Low Price	Close Price	No.of Shares	No. of Trades	Total Turnover (Rs.)
2011	371.30	386.35	125.35	128.80	73831859	1344940	14866205542
2012	130.75	260.25	125.30	257.15	270981320	3400344	49380592348
2013	259.00	275.75	63.30	77.65	199658901	2151786	24657528384
2014	77.90	147.85	74.20	104.95	143042588	1830032	15142440095
2015	105.00	172.85	87.30	154.00	83061304	789472	9868837084
2016	149.20	156.40	14.20	16.70	44714091	226547	1835925438
2017	16.85	62.05	16.60	48.40	86237512	283996	3529062168
2018	48.75	51.00	33.60	47.70	87658602	98356	3512247973

DIFFERRENCE IN PRICE PERCENTAGE

Year	Open Price	High Price	Low Price	Close Price	No.of Shares	No. of Trades	Total Turnover
2011	14.41	17.23	36.26	36.37	97.42	99.21	97.85
2012	38.81	23.54	39.31	30.35	98.96	98.52	99.22
2013	30.69	31.26	51.03	50.87	99.13	99.09	99.25
2014	50.58	42.61	61.46	44.83	98.86	99.27	99.50
2015	49.05	16.63	49.26	20.78	97.50	97.92	98.50
2016	19.24	11.76	9.86	1.20	90.46	95.95	84.46
2017	2.67	6.85	3.01	-1.34	95.16	93.42	95.96
2018	1.33	0.78	4.76	4.72	99.12	94.49	99.10

AVERAGE OF DIFFERENCE PERCENTAGE

	25.85	18.83	31.87	23.47	97.08	97.24	96.73
AVERAGE %			25.00			97.01	

NOTE

PRICE DISCOUNT RANGE IN PERCENTAGE

LOW -1.34 IN 2017
HIGH 61.46 IN 2014
0.78 IN 2018

ANNEXURE-III

MARKET DATA BSE LIMITED

JAIN IRRIGATION DVR

Year	Open Price	High Price	Low Price	Close Price	No.of Shares	No. of Trades	Total Turnover (Rs.)
2011	95.50	95.50	32.30	35.65	997361	10494	48800533
2012	35.10	61.80	30.95	37.40	6562537	46507	279021557
2013	37.60	43.90	22.80	33.00	2259821	16747	75879600
2014	33.60	91.90	27.05	51.30	7417412	85374	417171232
2015	50.25	55.80	33.20	43.05	4550211	47253	196726418
2016	45.10	63.00	35.20	58.55	5383482	38954	262259876
2017	59.05	79.50	56.00	77.05	5051842	45685	342351285
2018	77.05	99.95	47.15	55.95	5013030	37100	391813379

JAIN IRRIGATION EQUITY

Year	Open Price	High Price	Low Price	Close Price	No.of Shares	No. of Trades	Total Turnover (Rs.)
2011	213.45	234.00	74.60	86.80	121533001	1501148	19622734077
2012	88.00	121.60	59.50	75.05	218731620	1535587	17694704367
2013	75.90	86.40	46.10	72.60	118273072	782826	7534643600
2014	73.30	133.45	56.45	69.90	149079510	1819835	13605479977
2015	69.85	79.00	50.55	65.75	114181671	803309	7597859015
2016	69.80	109.25	47.00	88.10	178032922	728929	13699828403
2017	88.15	132.90	82.80	125.80	173510439	629983	18164222722
2018	126.35	150.40	71.75	85.55	164462970	565231	17878703746

DIFFERRENCE IN PRICE PERCENTAGE

Year	Open Price	High Price	Low Price	Close Price	No.of Shares	No. of Trades	Total Turnover
2011	55.26	59.19	56.70	58.93	99.18	99.30	99.75
2012	60.11	49.18	47.98	50.17	97.00	96.97	98.42
2013	50.46	49.19	50.54	54.55	98.09	97.86	98.99
2014	54.16	31.14	52.08	26.61	95.02	95.31	96.93
2015	28.06	29.37	34.32	34.52	96.01	94.12	97.41
2016	35.39	42.33	25.11	33.54	96.98	94.66	98.09
2017	33.01	40.18	32.37	38.75	97.09	92.75	98.12
2018	39.02	33.54	34.29	34.60	96.95	93.44	97.81

AVERAGE OF DIFFERENCE PERCENTAGE

	44.43	41.76	41.67	41.46	97.04	95.55	98.19
AVERAGE %			42.33			96.93	

NOTE

PRICE DISCOUNT RANGE IN PERCENTAGE

LOW 25.11 IN 2016
HIGH 60.11 IN 2012
33.54 IN 2018

ANNEXURE-IV

MARKET DATA BSE LIMITED

STMPADE CAPITAL DVR

Year	Open Price	High Price	Low Price	Close Price	No.of Shares	No. of Trades	Total Turnover (Rs.)
2017	5.80	6.04	2.63	4.86	737630	435	3542574
2018	5.10	10.87	1.61	1.61	6809309	2928	51889616

STMPADE CAPITAL EQUITY

Year	Open Price	High Price	Low Price	Close Price	No.of Shares	No. of Trades	Total Turnover (Rs.)
2017	26.25	29.75	4.95	10.56	198751726	106592	3292243406
2018	11.08	19.10	2.39	3.02	62516004	25827	793765446

DIFFERRENCE IN PRICE PERCENTAGE

Year	Open Price	High Price	Low Price	Close Price	No.of Shares	No. of Trades	Total Turnover
2017	77.90	79.70	46.87	53.98	99.63	99.59	99.89
2018	53.97	43.09	32.64	46.69	89.11	88.66	93.46

AVERAGE OF DIFFERENCE PERCENTAGE

	65.94	61.39	39.75	50.33	94.37	94.13	96.68
AVERAGE %			54.35			95.06	

NOTE

PRICE DISCOUNT RANGE IN PERCENTAGE

LOW 32.64 IN 2016
HIGH 79.70 IN 2012
32.64 IN 2018

Difference between Ordinary Shares and DVR shares..

The first DVR shares were issue by Tata Motors in 2008 which was later followed up by other companies like Gujarat NRE Coke, Future Enterprises and Jain Irrigation. However, this has had limited appeal and many other companies have refused the lure of DVR shares. So what exactly do we understand by DVR shares? What are the characteristics of DVR shares in India? Why are DVR shares in India still limited to just 4 stocks? What is the precise difference between ordinary shares and DVR shares?

Differential Voting Rights (DVR) shares are shares that are permitted to be issued with differential voting and differential dividend rights. DVR shares are different from ordinary shares in two distinct ways. Firstly, they offer lower voting rights compared to ordinary shares. These DVR shares are therefore very useful for companies that want to raise money in the market without diluting effective control of the company. Secondly, to compensate for the lower voting rights, these DVR shares are paid a dividend premium of 10-20 %. This ideally should make sense for the small and retail shareholders as they normally do not participate in the voting process. Giving away part of their voting rights for higher dividends is a good play for these shareholders. Additionally, since DVRs have always quoted at a discount of 30-40 % in the Indian context, the higher dividend payout makes the DVR a lot more attractive in terms of dividend yields. For example, in 2009 the Tata Motors DVR was quoting at a dividend yield of 4.5 %, which is extremely attractive from an investor 's point of view.

Tata Motors versus Tata Motors DVR - How they performed?

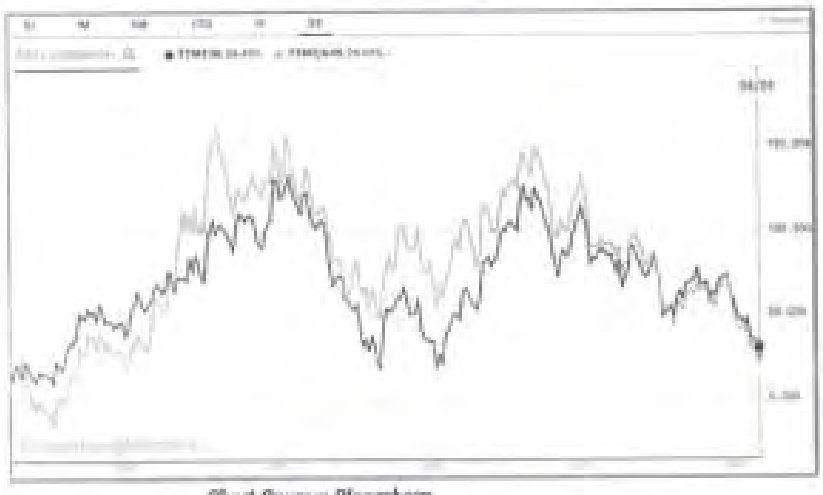


Chart Source: Bloomberg

Over the last 5 years the stocks of Tata Motors and Tata DVR have almost performed in tandem. But while the Tata Motors DVR stock has given a total return of 24.43 %, the Tata Motors stock has returned 29.45 %. During the same period, the DVR discount over the ordinary share has expanded to 42 % as against 35 % discount at the time of the issue of Tata Motors DVRs back in

2008. This is largely because the DVR is paid 5 % additional dividend compared to ordinary shares whereas the voting rights that they enjoy is just 10 % of what ordinary shareholders enjoy. That explains the discount on the DVR and also the reason there is limited demand for the DVRs. Like in the US, Indian companies also need to make their DVRs more attractive to shareholders.

Jain Irrigation versus Jain Irrigation DVR - How they performed?

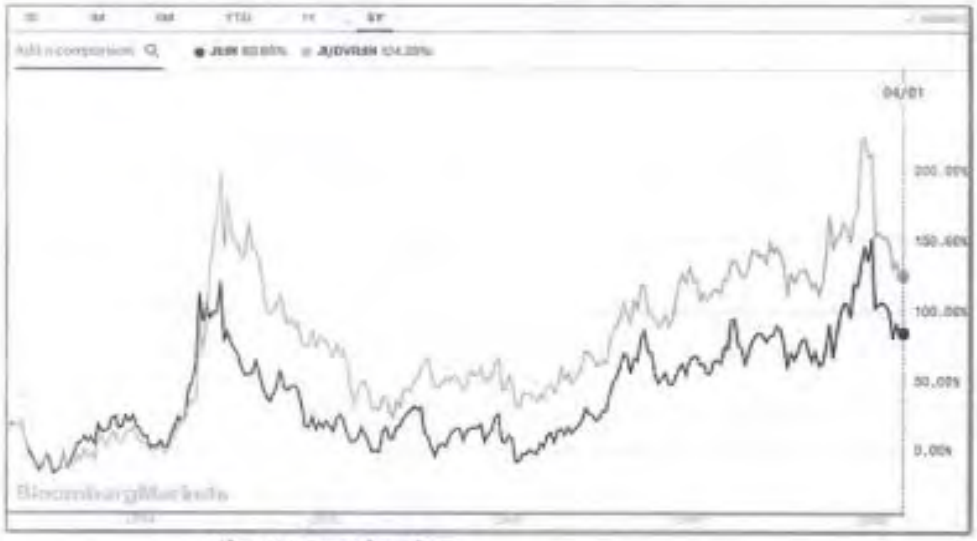


Chart Source: Bloomberg

The Jain Irrigation DVR, unlike the Tata Motors DVR, was not issued as a rights issue but as a bonus issue to existing shareholders of Jain Irrigation DVR shares. That could possibly explain why the Jain Irrigation DVR has outperformed the Jain Irrigation stock over the last 5 years despite having just 10 % voting rights like in the case of Tata Motors. However, like in the case of Tata Motors, the DVR discount in case of Jain Irrigation also continues to be around 40 %, exactly where it was in 2011 when the DVR bonus shares were first issued.

Why have DVRs not taken off in a big way in India?

The fact that only four companies came out with DVRs, in the last 10 years shows that the product has not really appealed to shareholders and to promoters alike. What are the reasons for this lack of interest in DVRs as an instrument?

- The first and foremost reason is the dividend advantage. Take the case of Tata Motors. The dividend advantage is just 5 %. That means that if the ordinary shareholders are paid a rupee dividend of Rs.20, the DVR holders get a dividend of Rs.21. While this advantage gets more pronounced in dividend yield terms, most investors are not too sure if that is a good enough deal to give up 90 % voting rights.
- Liquidity in DVRs has not been too good. While the Tata Motors DVR did see a build-up in volumes after its inclusion in the Nifty, other DVRs have had tough time building trading interest in the stock. That makes it hard to get institutional investors interested in the DVRs, who are anyways unhappy about the loss of voting power.
- SEBI had issued guidelines in 2009 prohibiting any company from issuing differential shares with the voting rights or the dividend rights higher than ordinary shareholders. This was a setback for DVRs as additional dividend entitlement for DVRs was not longer possible.
- Markets, especially institutional investors, have not been too happy with the way management tussles have played out in blue chip companies like Tata group companies and at Infosys They would still prefer the safety of voting rights to protect themselves.

DVR may be a good concept but unless they are able allow flexible structuring of DVRs like in the US case; this product is likely to find it difficult to take off in a big way

V. PUJARA & CO. CHARTERED ACCOUNTANTS AHMEDABAD

https://www.caclubindia.com/articles/peculiar-case-of-differential-voting-right-shares-in-india-33778.asp

Peculiar case of Differential Voting Right Shares in India

Introduction

To summarise in a few words, DVR shares are merely the same shares of a company, having, mutatis mutandis, all the rights and privileges that are vested in the ordinary shares of the Company, except as to voting and in some cases, dividends.

The Difference

In India, a company can only issue DVR, a.k.a. Differential Voting Rights, shares that offer fewer voting rights than ordinary shares of the same company. The holders of the equity shares with differential rights enjoy all other rights such as bonus shares, rights shares etc., which the holders of ordinary equity shares are entitled to.

Figure 1

Script	Differential Voting Rights	Differential Dividends
Tata Motors Limited	One Vote for every 10 DVR Equity Shares	5% higher than the rate of dividend declared on ordinary Shares
Jain Irrigation Systems Limited	One Vote for every 10 DVR Equity Shares	Same as Ordinary shares
Future Enterprises Limited	Three Votes for every Four DVR Equity Shares	2% higher than the rate of dividend declared on ordinary Shares[2]

S. V. PUJARA & CO. CHARTERED ACCOUNTANTS AHMEDABAD

Historically, the discount between the ordinary shares and DVR shares of public limited companies in India has been between 35- 45%. However, as shown in figure 2, this discount has narrowed considerably for Future Enterprises Limited in recent times.

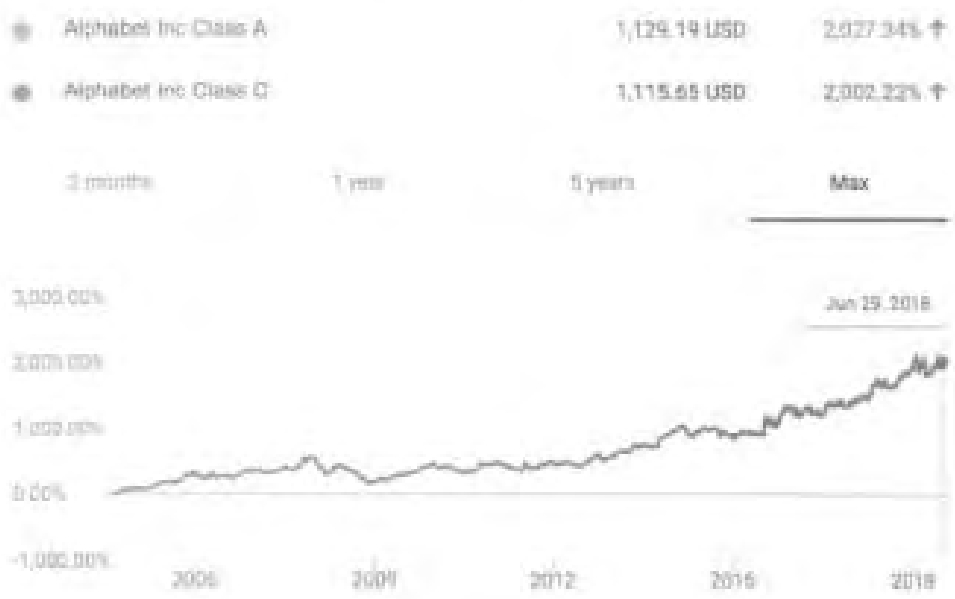
Figure 2

Script	CMP Ordinary Share	CMP DVR Share	Discount (%)
Tata Motors Limited	270.75	161.85	40.22
Jain Irrigation Systems Limited	86.85	53.50	38.40
Future Enterprises Limited	37.40	36.70	1.87

CMP – Current Market Price (in INR as on 27 June 2018)

Returns

Since the listing of DVR shares, ordinary shares of Tata Motors Limited have given a return of approximately 763%, whereas its DVR shares have only returned 185%. Similarly, for Jain Irrigation Systems Limited, the ordinary shares have returned -32.96% whereas the DVR shares have yielded 2.6%.



