



## 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 e-mail : finance@armanindia.com Web : www.armanindia.com CIN : L55910GJ1992PLC018623

Date: February 23, 2023

To, BSE Limited P. J. Tower, Dalal Street, Mumbai-400001	To, National Stock Exchange of India Limited "Exchange Plaza" C-1, Block G, Bandra Kurla Complex, Bandra, Mumbai- 400051
<b>Script Code: 531179</b> <b>ISIN: INE109C01017</b>	<b>Symbol: ARMANFIN</b> <b>Series: EQ</b>

Dear Sir,

### SUB: OUTCOME OF THE BOARD MEETING

The Board of Directors of the Company it's Meeting held on February 23, 2023 has voluntarily decided to covert from "Deposit Taking" to "Non Deposit Taking" license subject to approval of shareholders and / or any other regulatory authorizes, if any.

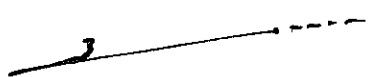
Please find attached a press release explaining reasons for surrendering Deposit Taking License.

The Meeting commenced at 12:00 noon and concluded at 12:30 p.m.

Thanking you,

Yours faithfully,

**For, Arman Financial Services Limited**

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





## Arman Financial Services Limited converts into NBFC-ND

**Ahmedabad, Gujarat, February 23, 2023:** Arman Financial Services Limited, Non-Banking Finance Company (NBFC) intimates on converting its license from its 'Deposit taking' to 'Non-Deposit taking'.

Under the current Scale Based Regulatory Framework of the Reserve Bank of India (RBI), Arman Financial Services Ltd (the Company) is classified as a deposit taking NBFC and is placed in the 'Middle Layer'. In this context, it may be noted that in terms of the updated Certificate of Registration issued to the Company by the RBI in October 2007, it was licensed to accept public deposits. Notwithstanding the deposit taking status accorded to the Company, from inception in 1992 it has neither solicited nor received public deposits.

Over the past few years, from a broader regulatory perspective, the RBI has been tightening the regulatory framework for NBFCs. As a part of this process and given the overarching public policy requirement of protecting depositor's interests, taking of deposits from the public is being regarded as an activity that should, essentially, be in the domain of banks. Hence, deposit taking status is no longer being accorded to NBFCs. And, even for existing NBFCs with this status, commencement of deposit taking activity requires a specific authorization from the RBI. Furthermore, deposit taking is capped at only 1.5 times of the Net Owned Funds (NOF).

In the backdrop of the prevailing regulatory regime and RBI's concerns towards deposit taking activity by NBFCs, the Board of Directors in its meeting held on Feb 23, 2023 considered the issue of the Company voluntarily surrendering its deposit taking license and convert its status to 'NBFC-Non Deposit' taking (NBFC-ND). The Board took note of the fact that while the Company has not been taking public deposits, it has been in full compliance with all regulatory norms, as applicable to deposit taking NBFCs. It also took note of RBI's advice, vide its letter dated Feb 6, 2023, that a deposit taking license is non-transferrable.

Over the years, the Company has been comfortably meeting its funding requirements from Banks and other Financial Institutions, at very competitive rates. Hence, accessing public deposits has not been a business need in the past and is not regarded as a requirement for the Company's future growth. On the other hand, holding the deposit taking license puts an additional compliance load on the Company.

Taking a holistic view, the Board concluded that holding the deposit taking license is neither a business necessity nor serving the Company's best interests. Therefore, the Board has decided to voluntarily surrender the Company's deposit taking license and convert its status to NBFC-ND.