Ideally, the movement in the two shares, i.e. ordinary share and DVR share, should mirror each other. However in India, on an average, only 63.83% of the returns of DVR shares is explained by returns of the ordinary shares. In the US, returns of Alphabet Inc's Class A stock explains 98.14% of the returns of the Class C stock, where Alphabet Inc's Class A share has gained 2027% and its class C share has given a return on 2002%

A possible explanation for this mismatch is that the DVR stocks of Indian listed public companies are not understood and tracked by Investors.

Legal Framework

The regulatory environment in India requires fulfillment of certain strict requirements, with a high bar for corporate governance, to issue shares with differential voting rights.

For instance, under the 2014 rules, the shares with differential rights cannot exceed twenty-six percent of the total post-issue paid up equity share capital including equity shares with differential rights issued at any point of time. Similarly, to issue DVR shares, the company should have a consistent track record of distributable profits for the preceding three years of such issue. A company should also not have been penalised by any sectoral regulators such as SEBI, RBI, etc.

Moreover, various provisions of the Companies Act 2013 protect the rights of shareholders belonging to a different class. For instance, Section 48 states, inter alia, that the rights attached to the shares of any class may be varied with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or by means of a special resolution passed at a separate meeting of the holders of the issued shares of that class. Therefore, it can be inferred that the shareholders of the DVR shares, in effect, have an absolute vote in cases where any of the rights of such shareholders are varied.

Valuation

If the primary reason for the voting share premium is the expected value of control, in general, there are two ways by which we can value DVR shares. First, we can use the empirical findings on the voting share premium in markets and arrive at a reasonable value for voting rights. Second, it can be said that the voting right premium is an extension of the expected value of control and that estimating that value should allow us to quantify the premium.

The expected value of control is the product of the probability of control changing the value of changing management at a firm:

Expected value of control = Probability of management changing * Value of management change

Where, Value of management change = Optimal firm value-Status quo value

As regards difference in voting rights, Damodran (2008) states that:

- The difference between voting and non-voting shares should go to zero if there is no chance of changing management/control
- Other things remaining equal, voting shares should trade at a larger premium on nonvoting shares at badly managed firms than well-managed firms
- Any event that illustrates the power of voting shares relative to non-voting shares is likely to affect the premium at which all voting shares trade
- Other things remaining equal, the smaller the number of voting shares relative to nonvoting shares, the higher the premium on voting shares should be

According to Nenova (2003), the value of control-block votes is expected to decrease with the strictness of the legal environment. In particular, such strictness includes better general investor protection, higher quality of law enforcement, and stricter takeover laws.

Global Scenario

In a comparative study of voting premiums across 661 companies in 18 countries, it was found that the median value of control block votes varies widely across the countries, ranging from less than 1% in the US to 25% or greater in France, Italy, Korea, and Australia.

Lease, McConnell, and Mikkelson (1983) found that voting shares in the United States trade, on average, at a relatively small premium of 5- 10% over non-voting shares. They also found extended periods where the voting share premium disappeared or voting shares traded at a discount to non- voting shares.

Figure 3

Script	CMP Primary	CMP Secondary	Discount (%)
Alphabet Inc.[12]	1,129.19	1,115.65	1.12
Berkshire Hathaway Inc.[13]	282,040.01	279,975.00 (186.65*1500)	0.73
Under Armour Inc.[14]	22.07	20.75	5.98

CMP - Current Market Price (in USD) as on 29 June 2019

The legal environment is the key factor in explaining differences across countries and the voting premium is smaller in countries with better legal protection for minority and non-voting stockholders and larger for countries without such protection.

Only recently, with the increase in dual-class structures in the technology sector worldwide, Singapore and Hong Kong have allowed companies with dual-class share structures to list on their respective stock exchanges.

Conclusion

S. V. PUJARA & CO. CHARTERED ACCOUNTANTS AHMEDABAD

The regulatory framework in India protects the rights of the dual class shareholders, as well as the minority shares. For example, in the United States, Berkshire Hathaway Inc. Class A equity shareholders can convert their shares into class B equity shares, having fewer voting rights. However, under the Indian Law, a company cannot convert its existing equity share capital with voting rights into equity share capital carrying differential voting rights and vice versa.

Considering the strict corporate governance requirements for Companies to list dual-class shares in India and the various laws protecting the rights of DVR shareholders against hostility, it can be argued that the discount of 35- 45% for DVR shares is a bit excessive. This might be partly explained by the fact that these shares are not understood and tracked by Investors, and that we might see the discount narrowing once there is more awareness about the features of such shares in the market.

Disclaimer: The views expressed here are solely those of the author in his private capacity and do not in any way represent the views of SKI Capital Services Limited. The research is not intended to be an investment recommendation. The author has financial interest in the Indian entities mentioned in this report.

TO WHOM SO EVER IT MAY CONCERN

Our valuation report dated 30.09.2018, on valuation of 12,04,474 (Twelve Lakh Four Thousand Four Hundred and Seventy Four) "A" Ordinary Equity Shares ("DVR"), a Financial Instrument, of Arman Financial Services Limited, for the purpose of an independent assessment of the Swap/Exchange Ratio for the proposed scheme for reorganization of its Equity Share Capital by consolidation of equity shares of different classes, we hereby state that the term **"Discounted Cash Flow Method"** being one of the method of Income Approach, mentioned in the disclosure format suggested by the stock exchanges at page no 16, after point no 2, may be read as **"Income Approach"**.

For S V Pujara & Co.,
Chartered Accountants

Date: 22.11.2018

Place: Ahmedabad

S.V. PUJARA & CO. CHARTERED ACCOUNTANTS AHMEDABAD

CA Shailesh V. Pujara
Partner
Mem. No. 030846
FRN : 108205W

Office: 411, Business Center, Patthar Kua, Relief Road, Amdavad 380 001
Phone: +91 79 2550 6459 | Email: svpujaraandco@gmail.com

TO WHOM SO EVER IT MAY CONCERN

ADDENDUM TO THE VALUATION REPORT

This addendum is issued w.r.t. our Valuation Report dated 30.09.2018 for Valuation & Fair Share Exchange Ratio of Ordinary Equity Shares & Class "A" Ordinary Equity Shares of Arman Financial Services Limited to make our report in align with BSE circular no. LIST/COMP/02/2017-18 dated May 29, 2017 and NSE Circular no. NSE/CML/2017/12 dated June 01, 2017.

Computation of Valuation & Fair Share Exchange Ratio:

Particulars	Value per share	Weight
Asset Approach	0	0
Income Approach	0	0
Market Approach	35% discount to the relevant value of Ordinary Equity	100%
Relative Value per Share	Value per "A" Ordinary Equity Shares (DVR Shares) as 65% of the value the Ordinary Equity, to be valued as per the pricing norms prescribed under Regulation 164 of the SEBI ICDR Regulations	
Exchange Ratio (rounded off)	65 (sixty five) Ordinary Equity of Rs 10/- each against 100 (one hundred) Class "A" Ordinary Equity Shares (DVR Shares). Any fraction arises, will be rounded off to the nearest decimal.	

For, S V Pujara & Co.,
Chartered Accountants

Date: 19.12.2018

Place: Ahmedabad

S. V. PUJARA & CO. CHARTERED ACCOUNTANTS AHMEDABAD

CA Shailesh V. Pujara
Partner
Mem. No. 030846
FRN : 108205W

Office: 411, Business Center, Pathar Kua, Relief Road, Amdavad 380 001
Phone: +91 79 2550 8459 | Email: svpujaraandco@gmail.com

Tip Sons

October 12, 2018

The Board of Directors
Arman Financial Services Pvt. Ltd.
502-503, Sakar-III, Opposite Old High Court,
Off: Ashram Road,
Ahmedabad – 380014, Gujarat, India

Dear Sir / Madam,

Subject: Fairness Opinion on the Fair Share Exchange Ratio Report for the proposed Scheme of Arrangement of Arman Financial Services Ltd. ("Company" / "AFSL") under Sections 230 read with Section 66 of the Companies Act, 2013

We refer to the engagement letter dated September 1, 2018 between Arman Financial Services Ltd. (AFSL) and Tipsons Consultancy Services Private Limited (hereinafter referred to as 'Tipsons'), whereby TCSPL has proposed and AFSL has accepted the terms of services to be provided by TCSPL to AFSL in relation to issue of Fairness Opinion Report for the proposed Scheme of Arrangement under Section 230 read with Section 66 of the Companies Act, 2013 for reorganization of the Company's Equity Share Capital by consolidation of equity shares of different classes i.e. Ordinary Equity and Class 'A' Equity.

1. BACKGROUND OF THE COMPANY

Arman Financial Services Limited

Arman Financial Services Ltd. (hereinafter referred to as "AFSL" or "Company"), was incorporated under the Companies Act, 1956 on 26th November, 1992. The Corporate Identification Number of the Company ("CIN") is L55910GJ1992PLC018623. The Registered Office of the Company is situated at 502-503, Sakar-III, Opposite Old High Court, Off: Ashram Road, Ahmedabad – 380014, Gujarat. The Company's shares are listed on the BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE"). The Company is RBI registered NBFC and is into providing finance mainly two-wheeler finance, micro-enterprise loans and group based microfinance.

The Equity Share Capital of the Company is divided into two parts: 57,47,824 Ordinary Equity and 12,04,474 Class 'A' Equity. As on September 30, 2018, 27.13% of Ordinary Equity of the Company and 100% of Class 'A' Equity of the Company were held by the Promoter and Promoter Group of the Company. The Ordinary Equity of the Company are listed on BSE and NSE. The Class 'A' Equity are not listed. The Company proposes to consolidate its Equity Share Capital.

2. SCOPE AND PURPOSE OF THIS REPORT

- We understand that AFSL proposes for a Scheme of Arrangement pursuant to Sections 230, Section 66 and other relevant provisions of the Companies Act, 2013, as may be applicable, for reorganization of the Company's Equity Share Capital by consolidation of equity shares of different classes i.e. Ordinary Equity and Class 'A' Equity, by issuing fresh Ordinary Equity of the Company to the Shareholders holding 100% Class 'A' Equity in lieu of extinguishment of Class 'A' Equity. Such reduction of Class 'A' Equity Capital of the Company shall be in accordance with Section 230 read with Section 66 of the Companies Act. Such reduction shall take place at a discount of 35% on the valuation of Ordinary Equity, undertaken by an independent valuer.

- In this connection, the management of AFSL has engaged Tipsons to submit an opinion on the fairness of Share Exchange Ratio for issue of new Ordinary Equity in lieu of Class 'A' Equity of AFSPL, as per requirements of Securities and Exchange Board of India Circular No. CIR / CFD / DIL / 5 / 2013 dated February 04, 2013 read with Circular No. CIR / CFD / DIL / 8 / 2013 dated May 21, 2013 and Regulation 37 of SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2014. Our scope of work includes commenting only on the fairness of Share Exchange ratio reported by the Independent Valuer.

- This report is subject to the above, limitations and disclaimers detailed hereinafter. As such the report is to be read in totality, not in parts and in conjunction with the relevant documents referred to herein. This report has been issued only for the purpose of facilitating the Scheme of Arrangement and should not be used for any other purpose.

3. SOURCE OF INFORMATION

While carrying out the assignment, we have considered the followings, as provided to us by AFSL;

- Draft Scheme of Arrangement
- Valuation Report issued by M/s S V Pujara & Co., Chartered Accountants, Ahmedabad
- Other relevant information, documents etc.

4. RATIONALE & BENEFITS OF THE SCHEME

- Class 'A' Equity is unlisted and is therefore not liquid. Due to this non-liquidity of Class 'A' Equity, the market capitalization of the Company is being calculated without taking into consideration a substantial portion of the Equity Share Capital, which is blocked in the form of Class 'A' Equity. Since the Class 'A' Equity is not listed, therefore its value is overlooked by the stock exchanges while calculating the market value of the Company, thereby reducing the Company's market capitalization value. The Company has, therefore, not been able to scale its business and unleash its full potential for growth and profitability. The true financial position of the Company would assist the Company to expand and grow its business activity and will provide a new avenue of growth. This, in turn, will enhance the value of its shareholders.

- Due to absence of appropriate laws and guidelines for treatment of unlisted portion of the equity share capital (with differential rights), neither the stock exchanges, nor the potential investors take into account the value of Class 'A' Equity while determining the market valuation of the Company. Usually, a conservative view is taken and the value of the Company is determined by only considering the Ordinary Equity. If this Scheme is approved, the true financial position of the Company would be reflected which would benefit the shareholders, as their holding will yield better results.

- On implementation of the proposed Scheme, the dividend rights of the holders of the Ordinary Equity will increase, which will also increase the value of their shareholding and enable the Company to explore various opportunities to the benefit of the shareholders, as per the applicable provisions of the Act. Additionally, the surplus amount left after implementation of the Scheme will be credited to the Securities Premium of the Company, increasing its reserves and surplus. Consolidation of equity share capital of the Company pursuant to the proposed scheme will also increase the book value of the Equity Share Capital of the Company.

- The Scheme does not involve any financial outlay / outgo and therefore, would not affect the ability or liquidity of the Company to meet its obligations / commitments in the normal course of business. Post implementation of this Scheme, a fair value of the Company's Equity Shares will be ascertained and the Company's true financial position would be determined. Further, the Scheme would not in any way adversely affect the ordinary operations of the Company.

- There is no outflow of / payout of funds from the Company, under this Scheme and hence the interests of the creditors will not be adversely affected. Also, the Scheme will not have any impact on the employees / workers of the Company.

- The Scheme only involves consolidation of Ordinary Equity and Class 'A' Equity and issuance of fresh Ordinary Equity to the Specified Shareholder of Class 'A' Equity, and does not envisage transfer or vesting of any of the properties and/or liabilities of the Company to any person or entity. The Scheme also does not involve any conveyance or transfer of any property of the Company.

5. LIMITATIONS OF SCOPE AND REVIEW

- Our opinion and analysis is limited to the extent of review of documents as provided to us by AFSL and the Scheme of Arrangement approved by the Board of Directors of AFSL.

- We have relied upon the accuracy and completeness of all information and documents provided to us, without carrying out any due diligence or independent verification or validation of such information to establish its accuracy or sufficiency. We have not reviewed any financial forecasts relating to AFSL. We have not conducted any independent valuation or appraisal of any of the assets or liabilities of AFSL. In particular, we do not express any opinion as to the value of any asset of AFSL, its subsidiaries, whether at current prices or in the future.

- We do not express any opinion as to the price at which shares of AFSL may trade at any time, including subsequent to the date of this opinion. In rendering our opinion, we have assumed, that the Scheme of Arrangement will be implemented on the terms described therein, without any waiver or modification of any material terms or conditions, and that in the course of obtaining the necessary regulatory or third party approvals for the Scheme of Arrangement, no delay, limitation, restriction or condition will be imposed that would have an adverse effect on AFSL and its subsidiaries and respective shareholders.

- We do not express any opinion as to any tax or other consequences that might arise from the Scheme of Arrangement of AFSL, nor does our opinion address any legal, tax, regulatory or accounting matters, as to which we understand that the Company has obtained such advice as it deemed necessary from qualified professionals.

- We assume no responsibility for updating or revising our opinion based on circumstances or events occurring after the date hereof. Our opinion is specific as contemplated in the Scheme of Arrangement provided to us and is not valid for any other purpose.

- Our engagement and the opinion expressed herein are for the use of the Board of Directors of AFSL in connection with the Scheme of Arrangement and for none other. Neither Tipsons, nor its affiliates, partners, directors, shareholders, managers, employees or agents of any of them, makes any representation or warranty, express or implied, as to the information and documents provided to us, based on which the opinion has been issued. All such parties and entities expressly disclaim any and all liability for, or based on or relating to any such information contained therein.

- Our opinion is not intended to and does not constitute a recommendation to any shareholder as to how such holder should vote or act in connection with the Scheme of Arrangement, if required or any matter related thereto.

6. FAIR EXCHANGE RATIO REPORT

For issuing this report, we have referred the Valuation/Fair Share Exchange Ratio Report issued by M/s S V Pujara & Co., Chartered Accountants, Ahmedabad. The Valuer has considered the Market Approach and has ignored the Cost Approach and Income Approach for valuation of Ordinary Shares of AFSL.

Under the Market Approach, the Valuer has considered the Market Price Method considering pricing norms as per Regulation 164 of SEBI (ICDR) Regulations, 2018, assuming that by the time actual valuation as per the Regulation 164 shall be worked out, the SEBI (ICDR) Regulations 2018 would be in place.

AFSL being a listed company and the issue of new Ordinary shares will be issued to specific shareholder of Class 'A' Equity, therefore the Ordinary shares of AFSL shall be valued as per the pricing norms prescribed under Regulation 164 of SEBI (ICDR) Regulations, 2018, being higher of the followings;

"(a) The average of the weekly high and low of the volume weighted average price of the related equity shares quoted on the recognised stock exchange during the twenty-six weeks preceding the relevant date; or

(b) The average of the weekly high and low of the volume weighted average prices of the related equity shares quoted on a recognised stock exchange during the two weeks preceding the relevant date."

The relevant date shall be the date 30 days prior to the date on which the meeting of the Shareholders will be held to consider the proposed scheme.

The valuation of DVR (i.e. Class A Equity Shares) of AFSL is derived after giving 35% discount to the Market Price of Ordinary Equity of AFSL. The discount of 35% is given due to lack of marketability (DVR being Unlisted) and Discount for lack of Voting Rights (i.e. control).

Further, for arriving at the discount of 35%, the Valuer has considered few companies namely Tata Motors, Future Enterprise, and Jain Irrigation, wherein their DVR shares are also listed along with the Ordinary shares. The market prices of DVRs are generally less than their Ordinary Share prices. The Valuer has considered the mean average for the yearly difference in prices of DVRs from Ordinary Shares for the year from 2011 to 2018 for such companies. The different weights are assigned to different companies and the weighted average of price difference (i.e. Discount) is arrived to be at 35.61% which is rounded-off to say 35%.

The Valuer has accordingly assigned 35% discount to the relevant value of Ordinary Equity of AFSL to be the value of DVR of AFSL, valued as per the pricing norms prescribed under Regulation 76 of the SEBI (ICDR) Regulations.

Therefore, the Valuer has given exchange ratio as 65 Ordinary Shares of Rs. 10/- each against every 100 DVR shares.

7. OPINION

On the basis of our Scope and Limitations mentioned in this report and considering the Fair Share Exchange Ratio Report, the Exchange ratio of 65 Ordinary Shares of Rs. 10/- each against every 100 DVR shares of AFSL, in our opinion is fair.

For, Tipsons Consultancy Services Pvt. Ltd.

Avinash Kothari
Sr. Vice President

ANNEXURE - 4

DCS/AMAL/SD/R37/1423/2018-19 March 12, 2019

The Company Secretary,
ARMAN FINANCIAL SERVICES LTD.
502-503, Sakar - III, Opp. High Court,
Off. Ashram Road, Ahmedabad,
Gujarat- 380014

Sir,

Sub: Observation letter regarding the Draft Scheme of Arrangement by Arman Financial Services Ltd and its shareholders.

We are in receipt of Draft Scheme of Arrangement by Arman Financial Services Ltd and its shareholders filed as required under SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017; SEBI vide its letter dated March 8, 2019 has inter alia given the following comment(s) on the draft scheme of arrangement:

- **"Company shall ensure that additional information, if any, submitted by the Company, after filing the scheme with the Stock Exchange, and from the date of receipt of this letter is displayed on the websites of the listed company and the stock exchanges."**
- **"Company shall duly comply with various provisions of the Circulars."**
- **"Company is advised that the observations of SEBI/Stock Exchanges shall be incorporated in the petition to be filed before National Company Law Tribunal (NCLT) and the company is obliged to bring the observations to the notice of NCLT."**
- **"It is to be noted that the petitions are filed by the company before NCLT after processing and communication of comments/observations on draft scheme by SEBI/stock exchange. Hence, the company is not required to send notice for representation as mandated under section 230(5) of Companies Act, 2013 to SEBI again for its comments / observations / representations."**

Accordingly, based on aforesaid comment offered by SEBI, the company is hereby advised:

- To provide additional information, if any, (as stated above) along with various documents to the Exchange for further dissemination on Exchange website.
- To ensure that additional information, if any, (as stated aforesaid) along with various documents are disseminated on their (company) website.
- To duly comply with various provisions of the circulars.

In light of the above, we hereby advise that we have no adverse observations with limited reference to those matters having a bearing on listing/de-listing/continuous listing requirements within the provisions of Listing Agreement, so as to enable the company to file the scheme with Hon'ble NCLT.

Further, where applicable in the explanatory statement of the notice to be sent by the company to the shareholders, while seeking approval of the scheme, it shall disclose information about unlisted companies involved in the format prescribed for abridged prospectus as specified in the circular dated March 10, 2017.

Kindly note that as required under Regulation 37(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the validity of this Observation Letter shall be six months from the date of this Letter, within which the scheme shall be submitted to the NCLT.

The Exchange reserves its right to withdraw its 'No adverse observation' at any stage if the information submitted to the Exchange is found to be incomplete / incorrect / misleading / false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Agreement, Guidelines/Regulations issued by statutory authorities.

Please note that the aforesaid observations does not preclude the Company from complying with any other requirements.

Yours faithfully,

Nitinkumar Pujari
Senior Manager

National Stock Exchange Of India Limited

Ref: NSE/LIST/ 19129

March 12, 2019

The Company Secretary
Arman Financial Services Limited
502-503, SAKAR-III,
Opp. Old High Court,
Off. Ashram Road
Ahmedabad – 380014
Gujarat

Kind Attn.: Mr. Jaimish Patel

Dear Sir,

Sub: Observation Letter for Scheme of Arrangement between Arman Financial Services Limited and its Shareholders.

We are in receipt of the Scheme of Arrangement between Arman Financial Services Limited and its Shareholders vide application dated November 05, 2018.

Based on our letter reference no Ref: NSE/LIST/19118 submitted to SEBI and pursuant to SEBI Circular No. CFD/DIL3/CIR/2017/21 dated March 10, 2017 ('Circular'), SEBI vide letter dated March 08, 2019, has given following comments:

a. *The Company shall ensure that additional information, if any, submitted by the Company, after filing the Scheme with the Stock Exchange, and from the date of receipt of this letter is displayed on the website of the listed company.*

b. *The Company shall duly comply with various provisions of the Circular.*

c. *The Company is advised that the observations of SEBI/Stock Exchanges shall be incorporated in the petition to be filed before National Company Law Tribunal (NCLT) and the company is obliged to bring the observations to the notice of NCLT.*

d. *It is to be noted that the petitions are filed by the company before NCLT after processing and communication of comments/observations on draft scheme by SEBI/ stock exchange. Hence, the company is not required to send notice for representation as mandated under section 230(5) of Companies Act, 2013 to SEBI again for its comments/observations/ representations.*

It is to be noted that the petitions are filed by the company before NCLT after processing and communication of comments/observations on draft scheme by SEBI/ stock exchange. Hence, the company is not required to send notice for representation as mandated under section 230(5) of Companies Act, 2013 to National Stock Exchange of India Limited again for its comments/observations/ representations.

Further, where applicable in the explanatory statement of the notice to be sent by the company to the shareholders, while seeking approval of the Scheme, it shall disclose information about unlisted companies involved in the format prescribed for abridged prospectus as specified in the circular dated March 10, 2017.

This Document is Digitally Signed
Signer: Rajendra P Bhosale
Date: Tue, Mar 12, 2019 19:00:58 IST
Location: NSE

Based on the draft scheme and other documents submitted by the Company, including undertaking given in terms of Regulation 11 of SEBI (LODR) Regulations, 2015, we hereby convey our "No-objection" in terms of Regulation 94 of SEBI (LODR) Regulations, 2015, so as to enable the Company to file the draft scheme with NCLT.

However, the Exchange reserves its rights to raise objections at any stage if the information submitted to the Exchange is found to be incomplete/ incorrect/ misleading/ false or for any contravention of Rules, Bye-laws and Regulations of the Exchange, Listing Regulations, Guidelines / Regulations issued by statutory authorities.

The validity of this "Observation Letter" shall be six months from March 12, 2019, within which the scheme shall be submitted to NCLT.

Yours faithfully,
For **National Stock Exchange of India Limited**

Rajendra Bhosale
Manager

P.S. Checklist for all the Further Issues is available on website of the exchange at the following URL http://www.nseindia.com/corporates/content/further_issues.htm

This Document is Digitally Signed

Signer: Rajendra P Bhosale
Date: Tue, Mar 12, 2019 19:00:58 IST
Location: NSE

Arman Financial Services Limited

501-504, SAKAR III, OPP. OLD HIGH COURT, OFF. ASHRAM ROAD, AHMEDABAD-380 014. GUJARAT, INDIA
PH. : +91-79-40507000, 27541989 FAX : +91-79- 27543666 e-mail : finance@armanindia.com Website : www.armanindia.com

COMPLAINTS REPORT AS PER PARA 1(A)(6) OF ANNEXURE-I OF SEBI CIRCULAR NO. CFD/DIL3/CIR/2017/21 DATED MARCH 10, 2017

Part A

Sr. No.	Particulars	Number
1.	Number of complaints received directly	0
2.	Number of complaints forwarded by Stock Exchange	0
3.	Total Number of complaints/comments received (1+2)	0
4.	Number of complaints resolved	N.A.
5.	Number of complaints pending	N.A.

Part B

Sr. No.	Name of complainant	Date of complaint	Status (Resolved/Pending)
N.A.			

For, Arman Financial Services Limited

Jayendra Patel
Managing Director
DIN-00011814
Date: 26.12.2018

ARMAN FINANCIAL SERVICES LIMITED ★ AHMEDABAD

Arman Financial Services Limited

501-504, SAKAR III, OPP. OLD HIGH COURT, OFF. ASHRAM ROAD, AHMEDABAD-380 014. GUJARAT, INDIA
PH. : +91-79-40507000, 27541989 FAX : +91-79- 27543666 e-mail : finance@armanindia.com Website : www.armanindia.com

COMPLAINTS REPORT AS PER PARA 1(A)(6) OF ANNEXURE-I OF SEBI CIRCULAR NO. CFD/DIL3/CIR/2017/21 DATED MARCH 10, 2017

PERIOD OF COMPLAINTS REPORT:
29.11.2018 TO 25.12.2018

Part A

Sr. No.	Particulars	Number
1.	Number of complaints received directly	0
2.	Number of complaints forwarded by Stock Exchange	0
3.	Total Number of complaints/comments received (1+2)	0
4.	Number of complaints resolved	N.A.
5.	Number of complaints pending	N.A.

Part B

Sr. No.	Name of complainant	Date of complaint	Status (Resolved/Pending)
N.A.			

For, Arman Financial Services Limited

ARMAN FINANCIAL SERVICES LIMITED AHMEDABAD

Jayendra Patel
Managing Director
DIN-00011814
Date: 26.12.2018

Samir M. Shah & Associates

Samir M. Shah& Associates, Chartered Accountants
Corporate House : "Heaven" 8, Western Park Society, Nr. Induotoherm, Bopal, Ahmedabad. Gujarat - 380 058 (India)
Phone No. +91-7622012032

Admin Office : B-516, Gopal Palace, Nr. Shreenani Flats, Opp. Ocean Park, Satellite Road, Ambawadi, Ahmedabad, Gujarat - 380 015 (India)
E-Mail : samir@smshah.co.in
URL : www.smshah.co.in

INDEPENDENT AUDITORS' REPORT

To,
The Members of
ARMAN FINANCIAL SERVICES LIMITED
Ahmedabad

Report on the Audit of the Standalone Financial Statements

Opinion

1. We have audited the accompanying standalone financial statements of **Arman Financial Services Limited** (the 'Company') which comprise the Balance Sheet as at 31 March 2019, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (the 'Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs (financial position) of the Company as at 31 March 2019 and its profit (financial performance) and its cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Our responsibilities under those standards are further, described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the rules thereunder and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Key audit matter identified in our audit is on Provision on Non-Performing Assets as follows:

Key audit matter	Audit Approach
<u>Provisioning on Non-Performing Assets</u>	
Identification of and provisioning for Non-Performing Assets (loans) in accordance with the RBI guidelines (Refer para (p) of significant accounting policy read with Note 4, 11 & 21 to the financial statements). The Company has net advances amounting to 189.21 Crores as at 31 March 2019. Identification of and provisioning for non-performing assets (loans) in accordance with relevant prudential norms issued by the Reserve Bank of India (RBI) in respect of income recognition, asset classification and provisioning pertaining to advances (herein after referred as "Relevant RBI guidelines") is a key audit matter due to the current processes at the Company which requires manual interventions, management estimates and judgment regarding recoverability of loans and underline security.	Our audit approach included testing the design, operating effectiveness of internal controls and substantive audit procedures in respect of income recognition, asset classification and recoverability of loan amount including underline security and provisioning pertaining to advances. In particular: • we have evaluated and understood the Company's internal control system in adhering to the Relevant RBI guidelines regarding income recognition, asset classification and provisioning pertaining to advances; • we have understood key IT systems / applications used and tested operational effectiveness of relevant controls, including involvement of manual process and manual controls in relation to income recognition, asset classification and provisioning pertaining to advances ; • we test checked advances to examine the validity of the recorded amounts, loan documentation, examined the statement of accounts, indicators of impairment, impairment provision for non-performing assets, and compliance with income recognition, asset classification and provisioning pertaining to advances; and • evaluated the past trends of management judgment, governance process and review controls over impairment provision calculations and discussed the provisions made with senior management including the Chief Executive Officer, Chief Financial Officer.

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

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

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

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

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

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

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

7. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

8. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) [i] of the Act, we are also responsible for explaining our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

11. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

12. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

13. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

14. As required by the Companies (Auditor's Report) Order, 2016 (the 'Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order.

15. Further to our comments in Annexure A, as required by Section 143(3) of the Act, we report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

c) The standalone financial statements dealt with by this report are in agreement with the books of account;

d) In our opinion, the aforesaid standalone financial statements comply accounting principles generally accepted in India specified under Section 133 of the Act.

e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act;

f) We have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31 March 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date and our report as per Annexure B expressed an unmodified opinion;

g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in the standalone financial statements; (Refer Note 23 to the financial statements);

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

Place : Ahmedabad
Date : 28.05.2019

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

ANNEXURE 'A' TO INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 1A of our report of even date to the Members of **ARMAN FINANCIAL SERVICES LIMITED** for the year ended 31st **March, 2019.**

1. **In respect of Fixed Assets:**
   (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.

   (b) As per the information and explanations given to us, the management at reasonable intervals during the year in accordance with a programme of physical verification physically verified the fixed assets and no material discrepancies were noticed on such verification as compared to the available records.

   (c) As explained to us, the title deeds of all the immovable properties are held in the name of the Company.

2. **In respect of its Inventories:**
   The Company does not have any Inventories and hence clause 3(ii) of the Companies (Auditor's Report) Order, 2016 is not applicable.

3. **In respect of Loans and Advances granted during the year:**
   As per information and explanation given to us, the Company has not granted any loans, secured or unsecured to Companies, Firms, Limited Liability Partnerships or others under section 189 of the Companies Act, 2013 and hence clause 3(iii) of the Companies (Auditor's Report) Order, 2016 is not applicable.

4. **Loans, Investments and Guarantees:**
   According to the information and explanation given to us, the Company has not given loans, secured or unsecured to Companies, Firms, Limited Liability Partnerships or others under section 189 of the Companies Act, 2013 but provided Corporate Guarantees in respect of loans taken by its Wholly Owned Subsidiary Company having the year-end balance of Rs. 17050.00 Lakhs (amount of Loan O/s is of Rs. 10356.00 Lakhs) and the maximum amount involved during the year was Rs. 17050.00 Lakhs (maximum amount of Loan O/s is of Rs. 15626.18 Lakhs). As provided in section 185 and 186 and as specified in The Companies (Meetings of Board and its Powers) Rules, 2014, loans and guarantee given by Holding Company to Wholly Owned Subsidiary Company is exempt.

5. During the year, the Company has not accepted any deposits from public and hence the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under are not applicable to the Company. Therefore clause (v) of Companies (Auditor's Report) Order, 2016 is not applicable.

6. According to the information and explanations given to us, the Company is not required to maintain cost records as required by the central government under sub section (1) of section 148 of the Companies Act, 2013. Hence clause (vi) of the (Auditor's Report) Order, 2016 is not applicable.

7. In respect of Statutory Dues :

(a) According to the records of the Company, the Company is by and large regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employee's state insurance, income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities applicable to it.
According to the information and explanations given to us, no undisputed amounts payable in respect statutory dues which remained outstanding as at 31st March, 2019 for a period of more than six months from the date they became payable.

(b) According to the records of the Company, following dues of income tax, sales tax, wealth tax or service tax or duty of customs or duty of excise or value added tax which have not been deposited on account of dispute.

Name of Statute	Nature of Dues	Amount (Rs. In Lacs)	Period to Which amount Relates (A.Y.)	Forum Where Dispute is Pending	Remarks, if any
Income Tax Act, 1961	Income Tax	13.31	2009-10	CIT (Appeals)	
Income Tax Act, 1961	Income Tax	5.70	2011-12	CIT(Appeals)	
Income Tax Act, 1961	Income Tax	594.23	2012-13	CIT(Appeals)	
Income Tax Act, 1961	Income Tax	5.06	2013-14	CIT(Appeals)	
Income Tax Act, 1961	Income Tax	3.00	2014-15	ITAT	

8. Based on our audit procedure and according to the information and explanation given to us, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institutions, banks or debenture holders.

9. According to the information and explanations given to us, the Company had not raised any money by way of public issue during the year. According to the information and explanations given to us, and on an overall examination of the balance sheet of the Company, in our opinion, the term loans taken during the year were applied for the purpose for which they were obtained.

10. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud by the Company or any fraud on the Company by it's officer or employees has been noticed or reported during the course of our audit.

11. In our opinion and according to the information and explanations given to us, the Company has paid managerial remuneration which is in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V of The Companies Act, 2013.

12. In our opinion and according to the information and explanations given to us, the provisions of special statute applicable to chit funds and nidhi / mutual benefit funds / societies are not applicable to the company. Hence, clause (xii) of the Company's (Auditor's Report) Order, 2016 is not applicable.

ANNEXURE "B" TO INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 15(f) of our Report of even date to the Members of **ARMAN FINANCIAL SERVICES LIMITED** for the year ended **31st March, 2019.**

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

We have audited the internal financial controls over financial reporting of ARMAN FINANCIAL SERVICES LIMITED as of 31st March 2019, in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the guidance note on audit of internal financial controls over financial reporting issued by the Institute of Chartered Accountants of India.

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

Place: Ahmedabad
Date: 28.05.2019

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

Significant Accounting Policies :

a. Basis of preparation

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

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

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

b. Use of estimates

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

c. Revenue Recognition

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

i. Interest from Loans

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

ii. Income from Assignment/Securitisation

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

In case of securitisation of receivables "at Par", the income from excess interest spread is recognized in Statement of Profit and Loss account, net of any losses, at the time of actual receipt.

iii. Other Interest Income

Other Interest Income is recognized on accrual basis.

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

v. Late Payment Charges
Income in case of late payment charges are recognized as and when realized.

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

d. **Property, Plant & Equipment**
All the Property, Plant & Equipments are stated at cost less depreciation.The cost of assets includes other direct/indirect and incidental cost incurred to bring them into their working condition.

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

Depreciation
The depreciation on assets for own use is provided on "Straight Line Method" as per useful life specified in schedule ii to the Companies Act, 2013 on Pro-rata Basis.

Useful life of assets is as under:

SR No.	Name of Asset	Useful Life
1	Building	60 Years
2	Furniture & Fixtures	10 Years
3	Office Equipment	10 Years
4	Vehicles- Motor Cycle	10 Years
5	Vehicles- Motor car	8 Years
6	Computers	3 Years
7	Intangible Assets	5 Years

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

e. **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.

f. **Retirement Benefits**

a. The Employee and Company make monthly fixed contribution to government of India employee's provident fund equal to a specified percentage of the covered employee's salary. Provision for the same is made in the year in which services are rendered by the employee.

b. The liability for gratuity to employees, which is a defined benefit plan, as at Balance Sheet date determined on the basis of actuarial valuation based on projected unit credit method is funded to a gratuity fund administered by the trustees and managed by Life Insurance Corporation of India and the contribution thereof paid/payable is absorbed in the accounts.

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

d. Short term benefits are recognised as an expense at the undiscounted amounts in the statement of profit and loss of the year in which the related service is rendered.

g. **Borrowing Cost**

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of 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.

h. **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" notified under section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014.

i. **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.

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. **Intangible Assets**

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

Intangible assets are amortized on a straight – line basis over their estimated useful lives. A rebuttable presumption that the useful life of an intangible asset will not exceed than years from the date when the asset is available for use is considered by the management. The amortization period and the amortization method are reviewed at least at each reporting date. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly.

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

Intangible assets are amortized on a straight – line basis over 5 years.

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. **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.

o. **Transfer and recourse obligation under Debt Securitization**

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

p. 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 (Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 as amended from time to time.

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

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

Classification	Period	% of Provision
Standard assets	-	0.40 %
Non-performing assets	Overdue for 90 days or more	
Substandard assets	NPA for a period not exceeding 12 months	10 %
Doubtful assets – unsecured	Substandard for a period exceeding 12 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 12 months	100 %
Loss assets	As identified by management	100 %

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

ARMAN FINANCIAL SERVICES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st March, 2019

PARTICULARS	2018-19 (In Rs.)		2017-18 (In Rs.)	
A: **Cash from Operating Activities:**				
Net profit before taxation		9,42,69,088		4,47,72,855
Adjustment For:				
Depreciation & Amortization expense	10,98,840		10,71,855	
NPA provisions (Net)	5,43,315		12,60,469	
Contingent provision on standard assets	29,00,000		27,90,000	
Interest expense	18,92,58,876		9,98,31,232	
Loss / (Profit) on sale of Property, Plant & Equipment	(6,31,264)		(1,23,626)	
Bad Debts w/off	Nil		92,68,675	
Short fall on interest on advance tax payment	15,90,000		10,60,000	
		19,47,59,768		11,51,58,605
Operating profit before working Capital changes :		**28,90,28,856**		**15,99,31,460**
Adjustment For :				
Increase/(Decrease) in long-term provision	6,45,313		2,34,933	
Increase/(Decrease) in short-term provision	2,20,821		78,996	
Increase/(Decrease) in other current liability	1,84,99,125		53,22,047	
Decrease/(Increase) in trade receivables	1,92,969		(1,99,57,556)	
Decrease/(Increase) in long term loans and advances	(33,39,30,114)		(25,82,54,339)	
Decrease/(Increase) in Other Current Assets	(3,59,171)			
Employees Stock option Payable (Shown in Reserve)	1,29,53,625			
Decrease/(Increase) in short term loans and advances	(44,12,55,955)		(19,02,60,449)	
		(74,30,33,386)		(46,28,36,368)
Cash Generated From Operations		**(45,40,04,530)**		**(30,29,04,908)**
Income tax paid	(2,82,02,092)		(2,64,59,552)	
		(2,82,02,092)		(2,64,59,552)
Net Cash From Operating Activities:		**(48,22,06,623)**		**(32,93,64,460)**
B: **Cash Flow From Investment Activities:**				
Purchase of Property, Plant & Equipment	(4,28,229)		(20,59,709)	
Sale of Property, Plant & Equipment	65,00,000		16,00,000	
(Increase) /Decrease in bank deposits	(93,30,553)		(3,53,71,480)	
Investments in subsidiary	(25,80,00,000)		(7,00,00,000)	
Net Cash from Investment Activities:		**(26,12,58,782)**		**(10,58,31,189)**

ARMAN FINANCIAL SERVICES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st March, 2019

PARTICULARS	2018-19 (In Rs.)		2017-18 (In Rs.)	
C. Cash Flow From Financing Activities:				
Issue of Equity Share Capital	52,52,550		Nil	
Proceeds from long term borrowings	88,33,65,576		51,68,91,288	
Repayment of long term borrowings	(23,40,46,324)		(1,62,14,576)	
Proceeds from short term borrowings	64,71,75,420		5,99,88,949	
Repayment of short term borrowings	(28,79,82,163)		(1,41,90,727)	
Interest paid	(13,91,53,464)		(9,88,47,078)	
Share Issue Expense Dr. To Share Premium A/c	Nil		(33,74,826)	
Dividend paid (including Dividend Distribution Tax)	(84,61,010)		(82,97,832)	
Net Cash from Financing Activities:		**78,61,50,586**		**43,59,55,198**
Net Increase in Cash & Cash Equivalents:		**4,26,85,182**		**7,59,547**
Cash & cash equivalents at the beginning		33,87,736		26,28,189
Cash & cash equivalents at the end		4,60,72,918		33,87,736

As per our report of even date attached.

Notes :

(1) The above cash flow statement has been prepared under the "Indirect Method" set out in Accounting Standard - 3 issued by the Institute of Chartered Accountants of India.

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

[Samir M Shah]
Partner
[M.No.111052]

Place: Ahmedabad
Date: 28.05.2019

For, Arman Financial Services Limited

Jayendra Patel	**Vivek Modi**
Vice Chairman &	**Chief Financial Officer**
Managing Director	
(DIN - 00011814)	
Ashok Patel	**Jaimish Patel**
Executive Director	**Company Secretary**
(DIN - 02482747)	**(M. No. A42244)**

ARMAN FINANCIAL SERVICES LIMITED

BALANCE SHEET AS AT 31ST March, 2019

Particulars	Note No.	As at 31.03.2019 (In Rs.)	As at 31.03.2018 (In Rs.)
EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	1	6,95,22,980	6,92,46,530
(b) Reserves & Surplus	2	40,61,48,286	33,27,79,688
		47,56,71,266	**40,20,26,218**
(2) Non-Current Liabilities			
(a) Long Term Borrowings	3	67,59,65,125	28,28,44,968
(b) Deferred Tax Liabilities (Net)		Nil	Nil
(c) Long Term Provisions	4	61,95,551	30,63,285
		68,21,60,676	**28,59,08,253**
(3) Current Liabilities			
(a) Short-Term Borrowings	5	85,54,99,963	49,63,06,709
(b) Other Current Liabilities	6	51,36,95,133	26,90,04,128
(c) Short Term Provisions	7	81,96,642	70,19,458
		1,37,73,91,718	**77,23,30,292**
Total		**2,53,52,23,660**	**1,46,02,64,764**
ASSETS			
(1) Non-Current Assets			
(a) Property, Plant & Equipment	8	77,12,541	1,40,98,962
(b) Intangible Assets	8	2,13,333	3,66,259
		79,25,874	**1,44,65,221**
(c) Long Term Investments	9	48,22,18,750	22,42,18,750
(d) Deferred Tax Assets (Net)	10	34,58,273	15,94,666
(e) Long-term Loans and Advances	11	77,35,56,241	44,53,59,497
(f) Other Non-Current Assets	12	50,00,000	3,35,87,700
		1,27,21,59,138	**71,92,25,834**
(2) Current Assets			
(a) Trade Receivables	13	3,14,31,562	3,16,24,531
(b) Cash & Bank Balances	14	11,50,60,440	3,44,56,991
(c) Short term Loans and Advances	11	1,11,45,33,064	67,32,77,123
(d) Other Current Assets	15	20,39,456	16,80,285
		1,26,30,64,522	**74,10,38,930**
Total		**2,53,52,23,660**	**1,46,02,64,764**
Significant Accounting Policies and Notes on Financial Statements	1 to 37		

As per our report of even date attached herewith
For, Samir M Shah & Associates
Chartered Accountants
[Firm Regd. No. 122377W]

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

Place: Ahmedabad
Date: 28.05.2019

For, Arman Financial Services Limited

Jayendra Patel	**Vivek Modi**
Vice Chairman &	**Chief Financial Officer**
Managing Director	
(DIN - 00011814)	
Aalok Patel	**Jaimish Patel**
Executive Director	**Company Secretary**
(DIN - 02482747)	**(M. No. A42244)**

ARMAN FINANCIAL SERVICES LIMITED

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST March, 2019

Particulars	Note No.	2018-19 (In Rs.)	2017-18 (In Rs.)
INCOME			
Revenue from Operations	16	46,87,41,309	27,30,57,866
Other Income	17	6,34,312	1,38,314
Total Revenue		**46,93,75,621**	**27,31,96,180**
EXPENDITURE			
Employee Benefit Expenses	18	9,76,36,289	6,29,28,410
Finance Costs	19	20,25,79,752	10,84,86,332
Depreciation and Amortisation expenses	20	10,98,840	10,71,855
Other Expenses	21	7,37,91,652	5,59,36,728
Total Expenses		**37,51,06,533**	**22,84,23,325**
Profit before Tax		**9,42,69,088**	**4,47,72,855**
Less : Tax expense:			
- Current Tax		2,97,10,000	1,38,40,000
Short / (excess) Provision of Income Tax of earlier years		26,35,462	Nil
- Deferred Tax Liability/(Asset)	22	(18,63,608)	(11,26,905)
Profit for the year		**6,37,87,234**	**3,20,59,760**
Basic Earnings Per Share of Rs. 10 each	25	9.19	4.63
Diluted Earnings Per share of Rs. 10 each	25	9.12	4.58
Significant Accounting Policies and Notes on Financial Statements	1 to 37		

As per our report of even date attached herewith
For, Samir M Shah & Associates
Chartered Accountants
[Firm Regd. No. 122377W]

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

Place: Ahmedabad
Date: 28.05.2019

For, Arman Financial Services Limited

Jayendra Patel	Vivek Modi
Vice Chairman &	Chief Financial Officer
(DIN – 00011814)	
Aalok Patel	**Jalmish Patel**
Executive Director	Company Secretary
(DIN - 02482747)	(M. No. A42244)

Notes on Financial Statements for the year ended on 31st March 2019

(Amounts in Rs.)

	Share Capital	As at 31.03.2019	As at 31.03.2018
	(a)Authorised:		
	1,12,50,000 (Previous Year 1,12,50,000) Ordinary Equity shares of par value of Rs. 10/- each	11,25,00,000	11,25,00,000
	37,50,000 (Previous Year 37,50,000) Class "A" Ordinary Equity shares of par value of Rs. 10/- each	3,75,00,000	3,75,00,000
		15,00,00,000	15,00,00,000
	(b) Issued, Subscribed & Paid-up Capital:		
	57,47,824 (Previous Year 57,20,179) Ordinary Equity Shares of par value of Rs. 10/- each fully paid up	5,74,78,240	5,72,01,790
	12,04,474 (Previous Year 12,04,474) Class "A" Ordinary Equity Shares of par value of Rs. 10/- each fully paid up	1,20,44,740	1,20,44,740
	Total	**6,95,22,980**	**6,92,46,530**

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 entitle to one vote for one lakh 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 Board of Directors have recommended for the approval of Members a final dividend of Rs. 1.40 per equity share of Rs. 10/- each for the Financial Year 2018-19. As per the requirement of Accounting Standard 4 (Revised), the Company has not recognised any provision in financial statements.

1.4 Details of shareholders holding more than 5 % of ordinary shares of the Company are as follows:

Name of Shareholder	As at 31.03.2019		As at 31.03.2018	
	%	Shares	%	Shares
Jayendrabhai Patel	5.02	2,88,522	5.04	2,88,522
Ritaben Patel	5.16	2,96,674	5.19	2,96,674
Mukul Agrawal	10.00	5,75,000	10.05	5,75,000

1.5 Details of shareholders holding more than 5 % of class "A" ordinary shares of the Company are as follows:

Name of Shareholder	As at 31.03.2019		As at 31.03.2018	
	%	Shares	%	Shares
Namra Holdings & Consultancy Services LLP	100.00	12,04,474	100.00	12,04,474

1.6 The reconciliation of the number of shares outstanding and the amount of ordinary equity share capital as at 31st March, 2019 & 31st March,2018 is set out below:

Particulars	As at 31.03.2019		As at 31.03.2018	
	No. of Shares	Amount in Rs.	No. of Shares	Amount in Rs.
Shares at the beginning	57,20,179	5,72,01,790	57,20,179	5,72,01,790
Addition – subscription during the year	27,645	2,76,450	Nil	Nil
Deletion	Nil	Nil	Nil	Nil
Shares at the end	57,47,824	5,74,78,240	57,20,179	5,72,01,790

1.7 The reconciliation of the number of shares outstanding and the amount of Class "A" ordinary equity share capital as at 31st March, 2019 & 31st March, 2018 is set out below:

Particulars	As at 31.03.2019		As at 31.03.2018	
	No. of Shares	Amount in Rs.	No. of Shares	Amount in Rs.
Shares at the beginning	12,04,474	1,20,44,740	12,04,474	1,20,44,740
Addition – subscription during the year	Nil	Nil	Nil	Nil
Deletion	Nil	Nil	Nil	Nil
Shares at the end	12,04,474	1,20,44,740	12,04,474	1,20,44,740

(Amounts in Rs.)

	Reserve and Surplus	As at 31.03.2019	As at 31.03.2018
	General Reserve		
	Balance as per last financial statement	1,04,35,377	94,35,377
	Add: Transfer from statement of profit and loss (Refer Note 2.1)	10,00,000	10,00,000
	Closing Balance	1,14,35,377	1,04,35,377
	Special Reserve u/s 45-IC of the RBI Act,1934		
	Balance as per last financial statement	5,47,00,000	4,82,00,000
	Add: Transfer from statement of profit and loss (Refer Note 2.1)	1,28,00,000	65,00,000
	Closing Balance	6,75,00,000	5,47,00,000
	Securities Premium	11,91,24,480	12,24,99,306
	Add: Share Premium on shares issued duing the year	49,76,100	Nil
	Less: Share Issue Expenses	Nil	33,74,826
		12,41,00,580	11,91,24,480
	Employee stock option outstanding		
	Balance as per last fiancial statements	Nil	Nil
	Add/(Less): Stock option expenditure for the year	1,69,41,525	Nil
	Less: amount transdered toweards option expired unexercised	1,17,600	Nil
	Less: tr. To security premium on exercise of stock option	38,70,300	Nil
	Closing Balance	1,29,53,625	Nil
	Surplus in the Statement of Profit and Loss		
	Balance as per last financial statement	14,85,19,832	13,22,94,446
	Add : Profit for the year	6,37,87,234	3,20,59,760
	Less: Appropriations		
	Amount transfer to General Reserve (Refer Note 2.1)	(10,00,000)	(10,00,000)
	Amount transfer to Special Reserve u/s 45-IC of RBI Act, 1934 (Refer Note 2.1)	(1,28,00,000)	(65,00,000)
	Dividend Paid	(69,24,653)	(69,24,653)
	Tax paid on Dividend	(14,23,709)	(14,09,721)
	Closing Balance	19,01,58,704	14,85,19,832
	Total	**40,61,48,286**	**33,27,79,689**

2.1	Particulars	Nature and purpose
	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	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.

(Amounts in Rs.)

3	Long Term Borrowings	As at 31.03.2019		As at 31.03.2018	
		Non Current	Current	Non Current	Current
	Secured				
	Loans				
	From Banks				
	– Term loans @	1,29,23,037	7,11,88,887	8,63,11,916	9,21,01,162
	From financial institutions				
	– Term loans @	33,80,42,098	33,68,56,529	14,69,33,052	14,19,45,158
	Debenture				
	From financial institutions				
	– 12.60 % Non-Convetible Debentures @@	27,50,00,000	Nil	Nil	Nil
	Unsecured				
	Others				
	From financial institutions	5,00,00,000	Nil	5,00,00,000	Nil
	Total	67,59,65,125	41,02,45,416	28,28,44,968	23,40,46,320

	Less : Amount disclosed under head other Current Liabilities (Note – 6)	Nil	41,02,45,416	Nil	23,40,46,320
	Total	67,59,65,125	Nil	28,28,44,968	Nil

@ Security:
Term Loans are secured under hypothecation of exclusive first charge on specific assets portfolio & personal guarantee of some of the Directors. The same are further secured by cash collateral security in the form of fixed deposit which are shown under "Other Bank Balance".

@@ 12.60 % Redeemable Non-Covertible Debenture are secured under hypothecation of specific assets portfolio.

Interest:
Secured Term Loan carries an interest rate ranging from 8.35 % to 15.00 % p.a.
Redeemable non-covertible debenture carries an interest rate of 12.60 %p.a.
Unsecured Term Loan from financial institutions carries an interest rate at 15% p.a.

Repayment:
Secured Term Loan Facilities are repayable in following schedule in monthly / quarterly / half yearly instalments as follows:-

(Amount in Rs.)

Particulars	Upto 1 year	1 to 3 Years	More than 3 Years
Term loan repayment	41,02,45,416	35,09,65,125	Nil
12.60 % Non-Convertible Debentures	Nil	27,50,00,000	Nil

Unsecured Loans from Directors, their relatives & Financial Institutions

(Amount in Rs.)

Particulars	Upto 1 year	1 to 3 Years	More than 3 Years
From financial institutions	Nil	Nil	5,00,00,000
Loans from Directors & their relatives	Nil	Nil	Nil
Inter Corporate Deposit	16,59,243	Nil	Nil

(Amounts in Rs.)

4 Long Term Provisions	As at 31.03.2019		As at 31.03.2018	
	Non Current	Current	Non Current	Current
Provision for employee benefit- gratuity	16,96,982	5,87,247	10,51,669	3,66,426
Contingent provision against standard assets	31,60,000	48,40,000	16,60,000	34,40,000
NPA provisions	13,38,569	27,69,395	3,51,616	32,13,032
	61,95,551	81,96,642	30,63,285	70,19,458
Less : Amount disclosed under head short term provisions - (Note-7)	Nil	81,96,642	Nil	70,19,458
Total	61,95,551	Nil	30,63,285	Nil

(Amounts in Rs.)

5 Short-Term Borrowings	Current	
	As at 31.03.2019	As at 31.03.2018
Loans Repayable on Demand:		
Working capital loans from Banks – secured @	35,38,40,621	39,36,66,691
From Directors and their relatives -Unsecured	Nil	4,46,80,232
Inter Corporate Deposit -Unsecured	16,59,243	5,79,59,783
Debenture		
From financial institutions- Unsecured		
– 10 % Compulsory Convertible Debentures	50,00,00,100	Nil
Total ...	85,54,99,964	49,63,06,706

@ Security:
Working Capital Loans are secured under hypothesation of specific assets portfolio & personal guarantee of some of the directors. The same are further secured by cash collateral security in the form of fixed deposit which are shown under "Other Bank Balance".

(Amounts in Rs.)

	6 Other Current Liabilities	As at 31.03.2019	As at 31.03.2018
	Current maturity of long term borrowings (Note 5)	41,02,45,416	23,40,46,320
	Salary & wages payable	66,78,604	42,00,687
	Other statutory dues	6,74,056	9,80,802
	TDS payable	66,04,237	13,21,772
	Security deposits	24,79,340	24,84,755
	Interest accrued but not due	5,12,02,761	10,97,349
	Unpaid dividend	18,86,807	19,99,455
	Unpaid expenses	3,37,23,892	1,75,11,234
	Cash profit on loan transfer transactions pending recognition (Note -29 (ii))	Nil	55,61,754
	Total	**51,36,95,113**	**26,90,04,128**
6.1	Unpaid dividend outstandign as on 31.3.2019 is not due for transfer to investor education and protection fund by the Company.		

(Amounts in Rs.)

	7 Short Term Provisions	Current	
		As at 31.03.2019	As at 31.03.2018
	Provisions for employee benefits - Gratuity (Note - 4)	5,87,247	3,66,426
	Contingent provision against standard Asset (Note - 4)	48,40,000	34,40,000
	NPA provisions (Note- 4)	27,69,395	32,13,032
	Total	**81,96,642**	**70,19,458**

ARMAN FINANCIAL SERVICES LIMITED

Note No -8 - Property, Plant & Equipment

Property, Plant & Equipment								
Carrying Value	Buildings	Furniture & Fixtures	Office Equipment	Vehicles	Computer	Total Property, Plant & Equipment	Intangible Assets	Total Assets
At 01.04.2017	1,30,98,150	45,38,275	17,77,059	36,900	32,87,283	2,27,37,667	8,04,870	2,35,42,537
Addition		2,32,195	1,10,999	16,64,015	52,500	20,59,709		20,59,709
Disposal	15,78,545					15,78,545		15,78,545
Other Adjustment		Nil	Nil	Nil		Nil		Nil
At 31.03.2018	1,15,19,605	47,70,470	18,88,058	17,00,915	33,39,783	2,32,18,831	8,04,870	2,40,23,701
Addition	17,369	255251	1,16,002		39,607	4,28,229	Nil	4,28,229
Disposal	63,14,180					63,14,180	Nil	63,14,180
Other Adjustment						Nil	Nil	Nil
At 31.03.2019	52,22,794	50,25,721	20,04,060	17,00,915	33,79,390	1,73,32,880	8,04,870	1,81,37,750
Accumulated Depreciation	Buildings	Furniture & Fixtures	Office Equipment	Vehicles	Computer	Total Property, Plant & Equipment	Intangible Assets	Total Assets
At 01.04.2017	18,26,224	27,31,626	11,67,049	35,104	25,43,108	83,03,111	2,85,685	85,88,796
Charge for the year	2,06,264	2,99,933	1,24,046	43,483	2,45,203	9,18,929	1,52,926	10,71,855
Disposal	1,02,171					1,02,171		1,02,171
At 31.03.2018	19,30,317	30,31,559	12,91,095	78,587	27,88,311	91,19,869	4,38,611	95,58,480
Charge for the year	1,16,324	2,97,548	1,26,234	2,41,081	1,64,727	9,45,914	1,52,926	10,98,840
Disposal	4,45,444					4,45,444		4,45,444
At 31.03.2019	16,01,197	33,29,107	14,17,329	3,19,668	29,53,038	96,20,339	5,91,537	1,02,11,876
Net Carrying Value								
At 31.03.2018	95,89,288	17,38,911	5,96,963	16,22,328	5,51,472	1,40,98,962	3,66,259	1,44,65,721
At 31.03.2019	36,21,597	16,96,614	5,86,731	13,81,247	4,26,352	77,12,541	2,13,333	79,25,874

(Amounts in Rs.)

9	Investment	As at 31.03.2019		As at 31.03.2018	
		Non Current	Current	Non Current	Current
A	Investments (Trade)				
	In equity Shares of Subsidiary Companies				
	Unquoted, Fully paid up				
	2,41,75,000 Shares (P.Y. 1,51,75,000) of Rs.10 each fully paid up of Namra Finance Limited	48,22,18,750	Nil	22,42,18,750	Nil
	Total	**48,22,18,750**	**Nil**	**22,42,18,750**	**Nil**
	Aggregate Cost of unquoted investments	48,22,18,750	Nil	22,42,18,750	Nil

(Amounts in Rs.)

10	Deferred Tax Liabilities (Net)	As at 31.03.2019	As at 31.03.2018
	Deferred Tax Assets arising out of timing difference relating to :		
	Provision for Gratuity that are allowable for tax purpose in the year of payment	6,65,167	3,94,514
	Provision for NPA that are allowable for tax purpose in the year of actual loss	35,25,839	24,10,505
	Total Deferred Tax Assets	**41,91,007**	**28,05,019**
	Deferred Tax Liability arising out of timing difference relating to :		
	Difference of depreciation as per tax provision and Company Law	7,32,733	12,10,353
	Total Deferred Tax Liability	7,32,733	12,10,353
	Net Deferred Tax Liability / (Assets)	**(34,58,273)**	**(15,94,666)**

(Amounts in Rs.)

11	Loans and Advances (Considered Good unless otherwise stated)	As at 31.03.2019		As at 31.03.2018	
		Non Current	Current	Non Current	Current
a.	Loans Receivable Considered Good - Secured				
—	Loans Secured by hypothecation of Assets	31,42,77,705	48,71,71,086	23,53,87,171	53,31,33,093
b.	Loans Receivable Considered Good - Unsecured				
	Loans to Companies, Firms and Individuals	44,86,13,108	54,30,58,332	19,49,02,351	6,87,92,842
—	Deposits	59,26,707	25,00,000	45,96,884	60,08,995
—	Other Loans and Advance	Nil	3,32,60,632	Nil	2,64,04,977
—	Advances to Staff	Nil	12,57,497	Nil	6,64,968
—	Balance with Government Authorities	Nil	4,89,526	Nil	9,35,527
—	Advance Tax and TDS	7,93,29,721	Nil	12,18,53,091	Nil
	Less: Provision for Taxation	(7,45,90,000)	Nil	(11,13,80,000)	Nil
		47,39,721	Nil	1,04,73,091	Nil
c.	Loans & Advances which have significant increase in Credit Risk	Nil	2,44,75,223	Nil	2,32,58,719
d.	Loans & Advances - Credit Impaired	Nil	2,28,20,768	Nil	3,40,78,002
	Total	**77,35,56,241**	**1,11,45,33,064**	**44,53,59,497**	**67,32,77,123**
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 dates is more than the amount of loan outstanding.				

11.2	Loans secured by hypothecation of vehicle includes Rs. 2,23,20,768/- (P.Y. Rs. 1,40,78,002/-) outstanding portfolio on which NPA provision of Rs. 22,39,914/- (P.Y. Rs. 14,04,800/-) has been made.
11.3	Deposits includes deposits Rs 75,15,975/- (P.Y. Rs. 1,03,58,129/-), given as collateral security against loans from financial institutes.
11.4	Other Loans & Advances includes Rs.86,62,188/- (P.Y. Rs. Nil) receivable from the Namra Finance Limited (Subsidiary Company)for the ESOPs granted to employees of Subsidiary company.

(Amounts in Rs.)

	12 Other Non Current Assets	As at 31.03.2019	As at 31.03.2018
	Deposits with original maturity for more than 12 months (Note 14)	50,00,000	3,35,87,700
	Total	**50,00,000**	**3,35,87,700**
12.1	Deposits includes deposits given as cash collateral security against Bank Loans.		

(Amounts in Rs.)

	13 Trade Receivables	As at 31.03.2019	As at 31.03.2018
	Trade Receivables Considered Good - Secured	54,89,233	45,37,881
	Trade Receivable Considered Good - Unsecured	1,07,782	20,871
	Trade Receivables which have singificant increase in Credit Risk	71,54,044	55,57,989
	Trade Receivables - Credit Impaired	1,86,80,503	2,15,07,790
	Total	**3,14,31,562**	**3,16,24,531**
13.1	Sundry debtors includes Rs. 1,86,80,503/-(P.Y. Rs. 2,15,07,790/-) outstanding portfolio on which NPA provision of Rs. 18,68,050/- (P.Y. Rs. 21,56,848/-) has been made.		

(Amounts in Rs.)

	14 Cash and Bank Balance	As at 31.03.2019		As at 31.03.2018	
		Non Current	Current	Non Current	Current
A	**Cash and cash equivalents**				
	Cash on hand	Nil	26,41,263	Nil	11,31,807
	Balance with banks	Nil	4,34,31,655	Nil	22,55,929
	Total	**Nil**	**4,60,72,918**	**Nil**	**33,87,736**
B	**Other Bank Balance**				
	Earmarked balances with banks	Nil	18,86,807	Nil	19,99,455
	Deposits with original maturity for more than 12 months	50,00,000	6,71,00,701	3,35,87,700	2,90,69,800
		50,00,000	6,89,87,508	3,35,87,700	3,10,69,255
	Less: Amount disclosed Under Non Current Assets	50,00,000	Nil	3,35,87,700	Nil
	Total	**Nil**	**11,50,60,426**	**Nil**	**3,44,56,991**
14.1	Earmarked balances with banks represents Rs. 1,886,807/- (P.Y. Rs. 1,999,455/-) in Unpaid Dividend Account.				
14.2	Deposits includes deposits given as cash collateral security against bank loans.				

	15 Other Current Assets	As at 31.03.2019	As at 31.03.2018
	Interest receivables	20,39,456	16,80,285
	Total	**20,39,456**	**16,80,285**

			(Amounts in Rs.)
16	**Revenue from operation**	**2018-19**	**2017-18**
	Interest income	46,32,54,763	27,21,18,226
	Income from Securitisation	19,31,260	Nil
	Other Financial Servites		
	Other charges in respect of loans	35,55,287	9,39,640
	Total	**46,87,41,309**	**27,30,57,866**
			(Amounts in Rs.)
17	**Other income**	**2018-19**	**2017-18**
	Profit on sale of Property, Plant & Equipment	6,31,264	1,23,626
	Misc. income	3,048	14,688
	Total	**6,34,312**	**1,38,314**
			(Amounts in Rs.)
18	**Employee Benefit Expenses**	**2018-19**	**2017-18**
	Salary, wages & bonus	9,29,30,959	5,91,47,271
	Contribution to provident fund & other funds	38,82,809	30,09,177
	Welfare expenses	8,22,521	7,71,962
	Total	**9,76,36,289**	**6,29,28,410**
18.1	The disclosure in respect of employee benefit as defined in the accounting standard 15 is given below:		
			(Amounts in Rs.)
	A. The amounts (in Rs.) recognized in the balance sheet are as follows:		
	Particulars	**Gratuity Defined Benefit Obligation**	**Gratuity Defined Benefit Obligation**
		2018-19	**2017-18**
	Present value of funded obligations	Nil	Nil
	Fair value of plan assets	Nil	Nil
	Present value of unfunded obligations	23,43,750	15,20,556
	Unrecognized past service cost	Nil	Nil
	Net liability	23,43,750	15,20,556
	Amounts in the balance sheet:	Nil	Nil
	Liabilities	23,43,750	15,20,556
	Assets	59,522	1,02,461
	Net liability	22,84,228	14,18,095
	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**
		2018-19	**2017-18**
	Current service cost	3,66,426	2,87,430
	Interest on obligation	1,02,336	81,295
	Expected return on plan assets	(11,572)	(15,984)
	Net actuarial losses (gains) recognized in year	4,08,943	(38,912)
	Recognised Past service cost-Vested	Nil	Nil
	Recognised Past service cost-Unvested	Nil	100
	Losses (gains) on curtailments and settlement	Nil	Nil
	Total, included in 'employee benefit expense'	8,66,133	3,13,929
	Actual return on plan assets	Nil	Nil

C.Changes in the present value of the defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:

Particulars	Gratuity Defined Benefit Obligation 2018-19	Gratuity Defined Benefit Obligation 2017-18
Opening defined benefit obligation	15,20,556	13,18,324
Transfer Out Liability	Nil	Nil
Service cost	3,66,426	2,87,430
Interest cost	1,02,336	81,195
Actuarial losses (gains)	3,54,432	(79,708)
Past service cost	Nil	100
Losses (gains) on curtailments	Nil	Nil
Liabilities extinguished on settlement	Nil	Nil
Liabilities assumed in an amalgamation in the nature of purchase	Nil	Nil
Exchange differences on foreign plans	Nil	Nil
Benefits paid	Nil	(86,885)
Closing defined benefit obligation	23,43,750	15,20,556

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 2018-19	Gratuity Defined Benefit Obligation 2017-18
Opening fair value of plan assets	1,02,461	2,14,158
Expected return	11,572	15,984
Actuarial gains and (losses)	(54,511)	(40,796)
Assets distributed on settlements	Nil	Nil
Contributions by employer	Nil	Nil
Assets acquired in an amalgamation in the nature of purchase	Nil	Nil
Exchange differences on foreign plans	Nil	Nil
Benefits paid	Nil	(86,885)
closing balance of fair value of plan assets	59,522	2,14,158

E. Reconciliation of gratuity provision account:

Particulars	Gratuity Defined Benefit Obligation 2018-19	Gratuity Defined Benefit Obligation 2017-18
Net Opening Provision in Books of Accounts	14,18,095	11,04,166
Employee Benefit Expense	8,66,133	3,13,929
Transfer in liability from Arman Financials	Nil	Nil
	22,84,228	14,18,095
Benefits Paid by the Company	Nil	Nil
Amounts Transferred to 'Payable Account'	Nil	Nil
Contributions to Plan Assets	Nil	Nil
Closing Provision in Books of Accounts	22,84,228	14,18,095

F.The major categories of plan assets as a percentage of total plan assets are as follows:

Particulars	Gratuity Defined Benefit Obligation 2018-19	Gratuity Defined Benefit Obligation 2017-18
Government of India Securities	0%	0%
High quality corporate bonds	0%	0%
Equity shares of listed companies	0%	0%
Property	0%	0%
Policy of Insurance	100%	100%

G. Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

Particulars	Gratuity Defined Benefit Obligation 2018-19	Gratuity Defined Benefit Obligation 2017-18
Discount rate	6.95%	7.35%
Expected return on plan assets	-	-
Proportion of employees opting for early retirement	-	-
Annual increase in Salary costs	6.00%	6.00%
Future changes in maximum state health care benefits	-	-

H. Gratuity benefit amount for the current period are as follow

Particulars	31.03.2019	31.03.2018	31.03.2017	31.03.2016	31.03.2015
Defined benefit obligation	23,43,750	15,20,556	13,18,324	9,29,920	6,94,167
Plan assets	59,522	1,02,461	2,14,158	Nil	Nil
Surplus/(deficit)	(22,84,228)	(14,18,095)	(11,04,166)	(9,29,920)	(6,94,167)
Experience adjustments on plan liabilities	3,14,738	(37,986)	48,754	(71,468)	(2,37,459)
Experience adjustments on plan assets	54,511	40,796	9,271	Nil	Nil
Actuarial Loss/(Gain) due to change in assumption	39,684	(41,722)	69,920	51,603	1,08,983
Actuarial Loss/(Gain) due to participant experience	Nil	Nil	Nil	Nil	Nil
Actuarial Loss/(Gain) on liabilities	3,54,432	(79,708)	1,18,674	(19,865)	(1,28,476)
Net Actuarial Loss/(Gain) on liabilities	4,08,943	(38,912)	1,27,945	(19,865)	(1,28,476)

Contribution expected to be paid upto 31.3.2020 of Rs.5,00,000/-

(Amounts in Rs.)

19	Finance Cost	2018-19	2017-18
	Interest expenses	19,08,48,876	10,08,91,232
	Other Borrowing cost	1,17,30,876	75,95,100
	Total	20,25,79,752	10,84,86,332

(Amounts in Rs.)

20	Depreciation And Amortisation Expense	2018-19	2017-18
	Depreciation of Property, Plant & Equipment	9,45,914	9,18,929
	Amortization of intangible assets	1,52,926	1,52,926
	Total	10,98,840	10,71,855

			(Amounts in Rs.)
21	Other Expenses	2018-19	2017-18
	Electricity & fuel charges	6,33,242	4,78,065
	Repairs To		
	Building	3,40,685	4,45,768
	Other	Nil	Nil
	Sub Total	3,40,685	4,45,768
	Insurance	1,67,352	1,07,157
	Rent	25,32,666	17,62,175
	Rates & taxes	7,23,343	85,152
	Stationery & printing	23,60,192	14,68,991
	Advertisement expenses	1,17,794	1,46,933
	Communication	9,57,375	12,87,028
	Traveling & conveyance expenses	42,83,359	24,42,838
	Professional fees	1,29,79,601	94,23,183
	Auditor's Remuneration		
	Audit fees	2,65,500	2,65,500
	For tax audit	Nil	Nil
	For certification	5,900	Nil
	For income tax consultancy fee	Nil	Nil
	Sub Total	2,71,400	2,65,500
	Director sitting fees	5,40,000	4,95,000
	Marketing & incentive expenses	1,31,98,278	1,67,93,114
	Bad debts written off (Net)	2,39,75,322	92,68,675
	Provision for NPA (Net)	5,43,316	12,60,469
	Contingent provision against standard assets (Net)	29,00,000	27,90,000
	Sundry Balance written off	Nil	4,76,137
	General charges	72,69,727	69,40,543
	(including bank charges, security charges & membership fees etc.)		
	Total	7,37,91,652	5,59,36,728
21.1	Bad debts & irrecoverable w/o are shown net off bad debts recovery during the year amounting to Rs. 13,16,534/- (P.Y. Rs 32,70,661/-).		
21.2	NPA provisions are shown net off NPA provision written back during the year amounting to Rs. Nil (P.Y. Rs. Nil).		
			(Amounts in Rs.)
22	Deferred Tax Liabilities / (Assets)	2018-19	2017-18
	Opening balance of deferred Tax Liability / (Assets)	(15,94,666)	(4,67,760)
	Closing balance of deferred Tax Liability / (Assets)	(34,58,273)	(15,94,666)
	Deferred Tax Liabilities / (Assets) for the year	(18,63,608)	(11,26,906)

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2019

23. Contingent liabilities not provided for:

(a) Disputed Demand of Income Tax of Rs. 809.63 Lakhs (Previous year Rs. 809.63 Lakhs). (against which the Company has paid Rs. 154.08 Lakhs [Previous year Rs. 154.08 lac] under protest which are shown as advances). TDS Demand of Rs. 11.34 Lacs (Previous Year Rs. 11.31 lacs).

(b) Corporate Guarantee are given by the Company to various banks and Financial Institution on behalf of Subsidiary Company for the loan taken by Subsidiary Company: Amount of Guarantee of Rs.17,050.00 Lakhs (P.Y. Rs. 18,750.00 Lakhs) and Amount of Loan Outstanding of Rs. 10,356.50 Lakhs (P.Y. Rs. 13,586.20 Lakhs)

24. Related Party Disclosures:

List of related parties with whom transactions have taken place during the year:

A) Subsidiary

Namra Finance Limited

B) Key Managerial Personnel

Mr. Jayendra Patel
Mr. Aalok Patel
Mr. Vivek Modi (CFO)
Mr. Jaimesh Patel (CS)

C) Relatives of Key Managerial Personnel

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

D) List of entities in which KMP have control or significant influence with whom transactions have occurred during the year

Namra Holdings & Consultancy Services LLP Key Managerial Personnel is partner

Details of Transactions are as follows:

SR NO	Nature of Transaction	Subsidiary	Key Managerial Personnel	Relatives of Key Managerial Personnel	entities in which KMP have control or significant influence	Total
1	**Expenses**					
	Remuneration & perquisites	Nil	54,57,032	Nil	Nil	54,57,032
		(Nil)	(46,52,301)	(Nil)	(Nil)	(46,52,301)
	Sitting fees	Nil	Nil	1,12,500	Nil	1,12,500
		(Nil)	(Nil)	(1,25,000)	(Nil)	(1,25,000)
	Interest expenses	1,17,13,464	29,48,512	35,46,062	37,87,681	2,19,95,719
		(2,01,46,256)	(6,95,090)	(23,43,911)	(27,03,202)	(2,58,88,459)
	Rent paid	Nil	Nil	21,240	Nil	21,240
		(Nil)	(Nil)	(20,700)	(Nil)	(20,700)
	Dividend paid	Nil	5,36,331	8,12,820	13,69,874	27,19,025
		(Nil)	(5,36,331)	(8,12,820)	(13,69,874)	(27,19,025)
2	**Unsecured Loan**					
	Loan taken during the year	5,46,20,19,904	2,78,60,250	2,20,71,850	41,00,000	5,51,60,52,004
		(3,08,72,63,796)	(38,25,000)	(1,94,10,511)	(2,07,60,000)	(3,13,62,59,307)
	Loan & interest repaid during the year	5,53,00,33,908	3,64,98,045	4,39,73,861	2,85,22,681	5,63,90,28,495
		(3,14,65,46,291)	(38,30,807)	(44,14,547)	(28,28,202)	(3,15,76,19,847)
	Balance out standing at 31.03.2019	16,59,243	Nil	Nil	Nil	16,59,243
		(5,79,59,783)	(56,89,283)	(1,83,55,949)	(2,06,35,000)	(10,26,40,015)
3	**Investments in subsidiary**	25,80,00,000	Nil	Nil	Nil	25,80,00,000
		(7,00,00,000)	(Nil)	(Nil)	(Nil)	(7,00,00,000)
4	**Sales under securitization**	Nil	Nil	Nil	Nil	Nil
		(18,00,96,178)	(Nil)	(Nil)	(Nil)	(18,00,96,178)
5	**Receivable for ESOP Granted to Employees of Subsidiary**	86,62,188	Nil	Nil	Nil	86,62,188
		(Nil)	(Nil)	(Nil)	(Nil)	(Nil)
6	Corporate Guarantee Given for loan taken by subsidiary company	170,50,00,000	Nil	Nil	Nil	170,50,00,000
		(187,50,00,000)	(Nil)	(Nil)	(Nil)	(187,50,00,000)
	O/s Loan against Corporate Guarantee	103,56,50,000	Nil	Nil	Nil	103,56,50,000
		(135,86,20,000)	(Nil)	(Nil)	(Nil)	(135,86,20,000)

List of transactions, 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 (In Rs)

SRN	Name of relative	2018-19	2017-18
1	Namra Finance Limited	546,20,19,904	3,08,72,63,796

Unsecured loan repayments (In Rs)

SRN	Name of relative	2018-19	2017-18
1	Namra Finance Limited	553,00,33,008	3,14,65,46,291

Interest expenses (In Rs)

SRN	Name of relative	2018-19	2017-18
1	Namra Finance Limited	1,17,13,464	2,01,46,256
2	Namra Holding & Cons. Services LLP	37,87,681	27,03,202

Remuneration and perquisites (In Rs)

SRN	Name of relative	2018-19	2017-18
1	Jayendra Patel	19,65,000	21,23,280
2	Aalok Patel	11,46,000	9,96,000
3	Vivek Modi (CFO)	19,80,000	12,38,712

Sitting fees (In Rs)

SRN	Name of relative	2018-19	2017-18
1	Ritaben Patel	1,12,500	1,12,500
2	Aakash J Patel	Nil	12,500

Rent paid (In Rs)

SRN	Name of relative	2018-19	2017-18
1	J. B. Patel & Co.	21,240	20,700

Dividend paid (In Rs)

SRN	Name of relative	2018-19	2017-18
1	Aakash Patel	2,78,830	2,78,830
2	Aalok Patel	2,47,809	2,47,809
3	Jayendra Patel (HUF)	1,96,000	1,96,000
4	Jayendra Patel	2,88,522	2,88,522
5	Ritaben Patel	2,96,674	2,96,674
6	Namra Holdings & Consultancy Services LLP	13,69,874	13,69,874

Investments in subsidiary Company (In Rs)

SRN	Name of relative	2018-19	2017-18
1	Namra Finance limited	25,80,00,000	7,00,00,000

Sales under securitization (In Rs)

SRN	Name of relative	2018-19	2017-18
1	Namra Finance limited	Nil	18,00,96,178

Receivable for ESOP Granted to Employees of Subsidiary (In Rs)

SRN	Name of relative	2018-19	2017-18
1	Namra Finance limited	86,62,188	Nil

Corporate Guarantee Given for loan taken by subsidiary company & O/s Loans (In Rs)

SRN	Name of relative	2018-19	2017-18
1	**Namra Finance limited**		
	Amount of Corporate Guarantee given	170,50,00,000	187,50,00,000
	Amount of Loan Outstanding	103,56,50,000	135,86,20,000

E) Outstanding Credit Balance of Related Parties (In Rs)

SRN	Name of relative	2018-19	2017-18
1	Namra Finance Limited	16,59,243	5,79,59,783
2	Aakash J Patel – HUF	-	50,15,949
3	Aalok J Patel – HUF	-	15,75,000
4	Aalok J Patel	-	19,50,000
5	Jayendra B Patel	-	37,39,283
6	J. B. Patel – HUF	-	64,00,000
7	Ritaben J Patel	-	37,50,000
8	Namra Holding & Cons. Service LLP	-	2,06,35,000
9	Raj Enterprise	-	16,15,000
10	Vivek Modi	1,80,000	1,80,000
11	Jaimesh Patel	30,086	24,460

F) Outstanding Debit Balance of Staff Loan Accounts of Related Parties. (In Rs)

SRN	Name of relative	2018-19	2017-18
1	Jaimesh Patel	55,000	90,000

25. Earnings per share:

Particulars	Unit	2018-19	2017-18
Numerator used for calculating Basic Earning per share (PAT)	Rs.	6,37,87,235	3,20,59,760
Numerator used for calculating Diluted Earning per share (PAT)	Rs.	6,37,87,234	3,20,59,760
Weighted average no. of shares used as denominator for calculating basic earnings per share	Shares	69,38,816	69,24,653
Weighted average no. of shares used as denominator for calculating diluted earnings per share	Shares	69,96,686	70,06,969
Nominal value per Share	Rs.	10	10
Basic earnings per share	Rs.	9.19	4.63
Diluted earnings per share	Rs.	9.12	4.58

26. Loan portfolio and provision for standard and non-performing assets:

Classification	Portfolio loan outstanding (Gross)		Provision for standard and non performing assets	
	31.3.2019	31.3.2018	31.3.2019	31.3.2018
Standard assets	1,85,11,40,320	1,09,71,40,444	80,00,000	51,00,000
Sub-standard assets	4,10,01,271	3,56,46,480	41,07,964	35,64,648
Total	**1,89,21,41,591**	**1,13,27,86,924**	**1,21,07,964**	**86,64,648**

27. **Stock Option Scheme**

The Company has instituted 'ARMAN-EMPLOYEE STOCK OPTION PLAN 2016' ("ESOP 2016"), pursuant to the approval of the shareholders of the company at their annual general meeting held on 22.09.2016.

During the year ended March 31, 2019, Company has granted 11,500 (P.Y. 97,500) stock options (out of balance 27,500 option available for being granted to eligible employees of the company/ Subsidiary Company) under the scheme of 'ARMAN-EMPLOYEE STOCK OPTION PLAN 2016' ("ESOP 2016"). The details are as under.

Scheme	ESOP-2016		
Tranches	**ESOP-2016 -1**	**ESOP-2016 -2**	**ESOP-2016 -3**
Date of grant	26.05.2017	25.05.2018	13.10.2018
Date of Board approval	11.08.2016	11.08.2016	11.08.2016
Date of Shareholder's approval	22.09.2016	22.09.2016	22.09.2016
Number of options granted	97,500	9,000	2,500
Exercise price	Rs. 50/-	Rs. 50/-	Rs. 50/-
Method of Settlement	Through allotment of one equity share for each option granted.	Through allotment of one equity share for each option granted.	Through allotment of one equity share for each option granted.
Vesting period	I. 30% of the options at the end of one year from the date of grant; II. 30% of the options at the end of the two years from the date of grant; III. 40% of the Options at the end of the three years from the date of grant.	IV. 30% of the options at the end of one year from the date of grant; V. 30% of the options at the end of the two years from the date of grant; VI. 40% of the Options at the end of the three years from the date of grant.	VII. 30% of the options at the end of one year from the date of grant; VIII. 30% of the options at the end of the two years from the date of grant; IX. 40% of the Options at the end of the three years from the date of grant.
Exercise period	3 months from the date of vesting	3 months from the date of vesting	3 months from the date of vesting
Vesting conditions	The Option holders are required to continue to hold the services being provided to the Company at the time of exercise of options.	The Option holders are required to continue to hold the services being provided to the Company at the time of exercise of options.	The Option holders are required to continue to hold the services being provided to the Company at the time of exercise of options.
Name of the plan	'ARMAN-EMPLOYEE STOCK OPTION PLAN 2016' ("ESOP 2016")	'ARMAN-EMPLOYEE STOCK OPTION PLAN 2016' ("ESOP 2016")	'ARMAN-EMPLOYEE STOCK OPTION PLAN 2016' ("ESOP 2016")

The following table sets forth a summary of the activity of options:

Particulars	2018-19	2017-18
Options		
Outstanding at the beginning of the year	97,500	-
Vested but not exercised at the beginning of the year	840	-
Granted during the year	11,500	97,500
Forfeited during the year	2,550	-
Exercised during the year	27,645	-
Expired during the year	840	-
Outstanding at the end of the year	77,965	97,500
Exercisable at the end of the year	77,965	-
Weighted average exercise price per option	Rs. 50/-	-

28. Balances are subject to confirmation.

29. Borrowing costs attributable to the acquisition or construction of qualifying assets amounting to Rs. Nil (P. Y. Rs. Nil)

30. **Disclosure requirement by originator as per Reserve bank of India's guidelines on securitization of standard assets as under.**

(i) **Details of Securitization**

Particulars	2018-19	2017-18
Total no of loan assets	4,199	4803
Book value of loan assets (Rs.)	12,55,48,498	18,00,96,178
Sales consideration received from securitized assets (Rs.)	12,55,48,498	18,00,96,178
Gain / (Loss) on sale of securitized assets (Rs.)	Nil	Nil
Quantum of outstanding value of services (Rs.)	12,55,48,498	18,00,96,178
Principal Subordination	1,55,17,230	Nil
Cash Collateral	70,55,000	Nil

(ii) As per Master Circulars - "Miscellaneous Instructions to all Non-Banking Financial Companies" dated July'1, 2015 (updated as on April 11, 2016) vide ref. no. RBI/2015-16/107 DNBR (PD) CC.No.056/03.10.119/2015-16 any profit / premium arising on account of securitization of loans should be amortized over the life of the securities issued or to be issued by the SPV. The amount of profit received in cash may be held under an accounting head styled as "Cash Profit on Loan Transfer Transactions Pending Recognition" maintained on individual transaction basis. The amortization of cash profit arising out of securitization transaction will be done at the end of every financial year.

31. Lease:

The Company has entered into certain rent agreements and amounts of Rs. 25.32 Lakhs (P.Y. Rs. 17.62 Lakhs) 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.

32. During the year, the Company has impaired the fixed assets to the tune of Rs. Nil (P.Y. Rs. Nil)

33. 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.

34. 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.

35. 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.

36. **Additional disclosures required by the RBI**

A) Capital to risk assets ratio (CRAR)

		(Amount in Rs. Lakhs)	
Sr. No.	**Particulars**	**2018-19**	**2017-18**
(i)	CRAR (%)	34.22	23.49
(ii)	CRAR Tier I Capital (%)	31.14	18.71
(iii)	CRAR Tier II Capital (%)	3.08	4.78
(iv)	Amount of subordinated debt raised as Tier-II Capital	500.00	500.00
(v)	Amount raised by issue of perpetual debt instruments	-	-

B) Investments

			(Amount in Rs. Lakhs)	
Particulars			**2018-19**	**2017-18**
(1)	Value of Investments		4822.18	2242.19
	(i) Gross value of investments			
	(A)	In India	4822.18	2242.19
	(B)	Outside India	-	-
	(ii)	Provision for deprecation	-	-
	(A)	In India	-	-
	(B)	Outside India	-	-
	(iii)	Net value of investments		
	(A)	In India	-	-
	(B)	Outside India	-	-
(2)	Movement of provisions held towards Depreciation on investments.			
	(i)	Opening balance	-	-
	(ii)	Add: provisions made during the year	-	-
	(iii)	Less: write-off/write-back of excess provisions during the year.	-	-
	(iv)	Closing balance	-	-

C) Derivatives

The Company has no transactions /exposures in derivatives in the current year and previous year. Un-hedge foreign currency exposure as on 31st March, 2019 is Rs. Nil (P.Y. is Rs. Nil).

D) **Disclosure relating to securitization**

The Company has entered in to transaction of Securitization (Sales) of Rs. 12,55,48,498/- and previous years (Sales) of Rs. 18,00,96,178/-

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

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

F) **Assets Liability Management**

Maturity pattern of certain Assets and Liability as on 31.03.2019 (Rs. in Lakhs)

Particulars	Up to 30/31 days	Over 1 month upto 2 month	Over 2 month upto 3 month	Over 3 month & upto 6 month	Over 6 month & upto 1 year	Over 1 year & upto 3 year	Over 3 year & upto 5 year	Over 5 year	Total
Deposits	-	-	-	-	84.26	-	-	-	84.26
Advances	1,424.40	1,387.01	1,150.01	3,114.03	5,444.05	6,090.82	521.01	-	19,131.34
Investments	-	-	-	-	-	-		4,822.19	4,822.19
Cash & bank balance	419.00	3.05	11.13	184.80	341.02	241.59	-	-	1,200.60
Borrowings	427.00	518.01	434.00	398.01	5,759.01	5,379.05	582.01	-	14,497.10
Foreign currency assets	-	-	-	-	-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-	-	-	-

Maturity pattern of certain Assets and Liability as on 31.03.2018 (Rs. in Lakhs)

Particulars	Up to 30/31 days	Over 1 month upto 2 month	Over 2 month upto 3 month	Over 3 month & upto 6 month	Over 6 month & upto 1 year	Over 1 year & upto 3 year	Over 3 year & upto 5 year	Over 5 year	Total
Deposits	-	-	-	-	-	106.05	-	-	106.05
Advances	956.07	694.08	669.80	2947.49	3621.32	2197.01	209.23	-	11295.00
Investments	-	-	-	-	-	-		2242.18	2242.18
Cash & bank balance	54.24	7.64	158.69	79.35	137.40	247.71			685.03
Borrowings	771.36	192.69	192.69	582.20	1627.32	6265.71		500.00	10131.97
Foreign currency assets	-	-	-		-	-	-	-	-
Foreign currency liabilities	-	-	-	-	-	-		-	-

G) **Exposure**

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

H) **Details of financing of parent Company products:**

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

I) **Registration obtained from other financial sector regulators.**
The Company is registered with following other financial sector regulators (financial regulators as described by Ministry of Finance):

a) Ministry of Corporate Affairs
b) Ministry of Finance

J) **Disclosure of penalties imposed by RBI and other regulators.**
No penalties imposed by RBI and other regulator during current year and previous year.

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

Deposit Instruments	Name of rating agency	Date of rating	Rating assigned	Valid up to	Borrowing limits or conditions imposed by rating agency
Long Term Bank Facility	CARE	25.09.2018	CARE **BBB+**; Stable (Triple B Plus Outlook: stable)	24.09.2019	15.42 Crores
Fund Based Working Capital Limit	CARE	25.09.2018	CARE **BBB+**; Stable (Triple B Plus Outlook: stable)	24.09.2019	34.00 Crores
Proposed Long Term Bank Facility	CARE	25.09.2018	CARE **BBB+**; Stable (Triple B Plus Outlook: stable)	24.09.2019	32.29 Crores

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

Signature to notes "1" to "37"
As per our report of even date attached

For, Samir M Shah & Associates
Chartered Accountants
(Firm Regd. No. 122377W)

(Samir M. Shah)
Partner
(M. No. 111052)

Place: Ahmedabad
Date: 28.05.2019

For, & on Behalf of Board of Directors

Jayendra Patel	**Vivek Modi**
Vice Chairman &	**Chief Financial Officer**
Managing Director	
(DIN-00011814)	
Aalok Patel	**Jaimish Patel**
Executive Director	**Company Secretary**
(DIN-02482747)	**(M. NO-A42244)**

Arman Financial Services Limited

Registered Office: 502-503, Sakar-III, Opp. Old High Court, Off Ashram Road, Ahmedabad-380014, Gujarat
Ph: +91-79-4050 7000, 2754 1989 Email: finance@armanindia.com Website: www.armanindia.com
CIN: L55910GJ1992PLC018623

PROXY FORM - (FORM NO MGT-11)
Pursuant to Section 105 (6) of the Companies Act, 2013 and Rule 19 (3) of the Companies (Management and Administration) Rules, 2014

Name of the Member(s):	
Registered address:	
E-mail address:	
Folio number / Client ID:	
DP ID:	

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

1 Name _____ Address _____

_____ E-mail address _____ Signature _____ Or failing him/her

2 Name _____ Address _____

_____ E-mail address _____ Signature _____ Or failing him/her

3 Name _____ Address _____

_____ E-mail address _____ Signature _____

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the NCLT Convened meeting of Equity Shareholders of the Applicant Company held on Monday, July 22, 2019 at 03:00 p.m. at Ahmedabad Textile Mills Association (ATMA) Hall, Opp. City Gold Cinema, Ashram Road, Ahmedabad-380009 and at any adjournment thereof in respect of such resolutions as are indicated below:

No.	Resolutions
1.	Approval of Scheme of Arrangement between Arman Financial Services Limited and it's Shareholder for reorganization of share capital by consolidation of different classes of equity shares

Signed this …….. day of…… 2019

Affix Revenue Stamp Here

Signature of the Member

Signature of the Proxy holder(s)

Note: This proxy form in order to be effective must be duly completed and deposited at the registered office of the Company not less than 48 hours before commencement of the meeting

Arman Financial Services Limited

Registered Office: 502-503, Sakar-III, Opp. Old High Court, Off Ashram Road, Ahmedabad-380014, Gujarat
Ph: +91-79-4050 7000, 2754 1989 Email: finance@armanindia.com Website: www.armanindia.com
CIN: L55910GJ1992PLC018623

ATTENDANCE SLIP

MEETING CONVENED AS PER THE DIRECTIONS OF THE NATIONAL COMPANY LAW TRIBUNAL ('NCLT')

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

DP ID
FOLIO / CLIENT ID

(First Name) (Middle Name) (Last Name)

No of Shares held: _____

I hereby record my presence at NCLT Convened meeting of Equity Shareholders of the Applicant Company held on Monday, July 22, 2019 at 03:00 p.m. at Ahmedabad Textile Mills Association (ATMA) Hall, Opp. City Gold Cinema, Ashram Road, Ahmedabad-380009

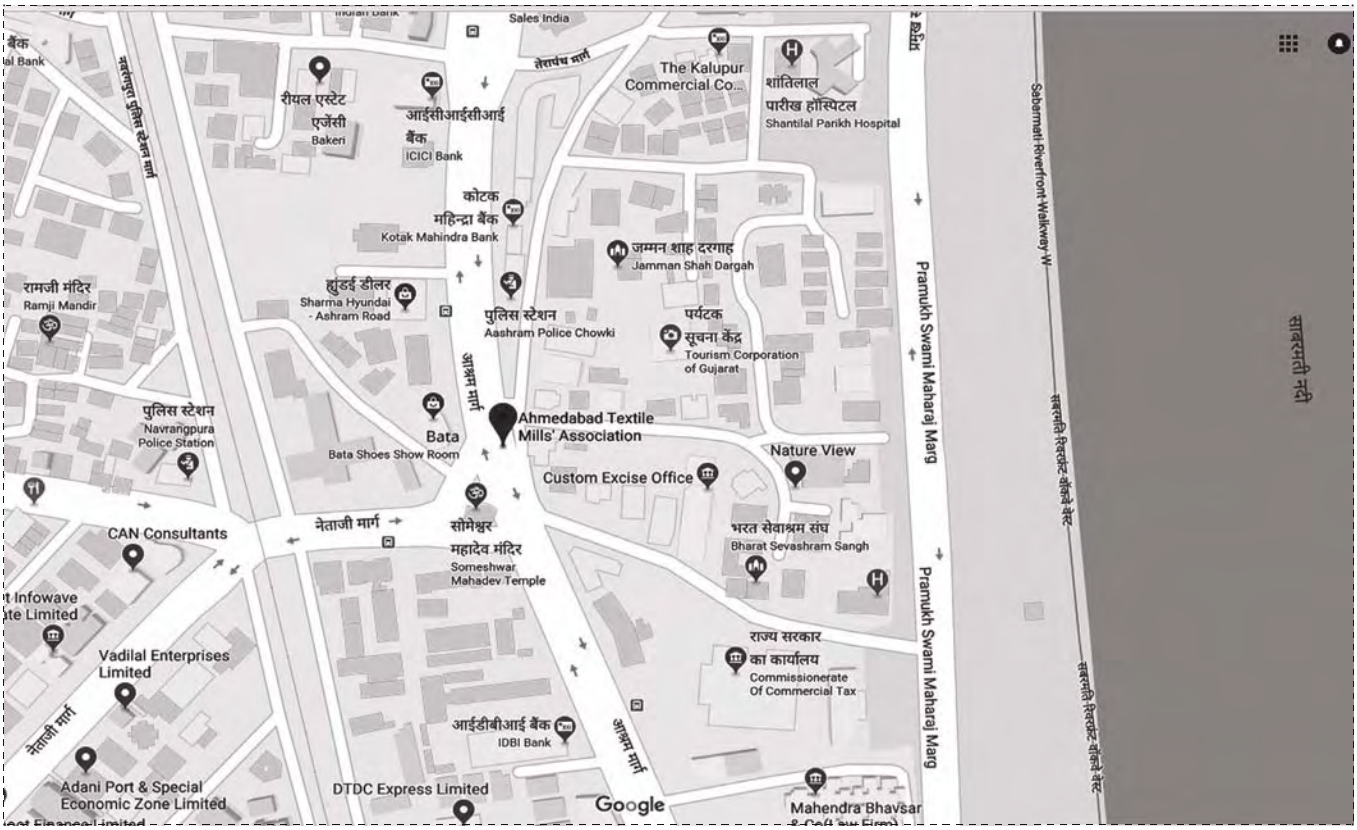
(Strike out whichever is not applicable)

_____
Signature of the Shareholder / Proxy

ARMAN FINANCIAL SERVICES LIMITED

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

ROUTE MAP



Venue distance from

Railway Station: 4 Kms | Airport: 10 Kms

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If undelivered please return to:

Arman Financial Services Limited
Registered Office: 502-503, Sakar-III, Opp. Old High Court,
Off Ashram Road, Ahmedabad-380014, Gujarat
Ph: +91-79-4050 7000, 2754 1989
Email: finance@armanindia.com
Website: www.armanindia.com

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14/06/19

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NATIONAL COMPANY LAW TRIBUNAL
AHMEDABAD BENCH
AHMEDABAD

CA(CAA) No. 60/NCLT/AHM/2019

Coram: **Hon'ble Mr. HARIHAR PRAKASH CHATURVEDI, MEMBER JUDICIAL**
Hon'ble Ms. MANORAMA KUMARI, MEMBER JUDICIAL

ATTENDANCE-CUM-ORDER SHEET OF THE HEARING OF AHMEDABAD BENCH OF THE NATIONAL COMPANY LAW TRIBUNAL ON 12.06.2019

Name of the Company: Arman Financial Services Ltd.

Section of the Companies Act: Section 230 r.w. 66 of the Companies Act, 2013

S.NO.	NAME (CAPITAL LETTERS)	DESIGNATION	REPRESENTATION	SIGNATURE
1.	PAVAN S. GODIAWALA	Adv.	Petitioner	
2.	ISHAN SHAH	Adv.	"	

ORDER

The petitioner is represented through learned counsels.

The Order is pronounced in the open court, vide separate sheet.

MANORAMA KUMARI
MEMBER JUDICIAL
Dated this the 12th day of June, 2019

HARIHAR PRAKASH CHATURVEDI
MEMBER JUDICIAL

NATIONAL COMPANY LAW TRIBUNAL AHMEDABAD सत्यमेव जयते

Certified to be True Copy of the Original
Deputy Registrar
NCLT, Ahmedabad Bench
Ahmedabad

NATIONAL COMPANY LAW TRIBUNAL
AHMEDABAD BENCH
AHMEDABAD

C.A. (CAA) NO. 60 OF 2019

In the matter of:

Arman Financial Services Limited,
A Company registered under
the Companies Act, 1956
having its registered office at
502-503, Sakar III,
Opp. Old High Court,
Off: Ashram Road,
Ahmedabad – 380 014
Gujarat .... Applicant Company

Order delivered on 12th June, 2019

Coram: Hon'ble Mr. Harihar Prakash Chaturvedi, Member(J)
Hon'ble Ms. Manorama Kumari, Member (J)

Appearance: Mr. Pavan S. Godiawala and Mr. Ishan Shah, Advocates for the Applicant Company

ORDER

[Per se: Ms. Manorama Kumari, Member (J)]

1. This Application is filed by the Applicant Company under Section 230 of the Companies Act, 2013 (hereinafter referred to as 'the Act') read with Section 66 of the Companies Act, 2013. The Scheme of Arrangement is in the nature of reorganization of the Company's Equity Share Capital by consolidation of equity shares of different classes.

2. The registered office of the Applicant Company is situated in the State of Gujarat and is thus under the jurisdiction of this Tribunal, Bench at Ahmedabad.

3. The Applicant Company was incorporated on 26th November, 1992 under the Companies Act, 1956 with the Registrar of Companies, Gujarat as a limited company. A copy of the memorandum and Articles of Association of the Applicant Company is annexed with the application and is marked as **Annexure 1.**

4. It is stated that there are two class of members viz. Ordinary Equity Shareholders and Class 'A' Ordinary Equity Shareholders. The Share Capital of the Applicant Company as on date is as under:

[illegible]	[illegible]
1,12,50,000 Ordinary Equity Shares of Rs. 10/- each	11,25,00,000
37,50,000 Class 'A' Ordinary Equity Shares of Rs. 10/- each	3,75,00,000
Total	**15,00,00,000**
Issued, Subscribed and Paid-Up Capital	
57,47,824 Ordinary Equity Shares of Rs. 10/- each	5,74,78,240
12,04,474 Class 'A' Ordinary Equity Shares of Rs. 10/- each	1,20,44,740
Total	**6,95,22,980**

5. The Board of Directors of the Applicant Company in its Board meeting held on 13th October, 2018 passed resolution approving the proposed Scheme placed before it. A Copy of the Board resolution dated 13th October, 2018 is annexed with the application and is marked as **Annexure 13.**

The Applicant Company has also filed its Audited Balance Sheet for the year ended 31st March, 2018 and the same is annexed with the

NATIONAL COMPANY LAW TRIBUNAL AHMEDABAD

application as **Annexure 2.** The Applicant Company has also filed certificate of its Auditors certifying compliance with Section 133 of the Companies Act, 2013. A copy of the certificate issued by the Auditor of the Applicant Company is annexed with the application and is marked as **Annexure 12.**

7. Based on the Financial Statement (Balance Sheet) as on 30.11.2018, there are four class of creditors viz. (1) Secured Creditors for secured loans from Banks and Financial Institutions (2) Unsecured Creditors (3) Non-Convertible Debenture holders and (4) Compulsorily Convertible Debenture holders.

8. The Applicant Company is registered with Reserve Bank of India (RBI) as Non-Banking Financial Company (NBFC) and is listed at BSE Limited (BSE) and The National Stock Exchange of India Limited (NSE), regulated by SEBI and does not come under the purview of Competition Commission of India, The BSE and the NSE have conveyed their "No objection" in terms of Regulation 37 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

9. The Applicant Company has annexed with the application, a copy of the proposed Scheme of Arrangement as **Annexure 5**. The salient features of the Arrangement as embodied in the Scheme are summarized below:

(i) Upon the Scheme being effective, 12,04,474 Class 'A' Equity Shares by the shareholders on the Effective Date provided in Clause 14 of the Scheme shall stand extinguished and 7,82,908 fresh Ordinary Equity of par value of Rs. 10/- each fully paid-up without any further act, instrument or deed, shall be issued and allotted to the shareholders, free and clear of all liens and charges.

(ii) Upon the Scheme being effective, the premium on extinguishment of Class 'A' Equity Shares and fresh issue of Ordinary Equity Shares, the Applicant Company shall, without any further application, act or deed, credit such difference amount (being the difference on account of voting right of the two kinds of

Equity Share Capital) to its Securities Premium Reserve Account. The proposed credit in the Securities Premium Reserve Account shall be affected as an integral part of the Scheme itself.

10. The Following are the reliefs prayed by the Applicant Company:

A. That meeting of the Secured Creditors be dispensed with;
B. That meeting of the unsecured creditors be dispensed with;
C. That meeting of the Non-Convertible Debenture holders be dispensed with;
D. That meeting of the Compulsorily Convertible Debenture holders be dispensed with;
E. That meeting of the Class 'A' Ordinary Equity Shareholders be dispensed with;
F. That meeting of the Ordinary Equity Shareholders be convened;
G. That kindly issue notices to the statutory authorities under section 230 (5) of the Companies Act, 2013;

11. It is stated in the application that there are 13 (Thirteen) Secured Creditors in the Applicant Company, having value of Rs. 87,65,56,217/-. Out of 13 Secured Creditors, 11 (Eleven) Secured Creditors, representing 90.61% in value, have given their consent approving the Scheme. Certificate of Chartered Accountants M/s. Dharmesh Parikh & Co. certifying the number of Secured Creditors is annexed with the application as **Annexure 6.**

12. It is further stated in the application that there are 21 (Twenty-One) Unsecured Creditors in the Applicant Company, having value of Rs 17,06,19,347/-, and out of 21 Unsecured Creditors, 10 (Ten) Unsecured Creditors, representing 98.81% in value, have given their consent approving the Scheme. Certificate of Chartered Accountants M/s. Dharmesh Parikh & Co. certifying the number of Unsecured Creditors is annexed with the application as **Annexure 6.**

NATIONAL COMPANY LAW TRIBUNAL AHMEDABAD सत्यमेव जयते

13. The application also mentions that there is only 1 (One) Non-Convertible Debenture holder in the Applicant Company, having value of Rs 27,50,00,000/-. The sole Non-Convertible Debenture holder has given its consent approving the Scheme. Certificate of Chartered Accountants M/s. Dharmesh Parikh & Co. certifying the number of Non-Convertible Debenture Holders is annexed with the application as **Annexure 6.**

14. Further, it is also stated in the application that there is only 1 (One) Compulsorily Convertible Debenture (CCD) holder in the Applicant Company, holding 16,66,667 CCDs having face value of Rs. 300/- each aggregating to Rs 50,00,00,100/-. The sole Compulsorily Convertible Debenture (CCD) holder has given its consent approving the Scheme. Certificate of Chartered Accountants M/s. Dharmesh Parikh & Co. certifying the number of Compulsorily Convertible Debenture (CCD) Holders is annexed with the application as **Annexure 6.**

15. Further, it is stated in the application that there is 1 (One) Class 'A' Equity Shareholder (member) in the Applicant Company, having shareholding of 12,04,474 (Twelve Lakhs Four Thousand Four Hundred Seventy-Four Only) Class A Equity Shares of Rs. 10/- each, representing 100% of shareholders. The sole Class 'A' Equity Shareholder has given its consent approving the Scheme. Certificate of Pinakin Shah & Co. Company Secretary certifying the number of Class A Equity Shareholder of the Applicant Company confirming that the Sole Class 'A' Equity Shareholder has waived its right to attend the meeting of Class 'A' Equity Shareholders of the Applicant Company, for considering and, if thought fit, with or without modification, the Scheme in the nature of Arrangement between the Applicant Company and its shareholders by tendering consent letter in the form of affidavit, annexed with the application and marked as **Annexure 10.**

It is stated in the application that there are 5073 Ordinary Equity Shareholders (Members) in the Applicant Company having

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shareholding of 57,47,824 Shares and the applicant has prayed for convening the meeting of Ordinary Equity Shareholders.

17. Heard the submissions made in this regard by Mr. Pavan Godiawala, Ld. advocate for the Applicant Company, and having perused the application and the documents annexed therewith, this Tribunal passes the following order;

I. In view of the consent letters given by the Secured Creditors of the Applicant Company representing 90.61% in value, the holding and convening of the meeting of Secured Creditors of the Applicant Company is hereby dispensed with.

II. In view of the consent affidavits given by the Unsecured Creditors of the Applicant Company representing 98.81% in value, the holding and convening of the meeting of Unsecured Creditors of the Applicant Company is hereby dispensed with.

III. In view of the consent letter given by the Non-Convertible Debenture holder of the Applicant Company, the holding and convening of the meeting of Non-Convertible Debenture holder of the Applicant Company is hereby dispensed with.

IV. In view of the consent letter given by the Compulsorily Convertible Debenture holder of the Applicant Company, the holding and convening of the meeting of the Compulsorily Convertible Debenture holder of the Applicant Company is hereby dispensed with.

V. In view of the consent Affidavit given by the Class 'A' Equity Shareholder of the Applicant Company, the holding and convening of the meeting of Class 'A' Equity Shareholder of the Applicant Company is hereby dispensed with.

VI. That meeting of the Ordinary Equity Shareholders of the Applicant Company shall be convened and held at The Ahmedabad Textile Mills' Association (ATMA) Hall, Ashram Road, Ahmedabad 380009, on Monday, the 22nd July,

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2019 at 3:00 P.M. for the purpose of considering and if thought fit, approving, with or without modification(s), the proposed Scheme of Arrangement in the nature of reorganization of the Company's Equity Share Capital by consolidation of equity shares of different classes.

VII. The quorum for the meeting as aforesaid will be as under:

a) The quorum for meeting of the Ordinary Equity Shareholders of the Applicant Company shall be thirty in number of the Ordinary Equity Shareholders present either in person or by proxy.

b) In case the quorum as noted above for the meeting is not present at the meeting, then the meeting shall be adjourned by half an hour and thereafter the persons present and voting shall be deemed to constitute the quorum. For the purpose of computing the quorum, the valid proxies shall also be considered, if the proxy in the prescribed form duly signed by the person entitled to attend and vote at the meeting is filed with the registered office of the applicant or its Advocates on Record at least 48 hours before the meetings.

VIII. Mr. Pinakin Shah, Practicing Company Secretary (Mobile No. 92272 23377) failing him, Mr. Aalok J. Patel, Executive Director, is appointed as the Chairperson for the meeting.

IX. The Scrutinizer for the meeting as aforesaid shall be Mr. Jignesh Shah, Practicing Company Secretary (Mobile No. 93274 32668). The Scrutinizer shall be paid Rs. 25,000/- for his services as Scrutinizer.

X. At least 30 (thirty) clear days before the aforesaid date of the said meeting, publication about convening of the aforesaid meeting indicating the place, day, date and time, as aforesaid, shall be made in 'The Business Standard – Ahmedabad Edition' the English daily and 'Jaihind – Ahmedabad Edition', the Gujarati Daily. The publication

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shall indicate the time within which copies of the Scheme shall be made available to the concerned persons free of charge from the registered office of the Applicant Company. The publication shall also indicate that the Statement containing necessary details required to be furnished pursuant to Section 102 read with Sections 230 of the Companies Act, 2013 and the prescribed form of proxy can be obtained free of charge at the registered office of the Applicant Company or at the office of its Advocates, Mr. Pavan Godiawala, 709/D, Shiromani Complex, Satellite Road, Opposite Ocean Park, Ahmedabad, Gujarat 380015 or Mr. Ishan Shah, A-201, Siddhi Vinayak Towers, Off. S. G. Highway, Makarba, Ahmedabad 380051 in accordance with second proviso to sub-section (3) of Section 230 of the Act and Rule 7 of the Companies (Compromises, Arrangements & Amalgamations) Rules, 2016.

XI. At least 30 (thirty) clear days before the aforesaid date of the said meeting of the Ordinary Equity Shareholders of the Applicant Company, a notice convening the meeting in Form C.A.A.2 indicating the day, date, place and time as aforesaid together with a copy of the Scheme, copy of statement required to be furnished pursuant to Section 102 of the Act read with Sections 230 to 232 of the Act and Rule 6 of Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 and the prescribed form of proxy shall be sent to each of the Ordinary Equity Shareholders of the Applicant Company at its registered or last known addresses either by registered post or speed post/Airmail or through courier or through e-mail.

XII. The Applicant Company shall provide the facility of voting by postal ballot and e-voting to the Ordinary Equity Shareholders, to consider and approve the Scheme.

XIII. The Chairperson to file an affidavit not less than 7 (seven) days before the date fixed for holding of the meeting and to report to this Tribunal that the directions regarding publication and issuance of notices of meeting have been

NATIONAL COMPANY LAW TRIBUNAL AHMEDABAD

duly complied with as per Rule 12 of Companies (CAA) Rules, 2016.

XIV. Voting by proxy or by authorized representative is permitted provided that the proxy in the prescribed form/ authorization duly signed by the person entitled to attend and vote at the aforesaid meeting is filed with the Applicant Company at its registered office at 502 - 503, Sakar III, Opp. Old High Court, Off Ashram Road, Ahmedabad – 380 014 not later than 48 hours before the meeting vide Rule 10 of Companies (CAA) Rules, 2016 read with Section 105 of the Companies Act.

XV. It is further ordered that the Chairperson shall report to this Tribunal on the result of the meeting in Form CAA 4, verified by his affidavit, as per Rule 14 of the Companies (CAA) Rules, 2016 in Form CAA 4 within 7 (seven) days after conclusion of the meeting.

XVI. In compliance of sub-section (5) of Section 230 and Rule 8 of the Companies (CAA) Rules 2016, the Applicant Company shall send a notice in Form No. CAA.3 along with a copy of the Scheme of Arrangement, the explanatory statement and the disclosures mentioned under Rule 6, to (i) the Central Government through the Regional Director, North Western Region, (ii) the Registrar of Companies, Ahmedabad, (iii) Concerned Income Tax Authority (iv) BSE Limited (BSE) (v) The National Stock Exchange of India Limited (NSE) (vi) Securities Exchange Board of India, and (vi) Reserve Bank of India stating that representations, if any, to be made by them shall be made within a period of 30 days from the date of receipt of such notice, failing which it shall be presumed that they have no objection to make on the proposed Scheme. The said notice shall be sent by hand delivery through special messenger or by registered post or speed post within 10 days from the date of this order for filing their representation, if any, within 30 days from the date of notice. The notice shall specify that representation, if any, should be filed before this Tribunal within 30 days of the

NATIONAL COMPANY LAW TRIBUNAL AHMEDABAD सत्यमेव जयते

date of receipt of the notice with a copy of such representation being sent simultaneously to the applicant and/or their advocates. If no such representation is received by this Tribunal within the said period, it shall be deemed that the aforesaid statutory authorities have no representation to make on the Scheme of Arrangement.

18. The Company Application is disposed of accordingly.

Ms. Manorama Kumari,
Member (Judicial)

Harihar Prakash Chaturvedi,
Member (Judicial)

LCT

NATIONAL COMPANY LAW TRIBUNAL * AHMEDABAD *

Certified to be True Copy of the Original
Deputy Registrar
NCLT, Ahmedabad Bench
Ahmedabad